

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 310/GT/2013
with
Petition No. 298/GT/2014

Coram:
Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member

Date of Hearing: 25.11.2014
Date of Order: 7.12.2015

In the matter of

Petition No. 310/GT/2013

Revision of tariff of Rihand Super Thermal Power Station, Stage-II (1000 MW) for the period from 1.4.2009 to 31.3.2014 after truing-up exercise based on actual additional capital expenditure for the years 2009-13 and projected additional capital expenditure for the year 2013-14.

And in the matter of

Petition No. 298/GT/2014

Revision of tariff of Rihand Super Thermal Power Station, Stage-II (1000 MW) for the period from 1.4.2009 to 31.3.2014 after truing-up exercise based on actual additional capital expenditure incurred for the period 2009-14.

And

In the matter of

NTPC Limited,
Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi -110003

...Petitioner

Vs

1. Uttar Pradesh Power Corporation Ltd
Shakti Bhawan 14, Ashok Marg,
Lucknow- 226 001

2. Jaipur Vidyut Vitran Nigam Ltd
Vidyut Bhawan, Janpath
Jaipur-302 005

3. Ajmer Vidyut Vitran Nigam Ltd
Old Power House, Hathi Bhata,
Jaipur Road, Ajmer, 305001

4. Jodhpur Vidyut Vitran Nigam Ltd
New Power House, Industrial Area
Jodhpur, Rajasthan



5. Tata Power Delhi Distribution Ltd
33 kV Substation Hudson Line
Kingsway Camp, Delhi-110009

6. BSES Rajdhani Power Ltd
BSES Bhawan, Nehru Place,
New Delhi 110019

7. BSES Yamuna Power Ltd
Shakti Kiran Building
Karkardooma, Delhi 110092

8. Haryana Power Purchase Centre
Shakti Bhawan, Sector-VI,
Panchkula, Haryana-134109

9. Punjab State Power Corporation Limited
The Mall, Patiala-147 001

10. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House Complex Building II,
Shimla-171 004

11. Power Development Department,
Govt. of Jammu and Kashmir, Secretariat,
Srinagar

12. Electricity Department (Chandigarh)
Union Territory of Chandigarh
Additional Office Building, Sector 9-D
Chandigarh

13. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun-248001

....Respondents

Parties present:

For Petitioner:

Shri Ajay Dua, NTPC
Shri A.K Bishoi, NTPC
Shri Vivek Kumar, NTPC
Shri Neeraj Kumar, NTPC
Shri Navneet Goel, NTPC
Shri T. Vinodh Kumar, NTPC

For Respondents:

Shri R. B. Sharma, Advocate, BRPL
Shri Manish Garg, UPPCL
Shri B.L. Sharma AVUNL, JVUNL, JdUVNL
Shri Tarun Ahuja, AVUNL, JVUNL, JdUVNL

ORDER

Petition No. 310/GT/2013 has been filed by the petitioner for revision of the tariff determined by order dated 2.8.2012 in Petition No. 254/2009 in respect of Rihand Super Thermal Power Station, Stage-II (1000 MW) (the generating station) for the period 2009-14, after truing-up exercise based on the actual additional capital expenditure incurred for the period 2009-13 and projected capital expenditure for 2013-14 in accordance with the proviso to Regulation 6(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. During the pendency of the above petition, the petitioner has filed Petition No. 298/GT/2014 for revision of tariff in respect of the generating station for the period 2009-14 after truing-up exercise based on the actual additional capital expenditure incurred during the period 2009-14 in accordance with the Regulation 6(1) of the 2009 Tariff Regulations.

3. The generating station with a total capacity of 1000 MW comprises of two units of 500 MW each. The actual dates of commercial operation (COD) of the different units of the generating station are as under:

Units	Date of commercial operation (COD)
Unit I	15.8.2005
Unit II	1.4.2006

4. The Commission by order dated 2.8.2012 in Petition No. 254/2009 had determined the tariff of the generating station for the period 2009-14, considering the capital cost of ₹286651.49 lakh (after removing the un-discharged liabilities of ₹5663.10 lakh as on 1.4.2009). Thereafter, corrigendum to the said order was issued on 22.8.2012, after incorporation of the calculations pertaining to Energy Charge Rate (ECR) and for reimbursement of the publication fee deposited by the petitioner. Accordingly, the capital cost and the annual fixed charges allowed by order dated 2.8.2012 in Petition No.254/2009 is as under:



Capital Cost

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	286651.49	286959.06	292524.00	293002.42	293002.42
Additional capital expenditure	307.57	5564.94	478.42	0.00	0.00
Closing Capital Cost	286959.06	292524.00	293002.42	293002.42	293002.42
Average Capital Cost	286805.27	289741.53	292763.21	293002.42	293002.42

Annual Fixed Charges

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	15057.60	15211.76	15370.40	15382.96	15382.96
Interest on Loan	10492.83	9560.39	8795.93	7619.04	6474.04
Return on Equity	20203.42	20410.26	20623.12	20639.97	20639.97
Interest on Working Capital	5079.06	5108.79	5154.36	5167.85	5193.51
O&M Expenses	13000.00	13740.00	14530.00	15360.00	16240.00
Cost of Secondary fuel oil	1631.31	1631.31	1635.78	1631.31	1631.31
Total	65464.23	65662.52	66109.58	65801.13	65561.78

5. Clause (1) of Regulation 6 of the 2009 Tariff Regulations provides as under:

"6. Truing up of Capital Expenditure and Tariff

(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up.

Provided that the generating company or the transmission licensee, as the case may be, may in its discretion make an application before the Commission one more time prior to 2013-14 for revision of tariff."

6. The petitioner has filed these petitions in accordance with Regulation 6(1) of the 2009 Tariff Regulations for revision of tariff of the generating station for the period 2009-14 after truing-up exercise. The petitioner has considered the capital cost based on the capital cost admitted as on 31.3.2009 and the actual capital expenditure incurred (on cash basis) during the years 2009-10 to 2013-14. Accordingly, the capital cost and the annual fixed charges claimed by the petitioner in the petitions are as under:

Capital Cost

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	285611.18	285894.89	290720.20	290876.47	293397.11
Additional capital expenditure	283.70	4825.31	156.27	2520.65	2347.27
Closing Capital Cost	285894.89	290720.20	290876.47	293397.11	295744.38
Average Capital Cost	285753.03	288307.54	290798.33	292136.79	294570.75



Annual Fixed Charges

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	15002.03	15147.37	15279.40	15353.39	15478.52
Interest on Loan	10458.48	9554.04	9067.32	7839.17	6768.42
Return on Equity	20129.30	20074.85	20016.23	20108.36	20750.45
Interest on Working Capital	5075.64	5100.33	5145.47	5160.74	5203.94
O&M Expenses	13000.00	13740.00	14530.00	15360.00	16240.00
Cost Of Secondary Fuel Oil	1631.31	1631.31	1635.78	1631.31	1631.31
Total	65296.76	65247.90	65674.20	65452.97	66072.63

7. The petitioner has also filed additional information in compliance with the directions of the Commission and has served copies of the same on the respondents. Reply to the petition has been filed by the respondents, UPPCL, BRPL, BYPL and JVVNL, AVVNL & JdVVNL (the discoms of Rajasthan) and the petitioner has filed its rejoinder to the same. Based on the submissions of the parties and the documents available on record, we proceed to examine the claim of the petitioner in the petitions above, on prudence check, as stated in the subsequent paragraphs.

Capital Cost as on 1.4.2009

8. The last proviso to Regulation 7 of the 2009 Tariff Regulations, as amended on 21.6.2011, provides as under:

“Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 duly trued up by excluding un-discharged liability, if any, as on 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff.”

9. The annual fixed charges claimed in the petition is based on opening capital cost of ₹285611.18 lakh, after exclusion of liability of ₹6703.41 lakh (as submitted by the petitioner) from the closing capital cost of ₹292314.59 lakh as on 31.3.2009 as admitted by the Commission vide order dated 20.4.2011 in Petition No. 183/2009. Further, the petitioner vide affidavit dated 25.11.2013 has furnished the value of capital cost and liabilities as on 1.4.2009 as per books of accounts in revised Form-9A. The details of liabilities and capital cost have been reconciled with the information available with the records of the Commission as under:

	(₹ in lakh)	
	As per Form-9A	As per records of Commission
Capital cost as on 1.4.2009 as per books	298532.72	298532.72
Liabilities included in the above	6703.41	6703.41



10. It is evident from the above that there is no variation in the capital cost and liabilities position as on 1.4.2009 as per the books and details available with the Commission. Further, out of the total liabilities amounting to ₹6703.41 lakh (change in liabilities due to addition in liability of ₹1040.31 lakh as ERV in BHEL package) included in gross block as on 1.4.2009, the approved capital cost of ₹292314.59 lakh as on 31.3.2009 is inclusive of un-discharged liabilities amounting to ₹6703.41 lakh (all pertaining to tariff period 2004-09).

11. Accordingly, the capital cost as on 1.4.2009, after removal of un-discharged liabilities amounting to ₹6703.41 lakh, works out to ₹285611.18 lakh, on cash basis. Further, out of un-discharged liabilities amounting to ₹6703.41 lakh deducted as on 1.4.2009, the petitioner has discharged amounts of ₹235.14 lakh, ₹14.28 lakh, ₹200.17 lakh, ₹82.52 lakh and ₹2424.38 lakh during the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 respectively. These discharges along with the discharges corresponding to assets admitted on cash basis, during the period 2009-14, has been allowed as additional capital expenditure during the respective years.

Additional Capital Expenditure

12. Clause (2) of Regulation 9 of the 2009 Tariff Regulations, as amended on 21.6.2011 and 31.12.2012 provides as under:

“9. (2) The capital expenditure incurred or projected to be incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(ii) Change in law;

(iii) Deferred works relating to ash pond or ash handling system in the original scope of work;

(iv) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation; and

(v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:



Provided that in respect sub-clauses (iv) and (v) above, any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2009.

(vi) In case of gas/liquid fuel based open/ combined cycle thermal generating stations, any expenditure which has become necessary on renovation of gas turbines after 15 year of operation from its COD and the expenditure necessary due to obsolescence or non-availability of spares for successful and efficient operation of the stations.

Provided that any expenditure included in the R&M on consumables and cost of components and spares which is generally covered in the O&M expenses during the major overhaul of gas turbine shall be suitably deducted after due prudence from the R&M expenditure to be allowed.

(vii) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receipt system arising due to non-materialisation of full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station.

(viii) Any un-discharged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date, after prudence check of the details of such deferred liability, total estimated cost of package, reason for such withholding of payment and release of such payments etc.

(ix) Expenditure on account of creation of infrastructure for supply of reliable power to rural households within a radius of five kilometres of the power station if, the generating company does not intend to meet such expenditure as part of its Corporate Social Responsibility."

13. The actual/ projected additional capital expenditure claimed by the petitioner in Petition No. 254/2009 and allowed by the Commission in order dated 2.8.2012 is as under:

	(₹ in lakh)					
Additional capital expenditure	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Claimed	1153.05	5597.12	560.58	0.00	0.00	7310.75
Allowed	187.13	5556.14	478.42	0.00	0.00	6221.69

14. The revised actual additional capital expenditure claimed by the petitioner in these petitions for 2009-14 is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Total additional capital expenditure claimed	184.66	5510.82	210.38	2521.89	8.11
De-capitalization claimed	(-)136.09	(-) 699.79	(-) 254.28	(-) 83.76	(-) 85.22
Net additional capital expenditure claimed	48.57	4811.03	(-) 43.91	2438.13	(-) 77.11
Additional liability discharged	235.14	14.28	200.17	85.52	2424.38
Total	283.70	4825.31	156.27	2520.65	2347.27



15. The category wise break-up of the actual additional capital expenditure claimed for the period 2009-14 is as under:

(₹ in lakh)

Sl. No.	Package Name	Actual Additional Capital Expenditure				
		2009-10	2010-11	2011-12	2012-13	2013-14
A	Ash Management Work					
1	Road at Lagoon I & II Area	44.31	0.33	0.00	0.00	0.00
2	Dry Fly Ash Extraction	0.00	1642.37	48.34	0.00	0.00
	Sub-Total (A)	44.31	1642.70	48.34	0.00	0.00
B	Change-in-law					
3	Air Quality Monitoring System	119.94	0.00	0.00	0.00	0.00
4	On Line Energy Meter (85 nos)	10.61	0.00	0.00	0.00	0.00
	Sub-Total (B)	130.55	0.00	0.00	0.00	0.00
C	Other Miscellaneous Works					
5	11 kV Overhead line for MGR	0.71	1.14	0.00	9.69	0.06
6	Supply & Erection of 11 kV Overhead Line	2.98	6.70	0.00	0.00	0.00
7	Cable Laying For ST II Activity & Augmentation of existing Network	0.00	0.94	0.00	0.00	0.00
8	Main Plant area civil	0.00	26.35	0.00	0.00	0.00
9	Consultancy Services For Balance MGR Work	0.00	55.94	0.00	0.00	0.00
10	Augmentation of Railway Siding	0.00	3777.06	162.04	424.23	0.00
11	2 Nos. of Locomotives	0.00	0.00	0.00	2087.97	0.00
12	ERP Implementation	6.11	0.00	0.00	0.00	0.00
13	PT plant package	0.00	0.00	0.00	0.00	8.05
14	FERV (Package)	0.00	0.00	0.00	0.00	0.00
	Sub-Total (C)	9.80	3868.13	162.04	2521.89	8.10
	Total Additional Capital Expenditure (A+B+C)	184.66	5510.82	210.38	2521.89	8.11
	De-capitalization					
15	De-capitalization of items claimed in Petition No. 310/GT/2013	(-)136.09	(-) 699.79	(-) 254.28	(-) 83.76	(-) 85.22
16	Net Additional capital expenditure claimed	48.57	4811.03	(-) 43.90	2438.13	(-) 77.11

16. It is observed from the above that the actual additional capital expenditure claimed for the period 2009-14 is ₹8435.85 lakh as against the additional capital expenditure of ₹6221.69 lakh allowed vide order dated 2.8.2012 in Petition No. 254/2009. Thus, there is an increase in the claim of petitioner by ₹2214.16 lakh which is mainly due to the 'New Claim' for ₹2087.97 lakh towards procurement of 2 Nos. locomotives, reduction of ₹33.25 lakh on projection basis, on account of recovery of liquidated damages. There is variation in the actual additional capital expenditure claimed during 2009-10 and 2010-11 as against the additional capital expenditure allowed vide order dated 2.8.2012. This variation according to the petitioner is on account of liability. The actual



additional capital expenditure claimed by the petitioner has been examined in the subsequent paragraphs.

Regulation 9(2)(ii)

Ambient Air Quality Monitoring System (AAQMS)

17. The petitioner has claimed actual additional capital expenditure of ₹119.94 lakh in 2009-10 as against the additional capital expenditure of ₹124.11 lakh in 2009-10 allowed vide order dated 2.8.2012 in Petition No. 254/2009 for AAQMS. It is observed that there is variation in the actual capital expenditure claimed as against those allowed vide order dated 2.8.2012 in Petition No. 254/2009. The petitioner vide affidavit dated 1.7.2014 has submitted that the variation of ₹4.17 lakh is on account of liability. In view of the submissions of the petitioner the actual additional capital expenditure of ₹119.94 lakh, on cash basis, is allowed under this head.

On line Energy Meter

18. The petitioner has claimed actual additional capital expenditure of ₹10.61 lakh in 2009-10 towards installation of On Line Energy Meter under Regulation 9(2)(ii) of the 2009 Tariff Regulations as against the additional capital expenditure of ₹8.91 lakh allowed in 2009-10 vide Order dated 2.8.2012 in Petition No. 254/2009. It is observed that there is variation in the actual capital expenditure claimed as against those allowed earlier by the Commission in order dated 2.8.2012. The petitioner vide affidavit dated 1.7.2014 has submitted that the variation of ₹1.70 lakh is on account of change in liability. In view of the submissions of the petitioner, the actual additional capital expenditure of ₹10.61 lakh, on cash basis, is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations.

Regulation 9(2)(iii)

Ash Management Work

19. The Commission vide order dated 2.8.2012 in Petition No. 254/2009 had allowed the additional capital expenditure of ₹44.31 lakh in 2009-10 and ₹0.33 lakh in 2010-11 towards construction of Road at Lagoon I & II area. The petitioner has presently claimed actual additional



capital expenditure ₹44.64 lakh (₹44.31 lakh in 2009-10 and ₹0.33 lakh in 2010-11) for the said item under Regulation 9 (2)(iii) of the 2009 Tariff Regulations for this work. There is no variation in the actual expenditure claimed as against those allowed vide order dated 2.8.2012. Accordingly, the actual additional capital expenditure is in order and is allowed.

Dry Fly Ash Extraction System

20. The petitioner has claimed actual additional capital expenditure of ₹1690.71 lakh (₹1642.37 lakh in 2010-11 and ₹48.34 lakh in 2011-12) as against the additional capital expenditure of ₹1714.97 lakh allowed in 2010-11 vide order dated 2.8.2012 in Petition No. 254/2009 towards Dry Fly Ash Extraction System (DAES). It is observed that there is variation in the actual capital expenditure claimed as against those allowed by the Commission vide order dated 2.8.2012 in Petition No. 254/2009. The petitioner vide affidavit dated 1.7.2014 has submitted that the variation is on account of the liability of ₹72.60 lakh in 2010-11. In view of the submissions of the petitioner, the actual additional capital expenditure of ₹1690.71 lakh (₹1642.37 lakh in 2010-11 and ₹48.34 lakh in 2011-12) is allowed under this head.

11 kV O/H lines for MGR

21. The petitioner has claimed actual additional capital expenditure of ₹11.54 lakh (₹0.71 lakh in 2009-10, ₹1.14 lakh in 2010-11 and ₹9.69 lakh in 2012-13) as against the additional capital expenditure of ₹1.85 lakh allowed in 2009-10 vide order dated 2.8.2012 in Petition No. 254/2009. It is observed that there is variation of ₹9.69 lakh in the actual capital expenditure claimed as against those allowed by the said order. As regards the variation of ₹9.69 lakh, the petitioner vide affidavit dated 1.7.2014 has submitted that the original scheme was for erection of 11 kV line upto Station-II & III and due to scope increase, the erection of 11 kV line upto Station-IV has been covered which was not projected earlier. This variation according to the petitioner is on account of scope change.

22. The respondent, UPPCL in its reply dated 22.9.2014 has submitted that the increase in cost due to scope change should form part of the capital cost of Stage-IV of the generating station and hence the same should be disallowed. In response, the petitioner vide its rejoinder dated



20.11.2014 has objected to the above submissions and has clarified that the coal from Amlori coal mines of NCL to the generating station (Rihand-II) is taken through MGR Rail track and there are four locations (stations) for supply of power for Signaling & Telecommunications (S&T) of MGR track from Amlori to Rihand-II. It has also submitted that initially the power supply for location 1, 2 & 3 was envisaged from MPSEB and for location 4, the solar power through solar panel was envisaged. Thereafter, M/s RITES recommended conventional electric power even for location 4. As such, work of supply of power for S&T to MGR rail track at location/station 4 was taken up subsequently. Accordingly, the petitioner has submitted that the location/station 4 expenditure could not be projected earlier and the work of station 4 has been executed in 2012-13/2013-14. In view of the submissions of the petitioner justifying the variation due to increase in the scope of work, we allow the actual additional capital expenditure of ₹11.54 lakh on cash basis under Regulation 9(2)(viii) of the 2009 Tariff Regulations.

Supply & Erection of 11 kV O/H line

23. The petitioner has claimed actual additional capital expenditure of ₹9.68 lakh (₹2.98 lakh in 2009-10 and ₹6.70 lakh in 2010-11) towards supply & erection of 11 kV O/H line as against the additional capital expenditure of ₹2.98 lakh in 2009-10 and ₹6.70 lakh in 2010-11 allowed vide order dated 2.8.2012 in Petition No. 254/2009. It is observed that there is no variation in the actual additional capital expenditure claimed as against those allowed by the said order. Accordingly, the actual additional capital expenditure of ₹2.98 lakh in 2009-10 and ₹6.70 lakh in 2010-11 is allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.

Augmentation of existing network

24. The petitioner has claimed additional capital expenditure of ₹0.94 lakh in 2010-11 towards full and final payment settlement with the contractor on account of reconciliation of material issued by the petitioner. Since the amount claimed is towards the full & final payment on account reconciliation of material, the said amount of ₹0.94 lakh is allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.



Main Plant Civil Package

25. The petitioner has claimed actual additional capital expenditure of ₹26.35 lakh in 2010-11. The petitioner vide affidavit dated 8.8.2014 has submitted that the said expenditure was capitalized in 2010-11, subject to final reconciliation with the contractor which was expected to be completed in 2011-12. The final reconciliation was carried out in 2011-12 wherein it was found that in addition to the free issue of material capitalized for ₹26.35 lakh in 2010-11, an additional material amounting to ₹2.27 lakh (as capitalized in earlier years) were also to be de-capitalized as the same were found to be claimed extra by the contractor due to excess consumption of material than specified. This excess consumption of material was also recovered from M/s NBCC. Also, certain amounts were capitalized and de-capitalized in 2011-12 during final reconciliation between the petitioner and the Contractor. The petitioner has also submitted that as per final reconciliation ₹26.35 lakh paid to the contractor in 2010-11 has been reversed in 2011-12 and (-) ₹1.78 lakh is the final outcome of capitalization and de-capitalization (reconciliation) amounts in 2011-12 thereby resulting in net capitalization of ₹24.57 lakh on this account. Accordingly, the petitioner has submitted that the claims made in the years 2010-11 and 2011-12 may be allowed.

26. The respondent, BRPL has submitted that Regulation 9(2)(viii) of the 2009 Tariff Regulations permits any un-discharged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date and since the petitioner has claimed additional capitalization of the said amount as full and final payment to contractor for the work capitalized under Petition No.97/2008 during 2010-11, the final payment fall outside the cut-off date and is not covered by Regulation 9(2)(viii) of the 2009 Tariff Regulations. In response, the petitioner vide rejoinder affidavit dated 20.11.2014 has submitted that the capitalization is the outcome of final reconciliation of contract with vendors. It has also pointed out that the Commission vide order dated 2.8.2012 had granted liberty to claim the expenditure and hence the contentions of the respondent is liable to be rejected.



27. The matter has been examined. The claim of the petitioner for the said amount was examined in Petition No.254/2009 and the Commission by order dated 2.8.2012 had observed as under:

“21.....It emerges from the submission of the petitioner that the liability for payment of `26.35 lakh has arisen during 2010-11 on account of the reconciliation with M/s NBCC in accordance with the order passed by the Technical Examiner of Central Vigilance Commission (CVC). However, the petitioner has not submitted any documentary proof of the order passed by the Technical Examiner in support of its claim. In view of this, the expenditure is not allowed. The petitioner is however granted liberty to claim the said expenditure based on documentary evidence at the time of truing up in terms of Regulation 6 of the 2009 Tariff Regulations, which would be considered in accordance with law”

28. During examination it is noticed that the liability has been incurred by the petitioner on account of the final reconciliation with the contractor (M/s NBCC) for execution of the work under the contract. In view of this and considering the fact that liberty was granted to the petitioner, we are inclined to allow the said amounts based on the submissions of the petitioner. Accordingly, the capitalization of ₹26.35 lakh in 2010-11 and the de-capitalization of ₹1.78 in 2011-12 is allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.

Consultancy Services

29. The petitioner has claimed actual additional capital expenditure of ₹55.94 lakh in 2010-11 as against the additional capital expenditure of ₹55.94 lakh allowed vide order dated 2.8.2012 in Petition No. 254/2009 in 2010-11 towards consultancy services. Since, there is no change in the amounts claimed & allowed, accordingly the additional capital expenditure on this count is in order and is allowed.

Augmentation of Railway Siding

30. The petitioner has claimed actual additional capital expenditure of ₹4363.32 lakh (₹3777.06 lakh in 2010-11, ₹162.04 lakh in 2011-12 and ₹424.23 lakh in 2012-13) as against the additional capital expenditure of ₹4255.48 lakh (₹3777.06 lakh in 2010-11 and the projected additional capital expenditure of ₹478.42 lakh in 2011-12) allowed in 2010-11 vide order dated 2.8.2012 in Petition No. 254/2009. The petitioner vide affidavit dated 1.7.2014 has submitted that there is variation of ₹107.84 lakh between the projected expenditure and the actual capitalization as the earlier



projections were based on estimates and the actual capitalization is based on awarded value/executed value. In view of the justification submitted by the petitioner, the actual additional capital expenditure of ₹4363.32 lakh (₹3777.06 lakh in 2010-11, ₹162.04 lakh in 2011-12 and ₹424.23 lakh in 2012-13) is allowed.

ERP implementation & PT Plant Package

31. The petitioner has claimed actual additional capital expenditure of ₹6.11 lakh in 2009-10 as against the additional capital expenditure of ₹6.11 in 2009-10 allowed vide order dated 2.8.2012. The same is in order and is accordingly allowed on this count.

32. The petitioner has also claimed actual additional capital expenditure of ₹8.05 lakh in 2013-14 towards balance work of PT Plant Package which was allowed vide order dated 30.12.2009 in Petition No.97/2009. Since the expenditure relates to balance payment for the work already allowed by the Commission, the capitalization of ₹8.05 lakh in 2013-14 towards the said item is allowed.

Locomotives (2 nos)

33. The petitioner has claimed actual additional capital expenditure of ₹2087.97 lakh for procurement of 2 no. Locomotives in 2012-13 under Regulation 9(2)(viii) of the 2009 Tariff Regulations. In justification of the claim, the petitioner in its petition has submitted that there are only 9 locos to cater the requirement of coal handling of Rihand-I & II (total 2000 MW) from various coal mines (Amlori, Dudhichua, Jayant, Bina etc) covering total MGR track length of 100 km. It has also submitted that the accident took place in MGR exchange yard on 11.2.2011 at 5.00 a.m wherein one rake hauled by two locos collided with one BOBR wagon and with the damage of 2 locos in the accident, there was shortage of haulage capacity to sustain generation level upto normative availability. It has further submitted that the shortage of haulage capacity necessitated modifications/augmentation in fuel receipt system by way of purchase of two locos. Accordingly, the petitioner has submitted that the capitalization of two locos is covered by Regulation 9(2)(vii). The petitioner has also pointed out that the capitalization of locos have been allowed under



Regulation 9(2) (vii) by the Commission vide order dated 29.5.2012 in Petition No.221/2009 for Unchahar TPS, Stage-I. The petitioner has added that both the locos have been capitalized in Rihand-II since the beneficiaries of both the stations are identical with similar allocation and by order dated 15.5.2014 in Petition No.176/GT/2013 (Rihand-STPS-I) one loco has already been de-capitalized in 2010-11. In response to the directions of the Commission, the petitioner vide affidavit dated 1.7.2014 while reiterating above submissions, has also submitted that the insurance amount of ₹1022.21 lakh has been settled in February, 2014 and the said amount received cannot be considered towards capital investment for buying new assets against replacement of the original/damaged asset. It has further submitted that the new asset purchased for replacement of the damaged asset needs to be serviced independently of the insurance claim since the value/capital cost of the damaged asset has already been de-capitalized from the capital base for purpose of tariff.

34. The respondent, BRPL in its reply has submitted that under Regulation 9(2)(viii) only undischarged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date can be permitted and hence additional capitalization claimed by petitioner cannot be allowed. The respondent, UPPCL vide reply affidavit dated 16.10.2014 has submitted that the claim is liable to be dismissed as the replacement of locos is not necessitated on account of modifications required or done in fuel receipt system due to non-materialization of full coal linkage. The respondent has further submitted that the capitalization of both locos without adjustment of Insurance claim of ₹1022.21 lakh received by the petitioner is baseless as the objective of insurance claim is not to make profits but to restore position of insured as it was before the occurrence of the event. The respondent has further pointed out that the second loco has not been de-capitalized. Accordingly, the respondent has prayed that claim of the petitioner be disallowed and the petitioner may be directed to de-capitalize the residual value of the second loco. It has also submitted that the claim of the petitioner, if considered, shall be only after reduction of the insurance claim received. In response, the petitioner vide affidavit dated 20.11.2014 has clarified that the works related to fuel receipt system are all capital in nature and



have been carried out to augment the coal receipt to the station for sustained generation and performance of the plant and hence covered under Regulation 9(2)(vii) of the 2009 Tariff Regulations. The petitioner has further clarified that in addition to the de-capitalization of the first damaged loco in Rihand-I, the petitioner has also de-capitalized the second loco in 2010-11 in Rihand-II (Petition No.310/GT/2013).

35. We have examined the matter. The Commission by order dated 29.5.2012 in Petition No. 221/2009 (tariff of FGUTPS Stage-I) after considering the submissions of the petitioner had allowed the actual capital expenditure claimed as the said asset (WDS-4D locomotive) had become obsolete and has been phased out by Railways and no spares are available at railway workshops. The relevant portion of the order is extracted as under:

“28. Due to non-availability of spares, the petitioner has sought the replacement of the said locomotive on account of the difficulty in maintaining the same. Also, the replacement of the old locomotive is necessary as the said asset has a bearing on the coal handling system of the plant. Moreover, if one locomotive is under repair/out of order, there would be difficulty in unloading of rakes, consequent upon which there would be reduction in the availability of the generating station and corresponding loss of generation. Considering the submissions of the petitioner and the factors in totality, we are of the view that the claim of the petitioner is justified. Hence, the expenditure of ₹925.00 lakh is allowed to be capitalized under Regulation 9(2)(vii) of the 2009 Tariff Regulations, along with the corresponding de-capitalization of ₹167.84 lakh (as furnished by the petitioner), which works out to ₹757.16 lakh for 2011-12”

36. As stated, the locomotives have been damaged due to accident at MGR and the petitioner had received an amount of ₹1022.21 lakh towards Insurance claim. Considering the fact that the loco has been damaged due to accident and their replacement is necessary as the asset has a bearing on the fuel receipt system of the plant for smooth operation of the generating station through enhanced supply of coal. Considering the factors in totality, we are inclined to allow the claim of the petitioner for additional capitalization of new locos. However, the insurance claims received by the petitioner shall be adjusted against the capitalization of the said amount. Accordingly, after deduction of the insurance claim of ₹1022.21 lakh from the actual additional capital expenditure of ₹2087.97 lakh, the net amount of ₹1065.76 lakh is allowed under Regulation 9(2)(vii) of the 2009 Tariff Regulations.



Package FERV

37. The petitioner has claimed expenditure of (-) ₹567.84 lakh in 2009-10, (-) ₹43.14 lakh in 2010-11, ₹627.39 lakh in 2011-12 and ₹155.03 lakh in 2012-13 towards Package FERV under exclusions. The petitioner vide affidavit dated 10.9.2015 (Petition No.310/GT/2013) has submitted that it has inadvertently claimed package FERV which is in the form of liability, under exclusions and may be considered as part of claim. However, in Petition No. 298/GT/2014, the petitioner has capitalized ₹537.24 lakh, as liability, on accrual basis, towards Package FERV pertaining to main plant/ GTG/ CHP Packages during 2013-14. Since, the Package FERV form part of the additional capital expenditure, the claim of the petitioner towards Package FERV in the form of liability is allowed for the period 2009-14. Based on this, the package FERV claimed for the period 2009-13 under exclusions has not been considered.

De-capitalization

De-capitalization of Locos and Wagons

38. The petitioner has de-capitalized an amount of (-) ₹136.09 lakh in 2009-10 towards 6 nos. of wagons, and an amount of (-)₹677.49 lakh towards 2 nos. Locos and ₹19.58 lakh for wagons in 2010-11, (-)₹40.09 lakh in 2011-12 towards wagons and (-)₹85.19 lakh in 2013-14 towards wagons respectively, on the ground that the same got damaged in the accident and were beyond repair. The petitioner has submitted that the procurement of these locos and wagons is under process and may be allowed in tariff as and when capitalized. It has also submitted that since the wagons are not rendering any useful service to the generating station, de-capitalization for these wagons may be allowed. The matter has been examined. The capitalization of new locos and wagons are allowed as when the same are capitalized. Since the wagons do not render any useful service to the generating station, the de-capitalization of these wagons has been allowed. As regards the submission of the petitioner that the capitalization of new locos and wagons may be allowed as and when capitalized, we make it clear that the capital expenditure of two locos had been allowed as stated in para 36 above and the capitalization of wagons shall be considered in terms of the provisions of Tariff Regulations exists as and when capitalized by the petitioner.



De-capitalization of Miscellaneous Items

39. The petitioner has de-capitalized an amount of ₹2.72 lakh in 2010-11 on account of reduction in the Pre-commissioning expenses due to reduction in tax on coal which were charged to main Plant Supply Package as per Accounting Standard (AS-10). The petitioner has de-capitalized an amount of (-) ₹212.42 lakh towards AHP package and (-) ₹1.78 lakh towards Main Plant Civil Package in 2011-12. In justification of the same, the petitioner has submitted that these items were allowed during the tariff period 2004-09 and after reconciliation, the amount was to be recovered from the contractor, but due to accounting policy, the said amount has been de-capitalized. The petitioner has also de-capitalized an amount of (-) ₹83.76 lakh towards dry fly ash extraction system in 2012-13 on these items becoming un-serviceable and (-) ₹0.03 lakh in 2013-14 towards Road at Lagoon I & II area. In view of the justification submitted by the petitioner, the de-capitalization of ₹2.72 lakh in 2010-11, (-) ₹212.42 lakh towards AHP package and (-) ₹1.78 lakh towards Main Plant Civil package in 2011-12, (-) ₹83.76 lakh towards dry fly ash extraction system in 2012-13 and (-) ₹0.03 lakh in 2013-14 towards Road at Lagoon I & II area is allowed.

Reconciliation of actual additional capital expenditure for the period 2009-10 to 2013-14

40. The petitioner vide affidavit dated 30.9.2014 has revised the gross block for 2013-14 and has submitted that error had crept in while preparing Petition No. 298/GT/2014. Accordingly, the reconciliation of the actual additional capital expenditure for the period 2009-14 with the books of accounts as submitted by the petitioner is as under:

	(₹ In lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Closing gross Block as on 31.3.2012	0.00	0.00	0.00	301281.62	0.00
Less: Assets held for disposal	0.00	0.00	0.00	5.91	0.00
Opening gross block as on 1 st April of year (A)	298532.71	293370.17	298140.01	301275.71	303171.45
Closing gross block as on 31 st March of year (B)	293370.17	298140.01	301281.62	303171.45	305533.35
Additions during the year (as per books) C=(B-A)	(-) 5162.54	4769.84	3141.61	1895.74	2361.90
Exclusions (D)	(-) 5220.54	(-) 113.80	3183.35	(-) 561.79	1900.92
Additional Capital Expenditure including liabilities	58.00	4883.63	(-) 41.74	2457.53	460.98
Less: Un-discharged Liabilities (E)	9.43	72.60	2.17	19.39	538.09
Net Additional Capital Expenditure claimed on cash basis (C-D-E)	48.57	4811.03	(-) 43.90	2438.14	(-) 77.11



41. The opening capital cost as on 1.4.2012 has been reduced by ₹5.91 lakh from the gross block as part of the capital cost towards assets not owned by the company due to change in accounting policy by the petitioner. Further, the petitioner vide affidavit dated 10.9.2015 has submitted that it has inadvertently claimed package FERV under exclusion in Petition No. 310/GT/2013 amounting to ₹ (-) 567.84 lakh in 2009-10, ₹ (-) 43.14 lakh in 2010-11, ₹627.39 lakh in 2011-12 and ₹155.03 lakh in 2012-13 respectively and the same is in the form of liability and the same may be considered as part of claim of additional capital expenditure. Since the petitioner has already considered package FERV amounting to ₹537.24 lakh as part of the claim in Petition No. 298/GT/2014, there is no change in the claim during 2013-14. Accordingly, the reconciliation statement of actual additional capital expenditure for the period 2009-14 is worked out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Closing gross Block as on 31.3.2012	0.00	0.00	0.00	301281.6	0.00
Less: assets held for disposal	0.00	0.00	0.00	5.91	0.00
Opening gross block as on 1st April of year (A)	298532.70	293370.20	298140.00	301275.70	303171.50
Closing gross block as on 31 st March of year (B)	293370.20	298140.00	301281.60	303171.50	305533.40
Addition during the year (as per books) C= (B-A)	(-)5162.54	4769.84	3141.61	1895.74	2361.90
Exclusions (D)	(-) 4652.69	(-)70.66	2555.96	(-)716.82	1900.92
Additional Capital Expenditure including liabilities	(-)509.85	4840.50	585.65	2612.56	460.98
Less: Un-discharged Liabilities (E)	(-)558.41	29.46	629.56	174.42	538.09
Net Additional Capital Expenditure claimed on cash basis (C-D-E)	48.56	4811.04	(-)43.91	2438.14	(-)77.11

42. The actual additional capital expenditure claimed by the petitioner is at variance with the additional capital expenditure as per books of accounts due to exclusion of certain expenditure and the un-discharged liabilities considered for the purpose of tariff.

Exclusions

43. The summary of exclusions from books of accounts claimed for the period 2009-14 under different heads for the purpose of tariff are examined in the subsequent paragraphs. The details of the exclusions are as under:



(₹ in lakh)

Sl. No.		2009-10	2010-11	2011-12	2012-13	2013-14
1	Items disallowed					
a	Construction of gateman cabin along MGR	3.67	0.00	0.00	0.00	0.00
b	Chasis for aerial platform	13.09	0.00	0.00	0.00	0.00
c	Cable laying in township for expansion of telephone network	16.06	0.00	0.00	0.00	0.00
d	OFC shifting & LAN wiring in Stage-III area	0.76	0.00	0.00	0.00	0.00
e	Design, supply installation, testing & commissioning of (A): Solar water Heating System New Building (B): Solar water Heating System in bridge of MGR	8.29	0.00	0.00	0.00	0.00
f	Expansion of OFC network Rihand-III	50.19	0.00	0.00	0.00	0.00
g	Construction of approach road in township	6.70	4.29	0.00	0.00	0.00
h	fabrication & fixing of additional MS stiffeners on conical portion of coal bunker	86.79	0.00	0.00	0.00	0.00
i	BHEL main plant package	395.29	0.00	0.00	0.00	0.00
j	Servo motor	40.95	0.00	0.00	0.00	0.00
k	Actuators	23.44	0.00	0.00	0.00	0.00
l	Fan Blades	27.72	0.00	0.00	0.00	0.00
m	Portable X-ray tube based analyser	14.04	0.00	0.00	0.00	0.00
n	Pneumatically powered tube bevelling	122.48	0.00	0.00	0.00	0.00
o	Metohmion chromatograph	17.93	0.00	0.00	0.00	0.00
p	Mortury chamber for two bodies	3.25	0.00	0.00	0.00	0.00
q	External cardiac pacemaker	0.94	0.00	0.00	0.00	0.00
r	Synaphtophore	0.53	0.00	0.00	0.00	0.00
s	Multi channel echo machine	0.97	0.00	0.00	0.00	0.00
t	A-Scan Bio meter	1.79	0.00	0.00	0.00	0.00
u	X-ray machine 500 MA	11.78	0.00	0.00	0.00	0.00
v	Hospital items	0.00	3.31	0.00	0.00	0.00
	Sub Total – (A)	846.66	7.60	0.00	0.00	0.00
2	FERV (Loan)	(-) 5465.34	(-) 494.95	0.00	0.00	0.00
3	Inter-unit Transfer	(-) 0.93	(-) 0.03	2000.19	(-)1021.76	0.00
4	Capitalisation of Spares	138.84	346.51	406.85	402.23	1962.29
5	De-capitalisation of spares: part of capital cost	(-) 293.22	(-)11.12	0.00	(-) 0.62	(-) 1.18
6	De-cap of spares: Not part of capital cost	(-) 29.55	0.00	(-) 30.99	(-) 76.88	(-) 35.50
7	Capitalization of MBOA items	147.48	168.05	188.39	22.21	0.00
8	De-capitalisation of MBOA items - Part of capital cost	(-)13.90	0.00	(-) 7.48	(-) 36.29	(-) 24.69
9	De- capitalisation of MBOA not Part of capital cost	0.00	(-)32.03	(-)1.00	(-)2.58	0.00
10	Miscellaneous works	17.27	0.00	0.00	0.00	0.00
11	De-capitalisation of assets not owned by company	0.00	(-) 54.69	0.00	0.00	0.00



12	Liability Reversal	0.00	0.00	0.00	(-) 3.13	0.00
	Exclusions claimed	(-) 4652.69	(-) 70.66	2555.96	(-) 716.82	1900.92

Items disallowed

44. The petitioner has excluded a total amount of ₹846.66 lakh (₹3.67 lakh for construction of gateman cabin, ₹8.29 lakh including liability of ₹0.76 lakh for solar water heating system, ₹50.19 lakh including liability of ₹0.15 lakh for expansion of OFC network, ₹122.48 lakh including liability of ₹2.32 lakh for pneumatically powered tube beveling, ₹11.78 lakh including liability of ₹1.18 lakh for X-ray machine, ₹395.29 lakh for BHEL main plant package etc.) in 2009-10 and ₹7.60 lakh (₹4.29 lakh for construction of approach road in township, ₹3.31 lakh including liability of ₹1.82 lakh hospital equipments) in 2010-11 respectively. Since these items were not allowed in tariff and thus do not form part of the capital cost of the generating station, the exclusion sought for by the petitioner on this count is in order and allowed.

FERV (Loan)

45. The petitioner has excluded amounts of (-) ₹5465.34 lakh in 2009-10, (-)₹494.95 lakh in 2010-11 on account of impact of FERV (loan). As the petitioner has billed the said amount directly to the beneficiaries in accordance with the 2004 Tariff Regulations, the exclusion of the said amounts are in order and is allowed.

Inter-Unit Transfers

46. The petitioner has excluded amounts of (-)₹0.93 lakh in 2009-10, (-)₹0.03 lakh in 2010-11 ₹2.55 lakh in 2011-12 and ₹0.20 lakh in 2012-13 (net basis) on account of inter-unit transfer of MBOA items. The petitioner has excluded amounts of ₹1021.96 lakh on account of Inter-unit transfer of Loco, ₹975.68 lakh on account of inter-unit transfer of MGR Loco in 2011-12 and (-) ₹1021.96 lakh on account of inter-unit transfer of Loco in 2012-13. The Commission while dealing with tariff applications for additional capitalization in respect of other generating stations of the petitioner had by various orders decided that both positive and negative entries arising out of inter-unit transfers of temporary nature shall be ignored for the purposes of tariff. In consideration of the



said decision, the exclusion of (-)₹0.93 lakh in 2009-10, (-) ₹0.03 lakh in 2010-11, ₹2000.19 lakh in 2011-12 and (-) ₹1021.76 lakh in 2012-13 on account of inter-unit transfer is allowed.

Capitalization of Spares

47. The petitioner has capitalized capital spares in books of accounts amounting to ₹138.84 lakh (including liability of ₹71.01 lakh) in 2009-10, ₹346.51 lakh (including liability of ₹1.20 lakh) in 2010-11, ₹406.85 lakh (including liability of ₹15.53 lakh) in 2011-12, ₹402.23 lakh (including liability of ₹42.25 lakh) in 2012-13 and ₹1962.29 lakh (including liability of ₹247.20 lakh), as per audited revised gross block for 2013-14 furnished on 30.9.2014. Since the capitalization of capital spares over and above the initial spares procured after the cut-off date are not allowed for the purpose of tariff, the exclusion of the said amounts under this head is in order and has been allowed.

De-capitalization of Spares

48. The petitioner has de-capitalized capital spares amounting to (-) ₹322.77 lakh in 2009-10, (-) ₹11.12 lakh in 2010-11, (-) ₹30.99 lakh in 2011-12, (-) ₹77.50 lakh in 2012-13 and (-) ₹36.68 lakh in 2013-14 in the books of accounts on these spares becoming unserviceable. The petitioner vide affidavits dated 25.11.2013 and 8.8.2014 has submitted the details of de-capitalization of spares for the period 2009-14. From the details of de-capitalization of spares, it is observed that spares amounting to (-) ₹293.22 lakh (out of (-) ₹302.77 lakh) in 2009-10, (-) ₹0.62 lakh (out of (-) ₹77.50 lakh) in 2012-13 and (-) ₹1.18 lakh (out of (-) ₹36.68 lakh) in 2013-14 were allowed as part of the capital cost in tariff and the balance spares amounting to (-) ₹29.55 lakh in 2009-10, (-) ₹76.88 lakh in 2012-13 and (-) ₹35.50 lakh in 2013-14 were not allowed as it does not form part of the capital cost. Further, the petitioner has de-capitalized (-) ₹11.12 lakh in 2010-11 which form part of the capital cost and (-)₹30.99 lakh in 2011-12 which was not part of the capital cost. Hence, (a) the de-capitalization of spares for (-) ₹293.22 lakh in 2009-10, (-) ₹11.12 lakh in 2010-11, (-) ₹0.62 lakh in 2012-13 and (-) ₹1.18 lakh in 2013-14 which were allowed in tariff has not been allowed under exclusion and (b) the de-capitalization of spares for (-) ₹29.55 lakh in 2009-10, ₹(-)30.99 lakh in 2011-12, ₹(-) 76.88 lakh in 2012-13 and (-) ₹35.50 lakh in 2013-14 which were not allowed, thereby



not forming part of the capital cost of the generating station for the purpose of tariff has been allowed under exclusion.

Capitalization of Miscellaneous Bought Out Assets (MBOA)

49. The petitioner has capitalized MBOA items in books of accounts amounting to ₹147.48 lakh (including liability of ₹0.71 lakh) in 2009-10, ₹168.05 lakh in 2010-11, ₹188.39 lakh (including liability of ₹9.28 lakh) in 2011-12 and ₹22.21 lakh in 2012-13. The capitalization of MBOA items after the cut-off date is not allowed for the purpose of tariff and hence the exclusion of the said amounts is in order and allowed.

De-capitalization of MBOA items

50. The petitioner has de-capitalized MBOA items in the books of accounts amounting to (-) ₹13.90 lakh (as part of capital cost) in 2009-10, (-) ₹32.03 lakh (not part of capital cost) in 2010-11, Out of (-) ₹8.48 lakh in 2011-12, MBOA items amounting to (-) ₹7.48 lakh form part of capital cost and (-) ₹1.00 lakh do not form part of capital cost, Out of (-) ₹38.87 lakh in 2012-13, MBOA items amounting to (-) ₹36.29 lakh form part of capital cost and (-) ₹2.58 lakh do not form part of the capital cost and (-) ₹24.69 lakh form part of capital cost in 2013-14 on the ground that the MBOA items have become unserviceable. The exclusion amounting to (-) ₹13.90 lakh in 2009-10, (-) ₹7.48 lakh in 2011-12, (-) ₹36.29 lakh in 2012-13 and (-) ₹24.69 lakh which form part of capital cost is not allowed and the exclusion for (-) ₹32.03 lakh in 2010-11, (-) ₹1.00 lakh in 2011-12 and (-) ₹2.58 lakh in 2012-13 which do not form part of capital cost has been allowed.

Miscellaneous Works

51. The petitioner has excluded ₹17.27 lakh towards miscellaneous works such as extension of Lake Park, fountain at Township, lifting barriers level crossing, internal electrification, AAQMS room etc. in 2009-10. Since these are minor assets which were not claimed / allowed in tariff, the exclusion on this count is in order and allowed.



De-capitalization of assets not owned by the Company withdrawn from balance sheet

52. The petitioner has excluded an amount of (-) ₹54.69 lakh (₹52.41 lakh towards de-capitalization of Bijapur Sirsoti link road and ₹2.28 lakh for construction of building of Police Station) in 2010-11. The petitioner vide affidavit dated 26.8.2015 has submitted that these assets / works which were incurred and capitalized under the Community Development Centre, wherein ownership of these assets was not with NTPC, have been taken out of the books of accounts as per the accounting policy. It has also submitted that the exclusion sought for these assets from the gross block was not on account of un-serviceability and these assets are rendering useful service. In view of the submissions of the petitioner, the exclusion for (-) ₹54.69 lakh towards assets not owned by the company due to change in accounting policy is allowed under exclusion.

Reversal of Liabilities

53. The petitioner has excluded liability reversal of (-) ₹3.13 lakh in 2012-13 pertaining to liability allowed during 2004-09. This reversal of liability created in 2004-09 has been allowed as per accounting policy.

54. Based on the above discussions, the summary of exclusions claimed and allowed is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Exclusions Claimed (A)	(-) 4652.69	(-) 70.66	2555.96	(-) 716.82	1900.92
Exclusions allowed (B)	(-) 4345.57	(-) 59.54	2563.44	(-) 679.91	1926.79
Exclusions not allowed (B-A)	307.12	11.12	7.48	36.91	25.87

55. Based on the above discussions, the additional capital expenditure allowed is summarized as under:

		(₹ in lakh)				
Sl. No.		2009-10	2010-11	2011-12	2012-13	2013-14
Ash Management Work						
1	Road At Lagoon I&II Area	44.31	0.33	0.00	0.00	0.00
2	Dry Fly Ash Extraction System	0.00	1642.37	48.34	0.00	0.00
Sub-total (A)		44.31	1642.70	48.34	0.00	0.00
Change in Law						
1	Air Quality Monitoring	119.94	0.00	0.00	0.00	0.00



	System					
2	On Line Energy Meter (85 nos.)	10.61	0.00	0.00	0.00	0.00
Sub-Total (B)		130.55	0.00	0.00	0.00	0.00
Other Miscellaneous Works						
1	11 KV Overhead Line for MGR	0.71	1.14	0.00	9.69	0.06
2	Supply & Erection Of 11 KV Overhead Line	2.98	6.70	0.00	0.00	0.00
3	Cable Laying For ST II Activity & Augmentation of existing Network at Rihand	0.00	0.94	0.00	0.00	0.00
4	Main Plant area Civil	0.00	26.35	0.00	0.00	0.00
5	Consultancy Services For Balance MGR Work	0.00	55.94	0.00	0.00	0.00
6	Augmentation Of Railway Siding	0.00	3777.06	162.04	424.23	0.00
7	Locomotives-2 Nos	0.00	0.00	0.00	2087.97	0.00
8	ERP Implementation	6.11	0.00	0.00	0.00	0.00
9	PT plant package	0.00	0.00	0.00	0.00	8.05
Sub-total (C)		9.80	3868.13	162.04	2521.89	8.10
Total Additional Capital Expenditure allowed (A+B+C)		184.66	5510.82	210.38	2521.89	8.10
De-capitalization of items claimed in true-up Petition No. 310/GT/2013		(-)136.09	(-)699.79	(-)254.28	(-)83.76	(-)85.22
Additional Capital Expenditure allowed - (D)		48.57	4811.03	(-)43.90	2438.13	(-)77.12
Exclusions not allowed - (E)		307.12	11.12	7.48	36.91	25.87
Net Additional Capital Expenditure allowed- (D-E)		(-)258.56	4799.91	(-)51.39	2401.22	(-)102.98

56. The net additional capital expenditure allowed after considering the discharges of liabilities is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Additional Capital Expenditure allowed (excluding discharges)	(-) 258.56	4799.91	(-) 51.39	2401.22	(-)102.98
Add: Discharges of liabilities (against allowed assets / works)	235.14	14.28	200.17	82.52	2424.38
Net Additional Capital Expenditure	(-) 23.42	4814.19	148.79	2483.74	2321.40

57. Based on the above, the capital cost allowed for 2009-14 is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	285611.18	285587.76	290401.95	290550.74	293034.48
Add: Additional Capital Expenditure	(-) 23.42	4814.19	148.79	2483.74	2321.40
Closing Capital Cost	285587.76	290401.95	290550.74	293034.48	295355.88
Average Capital Cost	285599.47	287994.86	290476.34	291792.61	294195.18



Debt-Equity Ratio

58. The gross loan and equity amounting to ₹204620.22 lakh and ₹87694.38 lakh, respectively as on 31.3.2009 as considered in order dated 20.4.2011 in Petition No.183/2009 has been considered as gross loan and equity as on 1.4.2009. However, un-discharged liabilities amounting to ₹6703.41 lakh, deducted from the capital cost as on 1.4.2009 has been adjusted to debt and equity in the ratio of 50:50 for asset/works capitalized prior to 2004 and in the debt-equity ratio of 70:30. As such, the gross normative loan and equity as on 1.4.2009 is revised to ₹199927.83 lakh and ₹85683.36 lakh respectively. Further, the additional capital expenditure approved above has been allocated in debt-equity ratio of 70:30.

Return on Equity

59. In terms of Regulation 15 of the 2009 Tariff Regulations, Return on equity has been worked out and allowed as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Notional Equity -Opening	85683.36	85676.33	87120.58	87165.22	87910.34
Addition of Equity due to Additional Capital Expenditure	(-)7.03	1444.26	44.64	745.12	696.42
Normative Equity - Closing	85676.33	87120.58	87165.22	87910.34	88606.76
Average Normative Equity	85679.84	86398.46	87142.90	87537.78	88258.55
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%
Tax Rate for respective years	33.990%	33.218%	32.445%	32.445%	33.990%
Rate of Return on Equity (Pre Tax)	23.481%	23.210%	22.944%	22.944%	23.481%
Return on Equity (Pre-Tax) Annualized	20118.48	20053.08	19994.07	20084.67	20723.99

Interest on loan

60. In terms of Regulation 16 of the 2009 Tariff Regulations, interest on loan has been worked out as under:

- i) The gross normative loan amounting to ₹199927.83 lakh has been considered as on 1.4.2009.
- ii) Cumulative repayment amounting to ₹56528.48 lakh as on 31.3.2009 as considered in order dated 20.4.2011 in Petition No.183/2009. The same has been considered as cumulative repayment as on 1.4.2009. However, after taking in to account proportionate adjustment (duly taking into account the liability and debt position as on 1.4.2004 along with additions during the



tariff period 2004-09, if any) to the cumulative repayment on account of un-discharged liabilities deducted from the capital cost as on 1.4.2009 the cumulative repayment as on 1.4.2009 is revised to ₹55232.15 lakh.

- iii) Accordingly, the net normative opening loan as on 1.4.2009 works out to ₹144695.67 lakh.
- iv) Addition to normative loan on account of additional capital expenditure approved above has been considered.
- v) Depreciation allowed has been considered as repayment of normative loan during the respective year of the tariff period 2009-14. Further, proportionate adjustment has been made to the repayments corresponding to discharges and reversals of liabilities considered during the respective years on account of cumulative repayment adjusted as on 1.4.2009. As also repayments has been adjusted for de-capitalization of assets considered for the purpose of tariff.
- vi). In line with the provisions of the Regulation 16 (5) of the 2009 Tariff Regulations, the weighted average rate of interest has been calculated by applying the actual loan portfolio existing as on 1.4.2009 along with subsequent additions during the period 2009-14, if any, for the generating station. In case of loans carrying floating rate of interest, the rate of interest as provided by the petitioner has been considered for the purpose of tariff. However, in case of LIC-III (T3, D1), (T4, D1 & 4), it is observed that petitioner has claimed additional interest of 0.0221% towards upfront fee. These loans have been allocated to various other generating stations of NTPC, namely Barh STPS, FGUTPS –I & III, Koldam HPS, Kahalgaon STPS-II, Sipat TPS-I&II, Vindhyachal STPS-I & III, Farakka TPS-I&II, Ramagundam STPS-I,II&III, Singrauli STPS, Talcher TPS, Anta GPS, Badarpur TPS, Korba STPS-I&II & Tanda TPS. It is observed that petitioner has not claimed any upfront fee towards the aforementioned LIC-III loans in the petitions for revision of tariff in respect of generating stations namely, Sipat TPS-II, Vindhyachal STPS-I & III, Kahalgaon STPS-II, Ramagundam STPS-III, Anta GPS, Korba STPS-I & II). Thus, there is no consistency on the part of the petitioner in claiming such upfront fees in respect of other generating stations where the same loan has been allocated. Keeping in view, the inconsistency in the claim of the petitioner and in line with the decision of the Commission in other cases on this issue, the claim for upfront fee has not been considered for the purpose of computation of weighted average rate of interest. .

61. Necessary calculation for interest on loan is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross opening loan	199927.83	199911.43	203281.36	203385.52	205124.14
Cumulative repayment of loan upto previous year / period	55232.15	70078.69	84730.03	99853.06	115106.00
Net Loan Opening	144695.67	129832.74	118551.33	103532.46	90018.14
Addition due to Additional Capital Expenditure	(-)16.40	3369.93	104.15	1738.62	1624.98
Repayment of loan during the year	15001.51	15130.94	15262.48	15335.30	15461.57
Less: Repayment adjustment on account of de-capitalization	310.25	489.85	178.00	84.46	77.76
Add: Repayment adjustment on discharges corresponding to un-discharged liabilities deducted as	155.28	10.25	38.55	2.10	465.32



on 1.4.2009					
Net Repayment	14846.53	14651.34	15123.03	15252.94	15849.12
Net Loan Closing	129832.74	118551.33	103532.46	90018.14	75793.99
Average Loan	137264.21	124192.04	111041.90	96775.30	82906.06
Weighted Average Rate of Interest on Loan	7.6157%	7.6856%	8.1572%	8.0920%	8.1559%
Interest on Loan	10453.62	9544.88	9057.93	7831.01	6761.75

Depreciation

62. The cumulative depreciation as on 31.3.2009 as per order dated 20.4.2011 in Petition No.183/2009 works out to ₹56528.48 lakh. Further, proportionate adjustment has been made to this cumulative depreciation on account of un-discharged liabilities deducted as on 1.4.2009. Accordingly, the revised cumulative depreciation as on 1.4.2009 works out to ₹55232.15 lakh. Further, the value of freehold land considered in the said order as on 31.3.2009 is 'nil' and the same has been considered for the purpose of calculating the depreciable value. As on 1.4.2009, the generating station is less than 12 years old from the effective date of commercial operation of 7.12.2005. Depreciation has been calculated by considering the weighted average rate of depreciation @5.2568%. Also, cumulative depreciation has been adjusted for de-capitalisation, if any, considered during the period 2009-14. Necessary calculations in support of depreciation are as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	285611.18	285587.76	290401.95	290550.74	293034.48
Add: Additional Capital Expenditure	(-) 23.42	4814.19	148.79	2483.74	2321.40
Closing Capital Cost	285587.76	290401.95	290550.74	293034.48	295355.88
Average Capital Cost	285599.47	287994.86	290476.34	291792.61	294195.18
Rate of Depreciation	5.2526%	5.2539%	5.2543%	5.2555%	5.2555%
Depreciable value (excluding land) @ 90%	257039.53	259195.37	261428.71	262613.35	264775.66
Balance depreciable value	201807.37	188853.75	176076.62	162021.09	148883.06
Depreciation (annualized)	15001.51	15130.94	15262.48	15335.30	15461.57
Cumulative depreciation at the end	70233.66	85472.56	100614.57	115927.56	131354.17
Less: Cumulative Depreciation adjustment on a/c of un-discharged liabilities deducted as on 1.4.2009	(-)155.28	(-)10.25	(-)38.55	(-)2.10	(-)465.32
Less: Cumulative Depreciation reduction due to de-capitalization	47.33	130.72	60.86	37.06	38.51
Cumulative depreciation (at the end of the period)	70341.62	85352.09	100592.26	115892.60	131780.98



Normative Annual Plant Availability Factor (NAPAF)

63. The NAPAF of 85% as considered in order dated 2.8.2012 in Petition No. 254/2009 has been considered for the purpose of tariff.

O&M Expenses

64. O&M expenses as considered in order dated 2.8.2012 in Petition No. 254/2009 as stated below has been considered.

<i>(₹ in lakh)</i>				
2009-10	2010-11	2011-12	2012-13	2013-14
13000.00	13740.00	14530.00	15360.00	16240.00

Interest on Working Capital

Fuel Component

65. The fuel component in the working capital as considered in order dated 2.8.2012 is considered as under:

<i>(₹ in lakh)</i>					
	2009-10	2010-11	2011-12	2012-13	2013-14
Cost of coal for 1.5 months	11398.20	11398.20	11429.43	11398.20	11398.20
Cost of secondary fuel oil 2 months	271.88	271.88	271.88	272.63	271.88

Cost of Secondary Fuel

66. The maintenance spares as considered in order dated 2.8.2012 is allowed as under:

<i>(₹ in lakh)</i>				
2009-10	2010-11	2011-12	2012-13	2013-14
1631.31	1631.31	1635.78	1631.31	1631.31

Maintenance Spares

67. The maintenance spares as considered in order dated 2.8.2012 is allowed as under:

<i>(₹ in lakh)</i>				
2009-10	2010-11	2011-12	2012-13	2013-14
2600.00	2748.00	2906.00	3072.00	3248.00

Receivables

68. Receivables have been worked out on the basis of two months of fixed and energy charges (based on primary fuel only) as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Variable Charges - for two months	15197.60	15197.60	15239.24	15197.60	15197.60
Fixed Charges – for two months	10880.04	10866.59	10937.45	10900.33	11003.59
Total	26077.64	26064.20	26176.69	26097.94	26201.19

O&M Expenses (1 month)

69. The O&M expenses for one month as considered in order dated 2.8.2012 has been considered.

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
1083.33	1145.00	1210.83	1280.00	1353.33

70. Accordingly, SBI PLR of 12.25% has been considered for the purpose of calculating interest on working capital. The necessary computations in support of calculation of interest on working capital are as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Coal Stock- 1.5 months	11398.20	11398.20	11429.40	11398.20	11398.20
Oil stock-2 months	271.88	271.88	272.63	271.88	271.88
O & M expenses- 1 months	1083.33	1145.00	1210.83	1280.00	1353.33
Spares	2600.00	2748.00	2906.00	3072.00	3248.00
Receivables- 2 months	26077.64	26064.20	26176.69	26097.90	26201.19
Total Working Capital	41431.06	41627.28	41995.59	42120.02	42472.61
Rate of Interest	12.2500%	12.2500%	12.2500%	12.2500%	12.2500%
Total Interest on Working capital	5075.31	5099.34	5144.46	5159.70	5202.89

Annual Fixed Charges

71. The Annual Fixed Charges based on above deliberations work out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	15001.50	15130.94	15262.48	15335.30	15461.57
Interest on Loan	10453.62	9544.88	9057.93	7831.01	6761.75
Return on Equity	20118.48	20053.08	19994.07	20084.67	20723.99
Interest on Working Capital	5075.31	5099.34	5144.46	5159.70	5202.89
O&M Expenses	13000.00	13740.00	14530.00	15360.00	16240.00
Cost of Secondary Fuel Oil	1631.31	1631.31	1635.78	1631.31	1631.31
Total	65280.22	65199.55	65624.71	65401.99	66021.52

Note: (1) All figures are on annualized basis. (2) All figures under each head have been rounded. The figure in total column in each year is also rounded. As such, the sum of individual items may not be equal to the arithmetic total of the column.



72. The Energy Charge Rate of 130.976 paisa/kWh as determined by order dated 2.8.2012 shall remain unchanged.

73. The difference in the annual fixed charges determined by order dated 2.8.2012 and those determined by this order shall be adjusted in accordance with Regulation 6 (6) of the 2009 Tariff Regulations.

74. Petition Nos. 310/GT/2013 and 298/GT/2014 are disposed of in terms of the above.

-Sd/-
(A.S. Bakshi)
Member

-Sd/-
(A. K. Singhal)
Member

-Sd/-
(Gireesh B. Pradhan)
Chairperson

