

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 231/GT/2014

Coram:

**Shri Gireesh B. Pradhan, Chairperson
Shri A.K.Singhal, Member
Shri A. S. Bakshi, Member
Dr. M. K. Iyer, Member**

Date of Order: 30th August, 2016

In the matter of

Revision of tariff for the period 2009-14 after truing up exercise and determination of tariff for 2014-19 in respect of Dulhasti Hydroelectric Power Station (390 MW).

AND

In the matter of

NHPC Ltd,
NHPC Office Complex, Sector 33,
Faridabad – 121003

.....Petitioner

Vs

1. Punjab State Power Corporation Ltd
The Mall, Near Kali Badi Mandir,
Patiala – 147 001

2. Haryana Power Utilities,
Shakti Bhawan, Sector, 6
Panchkula – 134 109

3. BSES Rajdhani Power Ltd
BSES Bhawan, Nehru Place,
New Delhi – 110 019

4. Uttar Pradesh Power Corporation Ltd
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001

5. BSES Yamuna Power Ltd
Shakti Kiran Building,
Karkardooma, New Delhi – 110 072

6. Engineering Department, 1 st Floor,
UT Secretariat, Sector 9D,
Chandigarh – 160 009



7. Tata Power Delhi Distribution Ltd
33 kV Sub-station,
Hudson Lane, Kingsway Camp
Delhi – 110 009

8. Power Development Department,
Civil Secretariat,
Jammu-180001 (J & K)

9. Jaipur Vidyut Vitran Nigam Ltd
Vidyut Bhawan, Janpath,
Jaipur – 302 205

10. Jodhpur Vidyut Vitran Nigam Ltd
New Power House, Industrial Area,
Jodhpur – 342 003

11. Uttranchal Power Corporation Ltd
Urja Bhawan, Kan wali Road,
Dehradun – 248 001

12. Ajmer Vidyut Vitran Nigam Ltd
Old Power House,
Hatthi Bhatta, Jaipur Road,
Ajmer – 305 001

.....Respondents

Parties Present

Shri. A.K Pandey, NHPC
Shri. Piyush Kumar, NHPC
Shri Naresh Bansal, NHPC
Shri Jitendra Kumar Jha, NHPC
Shri R.B. Sharma, Advocate, BRPL
Shri S.K Agarwal, Advocate, Rajasthan Discoms
Shri G.L Verma, Advocate, Rajasthan Discoms
Ms Neelam, Advocate, Rajasthan Discoms

ORDER

The petition has been filed by NHPC Ltd for revision of tariff of Dulhasti Hydroelectric Station (3 x 130 MW) ('the generating station') for the period 2009-14 after truing-up exercise in terms of Regulation 6(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("the 2009 Tariff Regulations") and for determination of tariff for the period 2014-19 in terms of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 ("the 2014 Tariff Regulations")



2. The generating station was declared under commercial operation on 7.4.2007. Petition No. 60/2010 was filed by the petitioner for determination of tariff of the generating station for the period 2009-14 and the Commission by order dated 30.5.2011 had determined the annual fixed charges for the generating station for the said period based on the capital cost of ₹511605.50 lakh as on 1.4.2009. Thereafter, by order 13.2.2014 in Petition No.141/GT/2013, the annual fixed charges of the generating station for 2009-14 were revised after truing-up exercise based on the actual additional capital expenditure incurred during the period 2009-12 and the projected additional capital expenditure for the period 2012-14. The annual fixed charges allowed for the period 2009-14 by the said order dated 13.2.2014 are as under:

| | (₹ in lakh) | | | | |
|-----------------------------|------------------|------------------|------------------|-----------------|-----------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Return on Equity | 46649.39 | 46111.00 | 45582.54 | 34729.27 | 34729.27 |
| Interest on Loan | 20851.70 | 18553.98 | 17078.16 | 14736.57 | 12697.92 |
| Depreciation | 26572.78 | 26629.31 | 26709.59 | 26767.60 | 26795.26 |
| Interest on Working Capital | 2702.23 | 2686.72 | 2691.46 | 2465.06 | 2473.27 |
| O & M Expenses | 14824.24 | 15672.19 | 16568.64 | 17516.36 | 18518.30 |
| Total | 111600.34 | 109653.19 | 108630.38 | 96214.86 | 95214.01 |

Revision of Annual Fixed Charges for 2009-14

3. 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."

4. The petitioner in this petition has claimed revision of tariff for 2012-14 based on the actual additional capital expenditure incurred during the period 2012-14 after truing up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations. Accordingly, the annual fixed charges claimed by the petitioner for the period 2012-14 are as under:



| | (₹ in lakh) | |
|-----------------------------|------------------|------------------|
| | 2012-13 | 2013-14 |
| Return on Equity | 39115.87 | 41474.07 |
| Interest on Loan | 14909.66 | 12788.17 |
| Depreciation | 26755.88 | 26787.71 |
| Interest on Working Capital | 2559.85 | 2615.57 |
| O & M Expenses | 17516.36 | 18518.30 |
| Total | 100857.63 | 102183.82 |

Capital cost

5. Regulation 7 (1) (a) of the 2009 Tariff Regulations provides as under:

“7. Capital Cost. (1) Capital cost for a project shall include: (a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan - (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;”

6. The Commission in order dated 13.2.2014 in Petition No. 141/GT/2013 had considered the closing capital cost of ₹515196.48 lakh as on 31.3.2012. Accordingly, this capital cost of ₹515196.48 lakh has been considered as the opening capital cost as on 1.4.2012 for revision of tariff for 2012-14.

Actual Additional Capital Expenditure

7. Regulation 9 (2) of the 2009 Tariff Regulations 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-materialization 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.”

8. The projected additional capital expenditure allowed for the period 2012-14 in order dated 13.2.2014 in Petition No.141/GT/2013 and the actual additional capital expenditure claimed in this petition are as under:

| | (₹ in lakh) | |
|---|-------------|---------|
| | 2012-13 | 2013-14 |
| Projected additional capital expenditure allowed in order dated 13.2.2014 in Petition No. 141/GT/2013 | 870.52 | 195.00 |
| Actual additional capital expenditure claimed | 645.05 | 519.37 |

9. The re-conciliation of actual additional capital expenditure claimed in this petition with respect to additional capital expenditure as per books of accounts duly certified by auditor for the period 2012-13 and 2013-14 is as under:



| Sl No | | 2012-13 | 2013-14 |
|------------|--|------------------|-------------------|
| 1 | Additional Capitalization (claimed for purpose of tariff) | | |
| (a) | Additions | | |
| i | Additional Capitalization against works projected and allowed for additional capitalization for 2012-13 and 2013-14 | 482.81 | 24.77 |
| ii | Additional Capitalization against works projected and allowed in the years 2009-10, 2010-11 and 2011-12 | 205.96 | 371.39 |
| iii | Additional capitalization not projected/not allowed but capitalized due to actual site requirements (being claimed for additional capitalization) | 36.82 | 3939.29 |
| | Total (a) | 725.59 | 4335.45 |
| (b) | Deletion / Deduction | | |
| i | Deletion of assets on account of sale of assets/assets written off during the year | (-) 56.57 | (-) 7.31 |
| ii | Deletion of assets on account of rectification (item wrongly capitalized in earlier years) | 0.00 | (-) 17.97 |
| iii | Consumption of capital spares (deletion to be claimed) | 0.00 | (-) 33.06 |
| iv | Transfer to Obsolete account | (-2.95 | 0.00 |
| | Total (b) | (-) 59.52 | (-) 58.34 |
| (c) | Net additional capitalization to be claimed (c)=(a)+(b) | 666.07 | 4277.11 |
| 2 | Additional Capitalization (not claimed for the purpose of tariff) | | |
| (d) | Addition | | |
| i | Not projected/not allowed but capitalized due to actual site requirements (not being claimed for additional capitalization / Under exclusion category) | 1092.78 | 69.32 |
| ii | Transfer to obsolete | 2.95 | 0.00 |
| iii | Inter head adjustments | 8.73 | 0.00 |
| iv | IUT Transfer | 5.10 | 0.00 |
| | Total (d) | 1109.57 | 69.32 |
| (e) | Deletion | | |
| i | Consumption of capital spares (deletion not be claimed/Under exclusion category) | (-) 84.20 | (-) 284.96 |
| ii | Deletion under exclusion category (deletion for minor assets/tools/tackles etc. which were not considered for additional capitalization) | (-)1.87 | 0.34 |
| iii | Inter head adjustments | (-) 7.11 | 0.00 |
| iv | IUT Transfer | (-) 2.33 | 0 |
| | Total (e) | (-) 95.50 | (-) 285.30 |
| (f) | Net additional capitalization under Exclusion category (f)=(d)+(e) | 1014.06 | (-) 215.98 |
| (g) | Net additional capitalization (including IUT) as per books of accounts (g)=((c)+(f)) | 1680.14 | 4061.13 |
| 3 | Net Additional Capitalization claimed for tariff purpose | | |
| | Net additional capitalization as above (c) | 666.07 | 4277.11 |
| | Add: Assumed deletions | (-) 16.97 | (-) 1.89 |
| | Add: Liability existing as on 31.3.2009 and discharged | 0.10 | 0.00 |
| | Add : Liability discharged during the year for additional capitalization in 2009-14 | 49.43 | 58.48 |
| | Less: Un-discharged liability for the additional capitalization 2009-14 | 53.59 | 3814.34 |
| | Net additional capital expenditure claimed | 645.05 | 519.37 |



10. The respondent, UPPCL in its reply affidavit dated 2.9.2014 has submitted that the additional capital expenditure due to actual site requirement which were not allowed /projected (inverter, replacement of equipment etc.,) claimed during the years 2012-13 and 2014 may not be allowed since the same were neither allowed nor projected earlier otherwise the process of prudence check will have no meaning. It has also submitted that the petitioner may meet the said expenditure out of the O&M expenses allowed. Further, the respondent vide reply affidavit dated 7.1.2015 has submitted that the petitioner may be directed to submit the audited certificate of the payment of amount towards electricity charges during construction period but not capitalized upto 2012-13. It has also submitted that the justification of balance amount of ₹151.11 lakh included in the amount of ₹3939.29 lakh in 2012-14 may be submitted by the petitioner. In response, the petitioner 24.9.2014 has submitted that the additional capital expenditures claimed for 2012-13 are required for successful operation of the generating station and as per site conditions. It has also submitted that all the assets are capital assets and may be allowed by the Commission. The petitioner vide reply affidavit dated 4.2.2015 has clarified that out of the additional capitalization of ₹3939.29 lakh in 2013-14, an amount of ₹3788.18 lakh is on account of electricity bill payable to J&K during construction of the project. It has also submitted that this amount was under dispute and has been settled in 2013-14. The petitioner has further stated that the amount is still under un-discharge and will have not effect in tariff as the same is not paid as indicated earlier. The petitioner has further clarified that the balance amount is on account of purchase of additional equipments during the year.

11. The respondent, BRPL has submitted that some of the claim of the petitioner for ₹36.82 lakh in 2012-13 are minor in nature and some are in the nature of replacement and hence not permissible under the 2009 Tariff Regulations. As regards the claim of the petitioner for 2013-14, the respondent has submitted that the claim towards electricity charge shall be booked in the revise cost estimates of the project since it pertains to the pre-commissioning period. It has also submitted that the balance items covered under Regulation 9(2)(iv) of the 2009 Tariff Regulations



are minor and/or in the nature of tools and tackles and are not permissible under the said regulations. In response the petitioner in its rejoinder has submitted that the replacement of inverter has been necessitated due to unavailability of spare parts. It has also submitted the DG set which was earlier part of capital cost was deleted from the balance sheet by mistake in 2011-12 and was reinstated during 2012-13. The petitioner has also clarified that the electricity charges claimed has been indicated as under un-discharged liability which has been discharged in 2014-15.

12. The submissions of the parties have been considered. Based on the above reconciliation, the year-wise admissibility of the additional capital expenditure under various heads is discussed in the subsequent paragraphs.

Additions against works already approved

2012-13

| (₹ in lakh) | | | | |
|-------------|---|--|----------------------------|---|
| Sl. No. | Assets/works | Projected expenditure allowed in order dated 13.2.2014 | Actual expenditure claimed | Remarks on admissibility |
| 1 | Landscaping at Power House & HRT area including reclamation of muck disposal area | 0.00 | 94.70 | The Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the total amount of ₹ 211.50 lakh (₹21.50 lakh in 2009-10, ₹70.00 lakh in 2010-11, ₹70.00 lakh in 2011-12 and ₹50.00 lakh in 2012-13). Against this, the petitioner has claimed total additional capital expenditure of ₹94.70 lakh under this head. Since the assets/works were allowed on projection basis in order dated 30.5.2011, the actual expenditure same is allowed on prudence check. |
| 2 | Treatment of sinking zone at Dam and regarding of approach road leading to Dam | 150.00 | 165.52 | The Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the capitalization of these assets/works on projected |



| | | | | |
|---|---|-------|---------------|---|
| 3 | Hill slope stabilization at both bank of Dam (Protection of left bank (downstream) of Dul Dam by way of providing concrete abutment near T-402. | 50.00 | 186.72 | basis. However, we are of the considered view that these works are of recurring nature and the expenses towards these works shall be met from O&M expenses allowed to the generating station. Accordingly, the actual additional capital expenditure claimed is not allowed . However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff. |
| 4 | Payment of compensation of land | 5.00 | 35.86 | Since the assets/works were allowed on projection basis in order dated 30.5.2011, the actual expenditure same is allowed on prudence check. |
| | Total claimed | | 482.81 | |
| | Total allowed | | | 130.56 |

2013-14

| (₹ in lakh) | | | | |
|-------------|---|--|----------------------------|--|
| Sl. No. | Assets/works | Projected expenditure allowed in order dated 13.2.2014 | Actual expenditure claimed | Remarks on admissibility |
| 1 | Treatment of sinking zone at Dam and approach road leading to Dam | 150.00 | 6.98 | The Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the capitalization of these assets/works on projected basis. However, we are of the considered view that these works are of recurring in nature and the expenses towards these works shall be met from O&M expenses allowed to the generating station. Accordingly, the actual additional capital expenditure claimed is not allowed . However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff. |
| 2 | Treatment of sinking zone at Tamuruchi, Dul | | 12.95 | |
| 3 | Hill slope stabilization at both bank of Dam. (Construction of retaining wall for stabilization of hill slope near vent shaft.) | 5.00 | 4.84 | |
| | Total claimed | | 24.77 | |
| | Total allowed | | | 0.00 |



Works allowed in 2009-10, 2010-11 and 2011-12 but capitalized in 2012-13 & 2013-14

13. The details of works/assets, the additional capital expenditure allowed for these works / actual additional capital expenditure against these works along with reasons for admissibility of the actual additional capital expenditure in terms of 2009 Tariff Regulations are as under:

2012-13

(₹ in lakh)

| Sl. No. | Assets/works | Projected expenditure allowed in order dated 13.2.2014 | Actual expenditure claimed | Submissions of petitioner | Remarks for admissibility |
|---------|--|--|----------------------------|---|---|
| 1 | Construction of additional block (ground floor) including electric wiring at KV, DPS Kishtwar | 20.00 | 64.80 | The petitioner has submitted that the actual cost has gone up due to the fact that additional space was required to accommodate growing number of students as well as for creating modern smart class room. The work was actually completed in 2012-13. Further, one more tender was added as per requirement by KV school for providing smart class room. It has been submitted that the work was awarded in 2011-12 but completed by vendor in 2012-13. | Considering the fact that the expenditure incurred is for the benefit/ welfare of the employees which in turn will contribute to the efficient operation of the project, the expenditure is allowed under Regulation 9(2)(iv) of the 2014 Tariff Regulations, on prudence check. |
| 2 | Construction of permanent boundary wall behind office complex at Chenab Nagar. | | 22.13 | The Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the total projected capitalization of ₹150 lakh (₹50.00 lakh in 2010-11 and ₹100.00 lakh in 2011-12). Against this, the total | Since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the actual |
| 3 | Construction of security fencing at KV, Semina Colony and in the periphery of Chenab Nagar Sector-I. | 150.00 | 22.01 | | |



| | | | | | |
|---|---|-------|-------|---|---|
| 4 | Construction of security wall behind villa 81-85 & C-0 in Chenab Nagar, Sector-II. | | 8.75 | expenditure in 2012-13 is ₹135.00 lakh including this expenditure of ₹5.01 lakh in 2010-11, ₹77.10 lakh in 2011-12 and ₹52.89 lakh in 2012-13. | expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. |
| 5 | Undergrounding of power cable in A, B, C, D & S Type Qtrs, G. House and office area. | 20.00 | 25.21 | The Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the total projected capitalization of ₹20.00 lakh in 2009-10. It has also submitted that the total expenditure incurred under this head up to 2012-13 is ₹25.21 lakh including this expenditure claimed in 2012-13. The work was awarded at lowest rates of bidder and escalation is above the awarded cost being higher than projected cost as per market rates. | Since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. |
| 6 | Laying of 150 mm dia GI pipe line for integrated water supply scheme of DPS Kishtwar. | 10.00 | 1.92 | The petitioner has submitted that the total the Commission in order dated 30.5.2011 in Petition No. 60/2010 had allowed the total projected capitalization of ₹10.00 lakh in 2010-11. It has also submitted that the actual expenditure claimed under this head is ₹1.92 lakh in 2012-13. | Considering the fact that the expenditure incurred is necessary for efficient and successful operation of the project, the actual expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations, on prudence check. |



| | | | | | |
|----|---|--------|-------|---|--|
| 7 | Providing & Fixing security fencing of right bank from central store to CISF line at Shalimar Nallah. | 100.00 | 15.74 | The petitioner has submitted that the total amount allowed under this head was ₹100.00 lakh. Out of this, the total expenditure under this head upto 2012-13 is ₹85.16 lakh including the present claim of ₹ 50.42 lakh in 2010-11 & ₹34.74 lakh in 2012-13). It has further submitted that the work was approved under the head 410301 and since work is of similar nature, the expenditure of sl no 6 & 7 above are clubbed with the expenditure of sl. no. 8 though sl no 6 & 7 belong to head 410325. | In consideration of the submissions and since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. |
| 8 | Construction of permanent security wall at diesel pump Shalimar | | 9.96 | | |
| 9 | Construction of permanent boundary wall at power house area near barrier no. 3 & above TRT gate. | | 9.04 | | |
| 10 | Construction of pucca morcha and watch tower at Semna, Shalimar and DSB. | 46.20 | 4.40 | The total amount allowed under this head was ₹46.20 lakh (₹16.20 lakh in 2009-10 and ₹30.00 lakh in 2010-11). The total expenditure under this head up to 2012-13 is ₹ 11.33 lakh including the present claim (₹6.93 lakh in 2009-10 & ₹ 5.37 lakh in 2012-13). It has further submitted that the work was approved under the head 410325 and since work is of similar nature, the expenditure of sl. no 9 & 10 are clubbed though sl. no 10 pertain to head 410328. | In consideration of the submissions and since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the actual expenditure incurred of ₹5.37 lakh is allowed for the year under Regulation 9(2)(iv) of the 2009 Tariff Regulations |
| 11 | Security post/pucca morcha for Dul dam | | 0.97 | | |
| 12 | Chassis for fire | 29.00 | 7.39 | The petitioner has | In consideration of |



| | | | | | |
|----|---|-------|---------------|---|--|
| | tender-4 KL TATA / SFC 709 EX BSIII/38 COWL | | | submitted that against amount allowed under this head amounting to total ₹29.00 lakh, the expenditure upto 2012-13 is ₹33.32 lakh including the present claim (₹8.20 lakh in 2009-10, ₹ 17.73 lakh in 2011-12, ₹7.39 lakh in 2012-13. It has been further submitted that the increase on account of purchase of two fire tenders as per requirement of disaster management. | the submissions and since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations |
| 13 | Chassis for truck TATA model SE 1613 TC 42 | 11.20 | 13.62 | The petitioner has submitted that against the total approved amount of ₹11.20 lakh in the year 2009-10 by CERC, expenditure under this head upto 2012-13 is ₹13.62 lakh . | Considering the fact that the expenditure incurred is necessary for efficient and successful operation of the project, the actual expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations |
| | Total claimed | | 205.96 | | |
| | Total allowed | | | | 205.96 |



2013-14*(₹ in lakh)*

| Sl. No. | Assets/works | Projected expenditure allowed in order dated 13.2.2014 | Actual expenditure claimed | Submissions of petitioner | Remarks on admissibility |
|---------|--|--|----------------------------|--|---|
| 1 | Security wall for 33/11KV near power house area at Hasti | 100.00 | 39.40 | The petitioner has submitted that expenditure under this head up to 2013-14 is ₹124.55 lakh including the present claim (₹50.42 lakh in 2010-11, ₹34.74 lakh in 2012-13 & ₹39.40 lakh in 2013-14). It has also submitted that the work has been awarded through open tender on lowest cost basis. The petitioner has further submitted that the increase is attributed to rise in prevailing market rates. It has stated that the work was taken up in phases since the area was encroached and removal of encroachments was required with the help of local Authority. The petitioner has submitted that there are still some places where security wall is required and for security of establishments of power station, the IB and CISF has recommended the security fencing at various critical locations. It has also submitted that the same work will spill over to the period 2014-19. | In consideration of the submissions and since the expenditure incurred is for the safety of the generating station which in turn will facilitate the successful and efficient operation of the generating station, the expenditure actually incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations |



| | | | | | |
|---|---|--------|-------|--|---|
| 2 | Channelization of nallah for landscaping of muck disposal area at Hasti | 211.50 | 4.43 | The petitioner has submitted that the total amount allowed by Commission's order dated 30.5.2011 is ₹211.50 lakh in 2009-13 and the total expenditure incurred under this head upto 2013-14 is ₹99.13 lakh including the claim. The petitioner has stated that the work could be started only after all the temporary structure in the area was removed, work is under progress. | Since the asset/works were approved by the Commission vide order dated 30.5.2011 in petition No. 60/2010 and the same is necessary for efficient operation of the generating station, the actual expenditure of ₹9.93 lakh incurred for the year is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check. |
| 3 | Two room accommodation building for security bhawan near Chenab Bhawan | 10.00 | 6.52 | | |
| 4 | Construction of mess and store at CISF HQ at Shalimar, DPS, Kishtwar | 46.20 | 9.38 | The petitioner has submitted that the total expenditure under this head up to 2013-14 is 16.31 lakh including this claim (₹6.93 lakh in 2009-10 & 9.38 lakh in 2013-14). | Since the asset/work had been approved by Commission's order dated 30.05.2011 in petition no. 60/2010, the actual expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check |
| 5 | Construction of municipal chamber for dumping and segregation of MSW at DSB Colony. | 150.00 | 11.61 | The petitioner has submitted that the total approved amount by Commission under this head was ₹150 lakh (₹75 lakh in 2010-11 & ₹75 lakh in 2011-12). The total expenditure under this head upto 2013-14 is 14.11 lakh | Since the asset/work had been approved by Commission's order dated 30.05.2011 in petition no. 60/2010, the actual expenditure incurred is |



| | | | | | |
|---|---|--------|-------|--|--|
| | | | | including this claim (₹2.5 lakh in 2011-12 & 11.61 lakh in 2013-14). | allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check. |
| 6 | Boundary wall in semna colony along outer periphery of OTC C-Bhawan and Dulhasti Bhawan | 150.00 | 20.07 | The petitioner has submitted that the total expenditure under this head up to 2013-14 is ₹155.07 lakh (₹5.01 lakh in 2010-11, ₹77.10 lakh in 2011-12 & ₹52.89 lakh in 2012-13 & ₹20.07 lakh in 2013-14). The work awarded through open tender on lowest cost basis. The increase is only due to increase in prevailing market rates. | Since the asset/work had been approved by Commission's order dated 30.05.2011 in petition no. 60/2010, the actual expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check |
| 7 | Extension ramp in T-402 at Dul Dam site DPS Kishtwar | 15.00 | 6.24 | The petitioner has submitted that the total approved amount by Commission under this head was ₹15 lakh in 2010-11. The total expenditure under this head upto 2013-14 is ₹6.24 lakh including this claim | |
| 8 | Invert concrete work in surge shaft adit and surge escape gallery at Hasti | 40.00 | 21.96 | The petitioner has submitted that the total approved amount by Commission under this head was ₹40 lakh (₹10 lakh in 2009-10 & ₹30 lakh in 2010-11). The Total expenditure under this head upto 2013-14 is ₹39.21 lakh including this claim (₹17.25 lakh in 2011-12 & ₹21.96 lakh in 2013-14) | |
| 9 | Reclamation of muck disposal area in d/s of HRT adit | 211.50 | 18.04 | The petitioner has submitted that the total expenditure under this head upto 2013-14 is 112.74 lakh including this claim (₹94.70 lakh in 2012-13 & ₹18.04 lakh in 2013-14). | Since the asset/work had been approved by Commission's order dated 30.05.2011 in petition no. 60/2010, the actual expenditure |



| | | | | | |
|----|--|--------|---------------|--|--|
| | | | | | incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check |
| 10 | Loader cum excavator, Make Escorts Model DIGMAX-II 4X4 | 20.00 | 22.21 | The petitioner has submitted that the total approved amount by CERC under this head was ₹20 lakh in 2009-10. The Total expenditure under this head upto 2013-14 is 22.21 lakh including this claim' | Since the asset/work had been approved by Commission's order dated 30.05.2011 in petition no. 60/2010, the actual expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations after prudence check |
| 11 | Rough terrain hydraulic mobile crane 20MT-Make: TIL Model: HUSKY 620 with mandatory tools and spares | 131.00 | 118.17 | The petitioner has submitted that the total approved amount by Commission under this head was ₹131 lakh in 2009-10. The Total expenditure under this head upto 2013-14 is ₹118.17 lakh including this claim' | |
| 12 | Mobile Crane: 12.5 MT, 360 Degree Slew type along with stand. Tools & FOC Spares, Escorts, IF 15 | 115.00 | 81.95 | The petitioner has submitted that the total approved amount by CERC under this head was ₹131 lakh in 2009-10. The Total expenditure under this head upto 2013-14 is ₹118.17 lakh including this claim' | |
| 13 | Freight charges on mobile crane : 12.5 MT, 360 Degree SLEW Type | | 2.25 | | |
| 14 | Hydraulic Mobile Floor Crane 3T, United Make | | 1.89 | | |
| 15 | Tata Winger (Ambulance) HI Roof (A.C.), 3200 MM Wheel Base EURO-III | 20.50 | 7.27 | The petitioner has submitted that the total approved amount by CERC under this head was ₹20.50 lakh in 2011-12. The Total expenditure under this head upto 2013-14 is ₹7.27 lakh including this claim' | |
| | Total claimed | | 371.39 | | |
| | Total allowed | | | | 371.39 |



Capital expenditure not projected/allowed by the Commission, but incurred and claimed

14. The details of the actual additional capital expenditure incurred against new works/ assets along with admissibility of the actual additional capital expenditure in terms of 2009 Tariff Regulations is as under:

2012-13

| (₹ in lakh) | | | | |
|-------------|--|----------------------------|--|---|
| Sl. No. | Assets/works | Actual Expenditure Claimed | Submissions of petitioner | Remarks for admissibility |
| 1 | Inverter, capacity-10KVA, Input - 110VDC, Output - 240V AC, Single phase, 50Hz | 21.32 | The petitioner has submitted that this was taken on replacement of existing one. Due to non availability of spares the existing inverter was beyond repair. The gross value of existing inverter is not available. Derived original value of the asset is ₹15.03 lakh considering the de-accelerate rate @ 6% p.a. | As the asset/ work is considered necessary for efficient and successful operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. The de-capitalized value of the old asset is considered under "Assumed Deletions". |
| 2 | Energy Conserver , 7.5 KVA, 3 phase, 4 wire, 50 Hz (street light controller) | 0.81 | The petitioner has submitted that, during the energy audit suggestion for energy saving was recommended. In compliance to this it was decided to procure and install energy conserver in street light circuit for energy saving. | The expenditure is in nature of minor assets and hence not allowed |
| 3 | Tata Tipper 1616/32 BS III,SK 4.5 cubic meter | 14.63 | The petitioner has submitted that, tripper is taken against the replacement of TATA Truck. | As the asset/ work is considered necessary for efficient and successful operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. The |



| | | | | |
|---|----------------------|--------------|---|---|
| | | | | de-capitalized value of the old asset is considered under "Assumed Deletions". |
| 4 | 40 KVA Generator | 0.05 | The petitioner has submitted that the asset was traced & reinstated in books. Asset shown shortage during 2011-12 & deleted from asset. | From the submission of the petitioner it is not clear as to whether the traced asset is useable. In view of this, the expenditure being minor, the same is not allowed . |
| | Total claimed | 36.82 | | |
| | Total allowed | | | 35.95 |

2013-14

| (₹ in lakh) | | | | |
|-------------|--|----------------------------|--|--|
| Sl. No. | Assets/works | Actual Expenditure Claimed | Submissions of petitioner | Remarks for admissibility |
| 1 | Tailrace Tunnels | 44.68 | The petitioner has submitted that electricity charge of ₹37.88 crore pertaining to construction period. Since this amount pertains to pre-commissioning period, this amount has been distributed among the major head and has been claimed under additional capitalization. It is pertinent to mention that this was also disclosed under the head of Contingent liability in the tariff petition filed as on COD. In reply to the information sought by the Commission vide ROP of the hearing | After prudence check of the details of such deferred liability, total estimated cost of package, reason for such withholding, it is noticed that while capitalization has been made in the year 2013-14 for an amount of ₹37.88 crore, the same has been shown as un-discharged liability as on 31.3.2014. Accordingly, the capitalization |
| 2 | Power Tunnels and Pipelines | 1530.60 | | |
| 3 | Building containing hydro electric generating plant | 177.90 | | |
| 4 | Dams and Barrages | 208.60 | | |
| 5 | Hydro mechanical Works - Dams and Barrages | 236.64 | | |
| 6 | Hydro mechanical Works- Tunnels and canals | 155.27 | | |
| 7 | Hydro mechanical Works- Tail Race including draft tube | 6.37 | | |
| 8 | Main generating Equipment | 652.91 | | |
| 9 | Generator set up | 148.96 | | |



| | | | | | | |
|----|--|--------|--|--|---|---|
| | Transformer | | dated 17.11.2015, the petitioner vide its affidavit dated 28.01.2016 has submitted that the total amount settled between NHPC & JKPDD vide Minutes of Meeting dated 28.11.2013 was ₹96.29 crore pertaining to pre-commissioning period capitalized to various assets heads and rest amount ₹58.41 crore was charged as revenue expenditure under the head "Electricity-Expenditure". The balance amount of ₹37.88 crore is capitalized under Regulation 9(2)(viii) but shown as "undischarged liability" in 2013-14. | of the amount is allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations. | | |
| 10 | Cooling water systems | 36.10 | | | | |
| 11 | EHV Switchgear Systems | 243.46 | | | | |
| 12 | DC Systems/ Battery Systems | 52.58 | | | | |
| 13 | Power and control cables | 37.27 | | | | |
| 14 | Air conditioning and ventilation systems | 25.57 | | | | |
| 15 | Power line carrier communication systems | 16.13 | | | | |
| 16 | Control, Metering and protection systems | 123.57 | | | | |
| 17 | Auxiliary and ancillary systems | 27.92 | | | | |
| 18 | Miscellaneous power plant equipments (through capitalization of major works) | 63.65 | | | | |
| 19 | Star delta control panel for submersible pump 400 M3/H AT 65 M head, model BCTPL XFP-200M (2 nos) | 7.14 | | | The petitioner has submitted that the Installation of three nos. dewatering pumps along with pipeline was done to enhance the dewatering capacity, to avoid any flooding situation in powerhouse and dewatering of Turbine during annual maintenance. | Since the asset is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations |
| 20 | Star delta control panel for submersible pump 300M3/H AT 65M head, model BCTPL XFP-200M | 2.81 | | | | |
| 21 | Sub-slurry/Non Clog Pump 150HP, 300M3/H AT 65M head & 40M cable, | 19.10 | | | | |
| 22 | Sub. Slurry/Non Clog Pump 180HP,400M3/H 65M head & 40M cable, Lift, Chain, FLYGT, XFP-200M-CH2,50 HZ (2 Nos) | 43.41 | | | | |
| 23 | Sub. Slurry/ Non clog Pump 180HP,400M3/H 65M HEAD & 40M Cable, Lift, Chain, FLYGT, XFP-200M-CH2,50HZ | 19.92 | | | | |
| | | | | | | |



| | | | | |
|----|---|-------|--|--|
| 24 | Treatment of sinking zone at Tamuruchi, Dul | 17.97 | The petitioner has submitted that this is a rectification entry and corresponding deletion is shown in 2012-13. | Since this rectification entry is for the asset/work which has not been allowed in this order in 2013-14, the rectification entry is not allowed |
| 25 | Hoist- Manual,6 Ton Capacity, 3.0 M Lift | 2.29 | The petitioner has not submitted any details regarding the claim. | The expenditure is in nature of tools & tackles and hence not allowed |
| 26 | Portable diesel filtration Cart equipped with motorized pump | 1.68 | | |
| 27 | Hollow plunger hydraulic cylinder, Cap 10T | 6.42 | | |
| 28 | Ultrasonic level transmitter with transmitter with transducer and hand held programmer -MR200 | 1.44 | | |
| 29 | Dewatering Pump (18.65 KW, 36.0 AMP 415V 3-Phase, 50 Hz) | 8.67 | The petitioner has submitted that, though power house dewatering system is operating but no provision has been kept earlier for dewatering of different pits for power house like transformer pit, turbine pit, MIV Servo motor pit. Further for inspection of radial gate buckets, dewatering is essential for which no pump was available. As such these pumps have been procured. | Since the asset is considered necessary for successful and efficient operation of the generating station, the expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. |
| 30 | Transformer Oil Filtration Plant, ,500 LPH Capacity, VPI Make | 4.54 | The petitioner has submitted that, it is required for filtration of transformer oil installed in 33/II KV substation and Distribution transformer. | |



| | | | | |
|----|---|----------------|--|---|
| 31 | Capitalization to S Type quarter. | 12.49 | The petitioner has submitted that as per new guidelines of contingent liability, provision has been made for management agreed amount payable to the contractor for construction of S-type quarter of generating station | The petitioner has claimed the expenditure under Regulation 9(2)(viii) of the 2009 Tariff Regulations. It is noticed that the actual payment could not be made in the year 2013-14 as an amount of ₹12.49 lakh has been shown as un-discharged liability. Accordingly, the expenditure incurred is allowed . |
| 32 | Chassis for tuck TATA Model SE 1613 TC 42 | 3.23 | The petitioner has submitted that the expenditure is for replacement of deleted such type of asset in the year 2010-11. | Since the asset is considered necessary for successful and efficient operation of the generating station, the expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. The de-capitalized value of the old asset is considered under "Assumed Deletions". |
| | Total claimed | 3939.29 | | |
| | Total allowed | | | 3909.49 |



Deletions

15. The following year-wise expenditure has been de-capitalized by the petitioner on account of Sale of Assets/Assets written off/ new assets purchased during the year, replacement and deemed deletion. The details of deletions claimed are as follows:

| | (₹ in lakh) | |
|--|------------------|------------------|
| | 2012-13 | 2013-14 |
| Deletion of Assets on account of Sale of Assets/Assets written off during the year | (-) 56.57 | (-) 7.31 |
| Deletion of Assets on account of Rectification (item wrongly capitalized in earlier years) | 0.00 | (-) 17.97 |
| Consumption of capital spares (deletion to be claimed) | 0.00 | (-) 33.06 |
| Transfer to Obsolete Account | (-) 2.95 | 0.00 |
| Total | (-) 59.52 | (-) 58.34 |

16. The petitioner has de-capitalized an amount of (-) ₹17.97 lakh in 2013-14 on account of rectification for the expenditure on item wrongly capitalized in earlier years (Treatment of sinking zone at Tamuruchi, Dul). Since the capitalization of this amount has not been allowed, the corresponding deletion has also been excluded for the purpose of tariff to avoid double deduction.

17. As the corresponding assets other than the above do not render any useful service in the operation of the generating station, the de-capitalization of the above said expenditure as reflected in the books of accounts has been allowed for the purpose of tariff. Accordingly, the following amounts have been deleted for the purpose of tariff:

| | (₹ in lakh) | |
|--|------------------|------------------|
| | 2012-13 | 2013-14 |
| Deletion of assets on account of Sale of assets/assets written off during the year | (-) 56.57 | (-) 7.31 |
| Consumption of capital spares (deletion to be claimed) | 0.00 | (-) 33.06 |
| Transfer to Obsolete a/c | (-) 2.95 | 0.00 |
| Total | (-) 59.52 | (-) 40.37 |

Exclusions in additions (incurred, capitalized in books but not to be claimed for tariff purpose)

18. The following year-wise expenditure has been incurred by the petitioner on replacement of minor assets, purchase of capital spares, purchase of miscellaneous assets, additions on inter-unit transfers, minor assets, etc.,



| | (₹ in lakh) | |
|---|-------------|---------|
| | 2012-13 | 2013-14 |
| Exclusions in additions (incurred, capitalized in books but not to be claimed for tariff purpose) | 1109.57 | 69.32 |

19. The expenditure incurred towards procurement/replacement of minor assets and procurement of capital spares after the cut-off date is not permissible for the purpose of tariff in terms of the 2009 Tariff Regulations. Accordingly, the petitioner has considered these additions under exclusion category. As such, the exclusions of the positive entries under the head are in order and are allowed.

Exclusions in deletions (de-capitalized in books but not to be considered for tariff purpose)

20. The petitioner has de-capitalized following amounts in books of accounts pertaining to capital spares, minor assets such as computers, office equipment, furniture, ladders, pumps, fixed assets of minor value less than ₹5000, etc., as these are not in use on account of their becoming unserviceable/obsolete and also deletion on account of inter-unit transfer of minor assets, as under :

| | (₹ in lakh) | |
|---|------------------|-------------------|
| | 2012-13 | 2013-14 |
| Consumption of capital spares (deletion to not be claimed/Under exclusion category) | (-) 84.20 | (-) 284.96 |
| Deletion under exclusion category (deletion for minor assets/tools/tackles etc. which are not considered for additional capitalization) | (-) 1.87 | (-) 0.34 |
| Inter head adjustments | (-) 7.11 | 0.00 |
| IUT Transfer | (-) 2.33 | 0 |
| Total | (-) 95.50 | (-) 285.30 |

21. The petitioner has prayed that the negative entries may be ignored/ excluded for the purpose of tariff as the corresponding positive entries for purchase of such assets are not being allowed for the purpose of tariff in terms of the provisions of the 2009 Tariff Regulations. In support of this, the petitioner has referred to the observations of the Commission in order dated 7.9.2010 in Petition No.190/2009 as under:

“20. After careful consideration, we are of the view that the cost of minor assets originally included in the capital cost of the projects and replaced by new assets should not be reduced from the gross block, if the cost of the new assets is not considered on account



of implication of the regulations. In other words, the value of the old assets would continue to form part of the gross block and at the same time the cost of new assets would not be taken into account. The generating station should not be debarred from servicing the capital originally deployed on account of procurement of minor assets, if the services of those assets are being rendered by similar assets which do not form part of the gross block.”

22. The respondent, BRPL vide its reply dated 30.12.2015 has submitted that the minor assets/spares which are de-capitalized is required to be adjusted in the capital cost as per proviso under Regulation 7(1)(c) of the 2009 Tariff Regulations. It has also submitted that the order dated 7.9.2010 cannot undermine the express provisions of the proviso to Regulation 7(1)(c) of the 2009 Tariff Regulations. Referring to the judgment of the Tribunal dated 1.7.2014 in Appeal No.169/2013, the respondent has submitted that the Commission has no power to add, substitute or delete any provisions of the regulation. Accordingly, the respondent has stated that the order dated 7.9.2010 followed by the petitioner is not applicable on this issue and the same may be rejected by the Commission.

23. We have examined the matter. It is noticed that the provisions of both the 2004 and the 2009 Tariff Regulations provide that the expenditure on minor items/assets, tools and tackles etc procured after the cut-off date shall not be considered for additional capitalization for determination of tariff. The minor assets are not considered as capital assets and are not permitted to be capitalised after the cut-off date. In our view, since the cost of new assets would not be taken into account by implication of the regulations, the value of old assets should be permitted to continue to form part of the gross block. In other words, if the cost of the new assets is not considered on account of implication of the regulations, the cost of minor assets originally included in the capital cost of the projects and replaced by new assets should not be reduced from the gross block. The generating station should not be debarred from servicing the capital originally deployed on account of procurement of minor assets, if the services of these assets are being rendered by similar assets which do not form part of the gross block. In this background and in line with the decision of the



Commission in order dated 7.9.2010, the negative entries corresponding to the deletion of minor assets are allowed to be excluded/ ignored for the purpose of tariff.

24. The petitioner has excluded amounts of (-) ₹84.20 lakh and (-) ₹284.96 lakh for the years 2012-13 and 2013-14 respectively for de-capitalization of capital spares. As regards the prayer of the petitioner for exclusion of negative entries corresponding to de-capitalization of capital spares, it is observed that the expenditure on capital spares are not allowed to be capitalized after the cut-off date in terms of the 2009 Tariff Regulations. While the recovery of expenditure on capital spares is allowed through O&M expenses on consumption, the recovery of additional expenditure on minor assets beyond the cut-off date is neither allowed to be capitalized nor permissible under O&M expenses. Hence, the observations of the Commission in order dated 7.9.2010 cannot be made applicable in respect of de-capitalization of spares. Accordingly, the claim of the petitioner for exclusion of negative entries arising out of de-capitalization of capital spares is justifiable provided that the de-capitalized spares are the ones which were not considered in the capital base for the purpose of tariff in the year of capitalization. On verification of the details in the Petition filed by the petitioner for the period 2009-12 and this petition, it is observed that the capital spares de-capitalized in books during the period 2012-14 are the ones which were not allowed in the capital cost for the purpose of tariff. In other words, positive entries arising out of their purchase were also excluded/ ignored for the purpose of tariff. In view of the above discussions, the amounts have been allowed to be excluded/ ignored for the purpose of tariff. The exclusion of negative entries arising due to inter-head adjustments is also allowed as the positive adjustments have also been excluded/ ignored. Similarly, exclusion of negative entries arising due to inter unit transfer of minor are allowed as the capitalization of these minor assets are not allowed after the cut-off date. Accordingly, the following amounts have been excluded/ ignored for the purpose of tariff as under.

| | <i>(₹ in lakh)</i> | |
|---------------------------------|--------------------|-------------------|
| | 2012-13 | 2013-14 |
| Exclusions in additions | 1109.57 | 69.32 |
| Exclusions in deletions | (-) 95.50 | (-) 285.30 |
| Total exclusions allowed | 1014.07 | (-) 215.98 |



Assumed Deletions

25. As per consistent methodology adopted by the Commission, expenditure on replacement of assets, if found justified is allowed for the purpose of tariff provided that the capitalization of the said asset is followed by the de-capitalization of the original value of the old asset. However, in certain cases where de-capitalization is affected in books during the following years, to the year of capitalization of new asset, the de-capitalization of the old asset for the purpose of tariff is shifted to the very same year in which the capitalization of the new asset is allowed. Such de-capitalization which is not a book entry in the year of capitalization is termed as "Assumed deletion". The amounts considered by the petitioner under this head are as under:

| (₹ in lakh) | |
|-------------|---------|
| 2012-13 | 2013-14 |
| (-)16.97 | (-)1.89 |

26. It has been observed that the petitioner has considered de-capitalization of (-) ₹15.03 lakh and (-) ₹1.94 lakh against the replacement of Inverter and Tata Tipper respectively during the year 2012-13. Considering the fact that the plant is only 7 years old, the de-capitalized value furnished by the petitioner for these assets seems to be on the lower side. Similarly, the gross value of (-) ₹1.89 lakh against the de-capitalization of Chassis for truck TATA under assumed deletions in 2013-14 is not acceptable. Therefore, as per consistent methodology adopted by the Commission for arriving at the fair value of the de-capitalized asset, i.e. escalation rate of 5 % per annum from the COD has been considered in order to arrive at the gross value of old asset in comparison to the cost of new asset. In view of the above, the assumed deletion considered for the purpose of tariff for the period 2012-14 are as follows:

| (₹ in lakh) | | | |
|--------------------------|-----------------------------------|----------------------------|------------------------------|
| | Additional capitalization claimed | De- capitalization claimed | De-capitalization considered |
| 2012-13 | | | |
| Inverter, capacity-10KVA | 21.32 | (-) 15.03 | (-) 16.70 |
| Tata Tipper | 14.63 | (-) 1.94 | (-) 11.46 |
| Total | 35.95 | (-) 16.97 | (-) 28.17 |
| 2013-14 | | | |
| Chassis for truck TATA | 3.23 | (-) 1.89 | (-) 2.41 |
| Total | 3.23 | (-) 1.89 | (-) 2.41 |



Un-discharge and discharge of liabilities

27. The petitioner has submitted the details of un-discharged liabilities in the actual additional capital expenditure for 2012-14 and discharge of liabilities as under:

| | (₹ in lakh) | |
|--|----------------|----------------|
| | 2012-13 | 2013-14 |
| Liability existed as on 31.3.2009 discharged during the year | 0.10 | 0.00 |
| Liability discharged during the year for additional capital expenditure in 2009-14 | 49.43 | 58.48 |
| Un-discharged liability in additional capital expenditure for 2009-14 | 53.59 | 3814.34 |

28. The un-discharged liabilities and the discharge of liabilities as furnished by the petitioner as above have been considered for working out the admissible capital expenditure for the period 2012-14. Accordingly, the actual additional capital expenditure allowed for the period 2012-14 for the purpose of tariff is as under:-

| | (₹ in lakh) | |
|--|----------------|----------------|
| | 2012-13 | 2013-14 |
| Capitalization against works projected and allowed for additional capital expenditure | 130.56 | 0.00 |
| Capitalization against works projected and allowed in previous year (2009-10, 2010-11 & 2011-12) | 205.96 | 371.39 |
| Not projected/not allowed but capitalized due to actual site requirements | 35.95 | 3909.49 |
| Total additions allowed (a) | 372.46 | 4280.88 |
| Deletions allowed (b) | (-) 59.52 | (-) 40.37 |
| Assumed deletions considered (c) | (-) 28.17 | (-) 2.41 |
| Total additional capital expenditure allowed before un-discharged/ discharged liabilities (d)=(a)+(b)+(c) | 284.77 | 4238.10 |
| Add: Liability existed as on 31.3.2009 discharged during the year (e) | 0.10 | 0.00 |
| Add: Liability discharged during the year for additional capital expenditure in 2009-14 (f) | 49.43 | 58.48 |
| Less: Un-discharged liability for additional capital expenditure in 2009-14 (g) | 53.59 | 3814.34 |
| Additional capital expenditure allowed (h)=(d)+(e)+(f)-(g) | 280.71 | 482.24 |

Capital cost for 2012-14

29. The Commission in order dated 13.2.2014 in Petition No. 141/GT/2013 had considered the closing capital cost of ₹515196.48 lakh as on 31.3.2012. Accordingly, the capital cost considered for the purpose of the tariff is as under:



| | (₹ in lakh) | |
|--|------------------|------------------|
| | 2012-13 | 2013-14 |
| Opening capital cost as on 31.3.2012 | 515196.48 | 515477.19 |
| Additional capital expenditure allowed | 280.71 | 482.24 |
| Closing capital cost | 515477.19 | 515959.43 |

Debt-Equity Ratio

30. In accordance with clause (2) of Regulation 12 of the Tariff Regulations 2009, in case of the generating stations declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 is considered.

31. The Commission in order dated 9.3.2010 in Petition No. 204/2009 while approving tariff for the generating station for the period ending 31.3.2009 had directed as under:

“24. The petitioner has stated that the additional capital expenditure has been financed through internal resources. As per the approved revised cost estimate (RCE-II) of the Govt. of India letter dated 22.8.2008, corresponding to an approved capital cost of ₹522849.00 lakh, the equity was frozen at ₹198668.67 lakh. The Commission in its order dated 30.11.2009 in Petition No. 72/2009 had allowed the equity of ₹198668.67 lakh on the date of commercial operation for the purpose of tariff. Accordingly, any additional capital expenditure incurred after the date of commercial operation, till the admitted capital cost becomes ₹522849.00 lakh, is to be considered as debt. After consideration of the admitted additional capital expenditure of ₹3188.55 lakh and ₹567.58 lakh during the year 2007-08 and 2008-09 respectively, the admitted capital cost for works out to ₹511037.92 lakh and ₹511605.50 lakh for the year 2007-08 and 2008-09 respectively, which is below the admitted capital cost of ₹522849.00 lakh. Accordingly, the admitted additional capital expenditure has been considered as debt for the purpose of tariff.”

32. In line with the above decision, the entire additional capital expenditure has been considered as debt, since the total estimated cost of completion is less than the approved Revised Cost Estimate of ₹522849.00 lakh.

Return on Equity

33. In terms of Regulation 15 (3) of the 2009 Tariff Regulations, the Return on Equity is computed as under:

| | (₹ in lakh) | |
|---|-------------|-----------|
| | 2012-13 | 2013-14 |
| Gross Notional Equity | 198668.67 | 198668.67 |
| Addition due to Additional Capitalization | 0.00 | 0.00 |
| Closing Equity | 198668.67 | 198668.67 |
| Average Equity | 198668.67 | 198668.67 |



| | | |
|-------------------------------|-----------------|-----------------|
| Return on Equity (Base Rate) | 15.750%* | 16.500% |
| Tax rate for the year | 20.008% | 20.961% |
| Rate of Return on Equity | 19.689% | 20.876% |
| Return on Equity | 39115.87 | 41474.07 |

Note-*Base rate for April- December 2012 @ 15.5% and for January-March 2013 @16.5%

Interest on Loan

34. The opening gross normative loan as on COD of each unit has been arrived at in accordance with Regulation 16 of the 2009 Tariff Regulations. The weighted average rate of interest has been worked out on the basis of the actual loan portfolio of respective years applicable to the project. The repayment for the period 2009-14 has been considered equal to the depreciation allowed for the respective year. The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest. Accordingly, Interest on loan has been calculated as under:

| | (₹ in lakh) | |
|---|-----------------|-----------------|
| | 2012-13 | 2013-14 |
| Gross Normative Loan | 316527.81 | 316808.52 |
| Cumulative Repayment | 119111.75 | 145858.17 |
| Net Loan-Opening | 197416.07 | 170950.35 |
| Repayment during the year | 26746.43 | 26767.84 |
| Addition due to Additional Capitalization | 280.71 | 482.24 |
| Net Loan-Closing | 170950.35 | 144664.76 |
| Average Loan | 184183.21 | 157807.55 |
| Weighted Average Rate of Interest on loan | 8.09% | 8.09% |
| Interest on loan | 14895.31 | 12758.78 |

Depreciation

35. The weighted average rate of depreciation of 5.190% and 5.190% for the year 2012-13 and 2013-14 respectively have been considered for the calculation of depreciation. Accordingly, the depreciation has been computed as under:

| | (₹ in lakh) | |
|--------------------------------|-----------------|-----------------|
| | 2012-13 | 2013-14 |
| Opening Gross Block | 515196.48 | 515477.19 |
| Additional capital expenditure | 280.71 | 482.24 |
| Closing gross block | 515477.19 | 515959.43 |
| Average gross block | 515336.84 | 515718.31 |
| Rate of Depreciation | 5.190% | 5.190% |
| Depreciable Value | 463803.16 | 464146.48 |
| Remaining Depreciable Value | 344692.40 | 318289.31 |
| Depreciation | 26746.43 | 26767.84 |



O & M Expenses

36. The O & M expenses allowed in order dated 13.2.2014 in Petition No. 141/GT/2013 has been considered as under:

| (₹ in lakh) | |
|-------------|----------|
| 2012-13 | 2013-14 |
| 17516.36 | 18518.30 |

Interest on Working Capital

37. The petitioner is entitled to claim interest on working capital as per Regulation 18 of the 2009 Tariff Regulations. The components of the working capital and the petitioner's entitlement to interest thereon are discussed hereunder.

(i) Receivables

As per Regulation 18(1) (c) (i) of the 2009 Tariff Regulations, receivables as a component of working capital are equivalent to two months' of fixed cost. In the tariff being allowed, receivables have been worked out on the basis of "2 months" fixed cost.

(ii) Maintenance spares

Regulation 18 (1) (c) (ii) of the 2009 Tariff Regulations provides for maintenance spares @ 15% per annum of the O & M expenses as part of the working capital. The value of maintenance spares has accordingly been worked out.

(iii) O & M expenses

Regulation 18(1) (c) (iii) of the 2009 Tariff Regulations provides for operation and maintenance expenses for one month to be included in the working capital. The petitioner has claimed O&M expenses for 1 month of the respective year. This has been considered in the working capital.

(iv) Rate of interest on working capital

In accordance with clause (3) of Regulation 18 of the tariff regulations, as amended, rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2009 or on 1st April of the year in which the generating station or a unit thereof is declared under commercial operation, whichever is later. Accordingly, SBI PLR of 12.25% as on 1.4.2009 has been considered in for working out Interest on Working Capital.

38. Accordingly, Interest on Working Capital has been calculated as under:

| | (₹ in lakh) | |
|---|----------------|----------------|
| | 2012-13 | 2013-14 |
| Maintenance Spares | 2627.45 | 2777.74 |
| O & M expenses | 1459.70 | 1543.19 |
| Receivables | 16805.55 | 17022.25 |
| Total | 20892.70 | 21343.19 |
| Interest on working capital @ 12.25% | 2559.36 | 2614.54 |



Annual Fixed Charges

39. The annual fixed charges allowed for generating station for the period 2012-14 are summarized as under:

| | (₹ in lakh) | |
|-----------------------------|------------------|------------------|
| | 2012-13 | 2013-14 |
| Return on Equity | 39115.87 | 41474.07 |
| Interest on Loan | 14895.31 | 12758.78 |
| Depreciation | 26746.43 | 26767.84 |
| Interest on Working Capital | 2559.36 | 2614.54 |
| O & M Expenses | 17516.36 | 18518.30 |
| Annual Fixed Charges | 100833.33 | 102133.52 |

40. The difference between the annual fixed charges recovered by the petitioner and the annual fixed charges determined by this order as above shall be adjusted in terms of Clause (6) of Regulation 6 of the 2009 Tariff Regulations.

Determination of Annual Fixed Charges for the period 2014-19

41. As stated, the petitioner in this petition has also prayed for the determination of annual fixed charges of the generating station for the period 2014-19 in accordance with the provisions of the 2014 Tariff Regulations. Accordingly, the annual fixed charges claimed by the petitioner for the period 2014-19 are as under:

| | (₹ in lakh) | | | | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Return on Equity | 41474.07 | 41474.07 | 41474.07 | 41480.65 | 41510.83 |
| Interest on Loan | 10731.78 | 8884.33 | 6857.93 | 4610.45 | 2249.60 |
| Depreciation | 26911.10 | 27046.68 | 27095.81 | 27134.06 | 27168.41 |
| Interest on Working Capital | 2580.53 | 2591.58 | 2599.88 | 2,606.56 | 2614.90 |
| O & M Expenses | 13746.97 | 14660.32 | 15634.36 | 16673.10 | 17780.86 |
| Total | 95444.45 | 94656.98 | 93662.05 | 92504.83 | 91324.60 |

42. In response to the directions of the Commission, the petitioner has submitted additional information and has served copies of the same on the respondents. The respondents JVVNL, JDVVNL, AVVNL, UPPCL and BRPL have filed replies to the petition and the petitioner has filed its rejoinder to the said replies filed by the respondents. Based on the submissions of the parties and



the documents available on record, we proceed to determine the tariff of the generating station for the period 2014-19 as stated in the subsequent paragraphs.

Capital Cost

43. Clause (1) of Regulation 9 of the 2014 Tariff Regulations provides that the capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects. Clause (3) of Regulation 9 provides as under:

“9(3) The Capital cost of an existing project shall include the following:

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;*
- (b) xxxx*
- (c) xxxx*

44. The closing capital cost considered by the Commission as on 31.3.2014 in this order is ₹515959.43 lakh. This amount has been considered as the opening capital cost as on 1.4.2014 for computation of tariff for the period 2014-19.

Projected Additional Capital Expenditure for the period 2014-19

45. Clause (3) of Regulation 7 of the 2014 Tariff Regulations provides that the application for determination of tariff shall be based on admitted capital cost including any additional capital expenditure already admitted upto 31.3.2014 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2014-15 to 2018-19. Regulation 14 (3) of the 2014 Tariff Regulations, provides as under.

“14.(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may 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 of law;*
- (ii) Change in law or compliance of any existing law;*



(iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;

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

(v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;

(vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

(vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal / lignite based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

(viii) 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) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;

(ix) 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 due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and

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

Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, 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. 1.4.2014

Provided further that any capital expenditure other than that of the nature specified above in (i) to (iv) in case of coal/lignite based station shall be met out of compensation allowance:

Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.”



46. The petitioner vide affidavit dated 16.7.2015 has revised the actual/projected additional capital expenditure for the period 2014-19. Accordingly, the year-wise breakup of the projected additional capital expenditure claimed by the petitioner is as under:

| | (₹ in lakh) | | | | |
|---|---------------|---------------|----------------|---------------|---------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Projected additional capital expenditure on gross basis | 464.62 | 1105.08 | 1381.50 | 280.00 | 678.50 |
| Proposed de-capitalization | 40.64 | 267.34 | 26.88 | 0.00 | 5.00 |
| Net projected additional capital expenditure claimed | 423.98 | 837.74 | 1354.62 | 280.00 | 673.50 |

47. The respondent, UPPCL has submitted that out of the total claim of ₹399 lakh for additional capitalization, ₹191.20 lakh in 2014-15 may not be allowed as there is no information about capitalization of items like water treatment plant, skid loader and ambulance in 2013-14. It has also submitted that additional dry type transformer and accommodation for CISF may not be allowed as the transformer has been allowed in 2013-14 and the concession of new mess building for CISF has nothing to do with its activity. Similarly, out of the claim for capitalization of ₹1475 lakh in 2015-16 ₹695 lakh may not be allowed as some of the amounts claimed are beyond the amount approved during 2009-14 and some items may be charged to O&M. For the year 2016-17 the respondent has submitted that ₹584 lakh may not be allowed as some of the items may be charged to O&M expenses. The respondent has also submitted that an amount of ₹420 lakh for 2017-18 and ₹400 lakh for 2018-19 may not be allowed as some of the items have been claims in the previous years.

48. The respondent, BRPL has submitted that some of the projected additional capitalization in the year 2014-15 (five items) were approved by the Commission during 2009-14 is covered under Regulation 14(3)(vi) of the 2014 Tariff Regulations and the petitioner should justify the claim. As regards expenditure towards dry type transformer, the claim is required to be made under Regulation 14(3)(vii) for deterioration of assets, obsolescence of technology etc. and the petitioner should support its claim with technical justification duly supported with documentary evidence like test results carried out by independence agency. Similar submission has been made by the



respondent in respect of projected additional capital expenditure claimed by the petitioner for the year 2016-19. The petitioner has filed its rejoinder clarifying the objections made by the above respondents and has prayed that the tariff of the generating station may be determined as claimed in the petition in terms of the provisions of the 2014 Tariff Regulations.

49. We have examined the matter. It is noticed that the petitioner has also claimed capitalization of the expenditure under Regulation 14(3)(viii) of the 2014 Tariff Regulations which also provides for capitalization of expenditure incurred due to additional work which has become necessary for successful and efficient operation of plant. The respondent, BRPL has submitted that Regulation 14(3)(viii) should be read with Regulation 14(3)(vii) in respect of expenditure incurred on replacement assets and that the same should be supported by documentary evidence like test results carried out by independent agency in case of deterioration of the assets. We have examined the matter. In our view, the requirement of documentary evidence like test results etc., carried out by independent agency will be necessary in case of assets which have deteriorated prior to the expiry of useful life and accordingly sought to be replaced. In the instant case, these assets are being replaced on account of obsolescence /deterioration etc., after expiry of its useful life in consideration of year-wise assets which were put to use. However, there may be some assets which are serviceable even after the expiry of their useful life and should be put to use instead of seeking their replacement in a routine manner. In our view, the petitioner should support its claim either on the basis of the certificate by the OEM or its technical committee to the effect that the subject assets cannot be kept in service on account of its obsolescence or it being beyond economic repair. Though we are allowing capitalization of these assets under Regulation 14(3)(viii) of the 2014 Tariff Regulations, we direct that the petitioner shall place on record the necessary certificate from the OEM or its technical committee at the time of truing-up of tariff . Similar approach shall be adopted in other cases where additional capitalization has been allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. Accordingly, based on the submissions of the parties and the documents available on record, the claims of the petitioner for the period 2014-19



are considered and allowed on prudence check, after reduction of the gross value of old assets, wherever necessary, as detailed in the subsequent paragraphs.

2014-15

| | | | | | (₹ in lakh) |
|---------|--|-----------------------|---|---|----------------|
| Sl. No. | Assets/works | Projected expenditure | Submissions of petitioner | Reasons for admissibility | Amount allowed |
| 1 | Construction of Treatment plant for drinking water and distribution system in Semna and Shalimar | 152.71 | The petitioner has submitted that an amount of ₹250.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that the delay in execution is due to the time taken for testing of water samples and firming up the technical specification. The petitioner has further submitted that against this, the total amount of ₹152.71 lakh have been capitalized in 2014-15. The respondent, UPPCL has submitted that ₹54.31 lakh is to be taken in true –up. The respondent, BRPL has submitted that the said work can be covered under Regulation 14(3)(vi) and the petitioner is required to justify the claim. | The submissions have been examined. It is observed that the asset/ work was allowed by the Commission for 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010. Since the expenditure is for the benefit of the employees working in remote areas of the project which in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 152.71 |



| | | | | | |
|---|--|-------|---|--|-------|
| 2 | Construction of permanent boundary wall of Semna & Shalimar colony. | 27.04 | The petitioner has submitted that an amount of ₹150.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that till 2013-14 the expenditure incurred on this account is ₹155.07 lakh and the same has been capitalized. It has however submitted that complete area could not be covered and there are still some places where security wall is required for which ₹ 27.04 lakh has been proposed. | It is observed that for the purpose of security of establishments of power station, the IB and CISF had recommended security fencing at various critical locations. It is also noticed that the expenditure towards this asset/ work had been allowed by the Commission vide order dated 30.5.2011 in Petition no. 60/2010 for the period 2009-14. Since the expenditure is considered necessary on account of security and safety of the generating station as per recommendations of the IB and CISF, the same is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations. | 27.04 |
| 3 | Treatment of sinking zone at Dam and regarding of approach road leading to Dam | 93.86 | The petitioner has submitted that, an amount of ₹1000.00 lakh was approved by Commission for 2009-14 for treatment of sinking zone. Detailed studies do not reveal any clear cut methodologies for treatment & it is advised to take corrective measure from time to time | As the projected expenditure is recurring in nature, the same is not allowed . The expenditure shall be met from the O&M expenses allowed to the generating station. However, in case the petitioner is not able to meet the | 0.00 |



| | | | | | |
|---|---|-------|---|---|-------|
| | | | depending upon subsidence. Till March 2014 an amount of ₹475.00 lakh had been capitalized. The area remains prone to sinking and further treatment during next five years would be required. | expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff. | |
| 4 | Skid steer loader (45-50HP) with snow blower attachment | 19.53 | The petitioner has submitted that an amount of ₹32.00 lakh was kept in additional capitalization during 2009-14. The procurement process was initiated earlier, but could not mature since tender had to be cancelled for administrative reason. Accordingly, the petitioner has submitted that the purchase has now been made. | Since the asset/work was allowed by the Commission during 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010 and the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations | 19.53 |



| | | | | | |
|---|----------------------------|-------|---|--|-------|
| 5 | Fire tender - 4KL | 11.68 | The petitioner has submitted that, an amount of ₹32.50 lakh was kept in additional capitalization during 2009-14. Chassis of 4 KL capacity fire tender has been purchased and ₹22.00 lakh capitalized in additional capitalization during 2009-14. The balance amount of ₹11.68 lakh was required for carrying out fabrication of body of this fire tender for which has now been completed. It has submitted that since the work is to be completed in two stages i.e. one for purchase of chassis & subsequently fabrication of tanker, the work was delayed. | Since the asset/work was allowed by the Commission during 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010 and the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 11.68 |
| 6 | Ambulance (fully equipped) | 5.63 | The petitioner has submitted that an amount of ₹20.50 lakh was kept in additional capitalization during 2009-14. However, the supplier failed to supply the ambulance. New ambulance has been purchased and capitalized for ₹7.23 lakh in 2013-14. Amount of ₹5.63 lakh has been incurred for installation of critical health care in the ambulance and claimed in 2014-15. It has submitted that the delay is due to non-supply of the ambulance by the supplier due to which | Since the asset/work was allowed by the Commission during 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010 and the expenditure is for the benefit of the employees working in remote areas of the project which in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation | 5.63 |



| | | | | | |
|---|--|-------|---|---|-------------------------------|
| | | | orders were cancelled and had to be re-tendered. | 14(3)(viii) of the 2014 Tariff Regulations. | |
| 7 | Purchase of drainage and dewatering pumps. | 37.45 | The petitioner has submitted that the originally installed KSB make pumps were imported from Germany and spares of these pumps are not available in India. These pumps have been repaired several times and not reliable during monsoon period. Hence additional pumps are required to strengthen the dewatering capacity to avoid any flooding. The pumps shall be purchased against de-capitalization of old pumps for ₹23.51 lakh. | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 13.94 (37.45-23.51) |
| 8 | Purchase of HP compressors | 22.56 | The petitioner has submitted that the HP compressors are most essential equipment of power house for operation of MIV and Guide vanes. Existing HP compressors are imported and installed since commissioning of power station and frequent breakdowns have been experienced. Due to old model as well as being imported item, the spares of these compressors are not available in time, hence HP compressors are required to be replaced with indigenous make. The de-capitalized value of existing asset for ₹ | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 5.43 (22.56-17.13) |



| | | | | | |
|----|--|-------|--|---|--------------|
| | | | 17.13 lakh is considered. | | |
| 9 | Purchase of Dry type Distribution Transformer, HV/LV panel and cables. | 53.34 | The petitioner has submitted that the existing drainage and dewatering system is designed as per old guidelines and of optimum design without considering the flooding /disaster management aspects. Accordingly, it has submitted that the additional dewatering system has been provided and capitalized in 2013-14.It has further submitted that for reliable power supply to this system, additional Transformer and HT/ LT panel and cables are required which would be installed at service bay level to reduce the chances of its submergence in case of flooding. The petitioner has stated that this is essential from disaster management point of view. | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 53.34 |
| 10 | Supply and Installation of Monorail hoist for Pumps. | 11.60 | The petitioner has submitted that, the drainage and dewatering sump does not have an overhead opening due to which installation or removal is not possible with the help of EOT crane. Removal and installation of these pumps by mechanical means is a time consuming process which can expose the | Since the asset/work is considered necessary and efficient operation of the plant, the same has been allowed under Regulation 14(3)(viii) of Tariff Regulations, 2014. | 11.60 |



| | | | | | |
|--|---|-------|---|--|---------------|
| | | | power house to risk in high flood season. For easy removal and assembly of drainage & dewatering pumps, monorail and hoist have to be installed. | | |
| 11 | Installation of CCTV system | 15.89 | The petitioner has submitted that installation of CCTV system is proposed in and around colonies wherein sensitive installations like filtration plant, storage tanks 132 KV substation and all security outposts and entrance gates is required for proper record of entries in view of the power station being in militancy prone areas. | Since the asset/work is considered necessary for safety of plant which will facilitate successful and efficient operation of the plant, the same has been allowed under Regulation 14(3)(viii) of Tariff Regulations, 2014. | 15.89 |
| 12 | Construction of accommodation & security post/pucca morcha for CISF at Chenab Nagar, Shalimar & Hasti | 13.33 | The petitioner has submitted that, these assets are required in view of current security aspect in region. By considering reports of security agencies pucca morcha/ post is required. These points were also raised by security agency of power station i.e. CISF, so that different establishments can be secured. In this head a mess building is also proposed as present temporary structure of mess is in bad condition. The cost of temporarily sheds shall be de-capitalized. | Since the expenditure is on account of need for higher security and safety of the generating station as per recommendations of CISF, the same is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations. | 13.33 |
| Total Claimed (after de-capitalization) | | | | | 423.98 |
| Total allowed (after de-capitalization) | | | | | 330.12 |



2015-16*(₹ in lakh)*

| Sl. No. | Assets/works | Projected expenditure | Submissions of petitioner | Reasons for admissibility | Amount allowed |
|----------------|--|------------------------------|---|---|-----------------------|
| 1 | Construction of permanent boundary wall of Semna & Shalimar colony | 90.00 | The petitioner has submitted that an amount of ₹150.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that till 2013-14 the expenditure incurred on this account is ₹155.07 lakh and the same has been capitalized. It has however submitted that complete area could not be covered and there are still some places where security wall is required for which ₹ 27.04 lakh has been proposed. | Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed . | 90.00 |



| | | | | | |
|---|--|--------|--|---|------|
| 2 | Hill slope stabilization at both bank of Dam. | 298.00 | <p>The petitioner has submitted that, an amount of ₹300.00 lakh was approved by Commission for 2009-14 for which tender was floated during 2012. But due to inadequate response from contractors work could not materialize. However after retendering the work is awarded. The completion cost of the work would be of the order of ₹400.0 lakhs. The delay is only due to very poor response from the bidder in view of the specialized job & remote location of the project. The expenditure done in 2014-15 is ₹28.33 lakh which is yet to be capitalized.</p> | <p>Since the expenditure incurred is recurring in nature the claim of petitioner is not allowed. However, the expenditure can be met from the O&M expenses allowed to the generating station. However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff.</p> | 0.00 |
| 3 | Treatment of sinking zone at Dam and regarding of approach road leading to Dam | 80.00 | <p>The petitioner has submitted that, an amount of ₹1000.00 lakh was approved by Commission for 2009-14 for treatment of sinking zone. Detailed studies do not reveal any clear cut methodologies for treatment & it is advised to take corrective measure from time to time depending upon</p> | <p>Since the expenditure incurred is recurring in nature the claim of petitioner is not allowed. However, the expenditure can be met from the O&M expenses allowed to the generating station. However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of</p> | 0.00 |



| | | | | | |
|---|---|--------|---|---|----------------------------------|
| | | | subsidence. Till March 2014 an amount of ₹475.00 lakh had been capitalized. The area remains prone to sinking and further treatment during next five years would be required. | tariff. | |
| 4 | Purchase of numeric generator transformer protection relays | 10.08 | The petitioner has submitted that, existing relays are of static type and moreover an obsolete model. Being vital it is proposed to replace the same with new latest numeric generator transformer protection relay having facility of disturbance recording, user friendly protection setting etc. These relays will be purchased and old static relays for ₹6.70 lakh will be de-capitalized. | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the same is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 3.38 (10.08-6.70) |
| 5 | Purchase of Surge arrestor for 400 KV GIS | 450.00 | The petitioner has submitted that the existing T155-1 surge arrestor associated with 400 kV Dulhasti-Kishenpur line bay-2 R-phase got damaged on 12.7.2012 during tripping of above said line. M/s ALSTOM (the OEM of GIS) has stated that the manufacturing of this product (T155-1 | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 250.00 (450.00-200.00) |



| | | | | |
|--|--|---|--|--|
| | | <p>surge arrestor) is no more possible & they don't have any stock of these components. The zinc oxide blocks and the insulating tubes used in the T155-1 Surge Arrestor are different from the nowadays products and residual voltage of the new products is lower than the former product which leads to an unbalanced system which is not acceptable due to which surge arrestors on all the three phases need to be replaced. Hence as per recommendation of M/s ALSTOM technical department, the petitioner had to replace all T155-1 surge arrestors installed on all the 3 phases (one faulty and other two in Y & B phase respectively) with the new generation T155-2 surge arrestors and the Surge arrestors provided earlier shall be de-capitalized. Estimated original value of old surge arrestor is ₹200 lakh based on engineering estimate of acquisition cost.</p> | | |
|--|--|---|--|--|



| | | | | | |
|---|--|-------|---|---|---------------------------------------|
| 6 | Purchase of bus bar protection relay | 35.00 | <p>The petitioner has submitted that the existing relay is of static type and more over an obsolete model. The relay was supplied as a part of main GPM & directly imported. The OEM of the relay also lacks expertise as on date. The bus bar protection scheme is very vital for protection of GIS based bus bar schema in circuit. Hence it is proposed to install new latest numeric bus bar protection, having facility of disturbance recording and user friendly protection setting. The old protection relays for ₹20.00 lakh will be de-capitalized.</p> | <p>Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations.</p> | <p>15.00 (35.00-20.00)</p> |
| 7 | Purchase of drainage and dewatering pumps. | 48.00 | <p>The petitioner has submitted that the originally installed KSB make pumps were imported from Germany and spares of these pumps are not available in India. These pumps have been repaired several times and not reliable during monsoon period. Hence additional pumps are required</p> | <p>Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed.The de-capitalized value of the old asset is ₹23.51 lakh</p> | <p>24.49 (48.00-23.51)</p> |



| | | | | | |
|---|---|-------|---|--|------------------------------|
| | | | to strengthen the dewatering capacity to avoid any flooding. The pumps shall be purchased against de-capitalization of old pumps for ₹23.51 lakh. | | |
| 8 | Purchase of HP compressors | 23.00 | The petitioner has submitted that the HP compressors are most essential equipment of power house for operation of MIV and Guide vanes. Existing HP compressors are imported and installed since commissioning of power station and frequent breakdowns have been experienced. Due to old model as well as being imported item, the spares of these compressors are not available in time, hence HP compressors are required to be replaced with indigenous make. The de-capitalized value of existing asset for ₹ 17.13 lakh is considered. | Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed . The de-capitalized value of the old asset is ₹17.13 lakh | 5.87 (23.00-17.13) |
| 9 | Purchase of Mobile truck mounted hydraulic scissor lift / work platform | 55.00 | The petitioner has submitted that, lot of street lights are in circuit at power house, colony as well as dam access roads. For maintaining them, lot of man power is required for handling the telescopic ladder. Also the | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 55.00 |



| | | | | | |
|--|--|-------|---|---|---------------|
| | | | activity is time consuming. In the coming years as the man power will be reduced, the maintenance of these street lights will be tedious. Hence it is proposed to purchase one mobile truck mounted hydraulic scissor lift/work platform which drastically reduce the manpower requirement as well as the lead time involved. Also it can be utilized in other activities to be undertaken at elevated levels safely. | | |
| 10 | Construction of accommodation & security post/ pucca morcha for CISF at Chenab Nagar, Shalimar & Hasti | 16.00 | The petitioner has submitted that, these assets are required in view of current security aspect in region. By considering reports of security agencies pucca morcha/ post is required. These points were also raised by security agency of power station i.e. CISF, so that different establishments can be secured. In this head a mess building is also proposed as present temporary structure of mess is in bad condition. The cost of temporarily sheds shall be de-capitalized. | Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed . | 16.00 |
| Total Claimed (after de-capitalization) | | | | | 837.74 |
| Total allowed (after de-capitalization) | | | | | 459.74 |



| Sl. No. | Assets/works | Projected expenditure | Submissions of petitioner | Reasons for admissibility | Amount allowed |
|---------|--------------------------|-----------------------|---|--|--------------------------------|
| 1 | Wheel dozer 300 HP class | 350.00 | The petitioner has submitted that an amount of ₹471.00 lakh was kept in additional capitalization during 2009-14. The purchase could not materialize and it is now proposed. This is a new purchase against replacement. | Since the asset/work was already allowed by the Commission during 2009-14 in order dated 30.5.2011 in Petition No. 60/2010 and the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2009 Tariff Regulations. | 348.94 (350.00-1.06) |
| 2 | TATA bus 42 seater-2Nos | 38.00 | The petitioner has submitted that an amount of ₹32.00 lakh was kept in additional capitalization during 2009-14. The purchase could not materialize and it is now proposed. An amount of ₹38.00 lakh is proposed to be kept. This purchase is against disposal of existing 2 buses for ₹14.60 lakh which shall be de-capitalized. | Since the asset/work was allowed by the Commission during 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010 and the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 23.40 (38.00-14.60) |



| | | | | | |
|---|---|--------|--|--|---------------|
| 3 | Construction of sewerage treatment plant at Semna & Shalimar colony | 180.00 | <p>The petitioner has submitted that, an amount of ₹150.00 lakh was kept in the add cap of 2009-14 for this purpose. However during preparation of detailed estimate it was observed that since the present system is septic tanks/soak pit based and an extensive network of pipes is required for collection of sewage at various STP points and the amount is not sufficient. As per guidelines by State pollution board, the sewage generated from colonies and other establishments are necessarily to be treated to specified extent before discharging to surfaces water sources. So keeping in view of this as per available elevation of different buildings STP's shall be required at various deepest points. At Dulhasti five STP's could be set up at places-</p> | <p>Since the asset/work was allowed by the Commission during 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010 and the expenditure is for the benefit of the employees working in the generating station, and the capitalization of this asset/work would facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations.</p> | 180.00 |
|---|---|--------|--|--|---------------|



| | | | | | |
|---|--|--------|---|---|---------------|
| | | | for DSB and Semna colony, Shalimar and Hasti, Admin building and offices, school and Project hospital. For collecting and transferring sewage at respective location a sewage network consist of RCC pipes, manholes and other appurtenances are required. | | |
| 4 | Construction of Treatment plant for drinking water and distribution system in Semna and Shalimar | 145.00 | The petitioner has submitted that an amount of ₹250.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that the delay in execution is due to the time taken for testing of water samples and firming up the technical specification. The petitioner has further submitted that against this, the total amount of ₹152.71 lakh have been capitalized in 2014-15. | The submissions have been examined. It is observed that the asset/ work was allowed by the Commission for 2009-14 vide order dated 30.5.2011 in Petition No. 60/2010. Since the expenditure is for the benefit of the employees working in remote areas of the project which in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 145.00 |
| 5 | Hill slope stabilization at both bank of | 100.00 | The petitioner has submitted that an amount of | Since the projected expenditure is | 0.00 |



| | | | | | |
|---|--|--------|---|--|-------------|
| | Dam. | | <p>₹150.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that till 2013-14 the expenditure incurred on this account is ₹155.07 lakh and the same has been capitalized. It has however submitted that complete area could not be covered and there are still some places where security wall is required for which ₹ 27.04 lakh has been proposed.</p> | <p>recurring in nature the claim of petitioner is not allowed. The expenditure shall be met from the O&M expenses allowed to the generating station. However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff.</p> | |
| 6 | Treatment of sinking zone at Dam and regarding of approach road leading to Dam | 120.00 | <p>The petitioner has submitted that, an amount of ₹1000.00 lakh was approved by Commission for 2009-14 for treatment of sinking zone. Detailed studies do not reveal any clear cut methodologies for treatment & it is advised to take corrective measure from time to time depending upon subsidence. Till March 2014 an amount of ₹475.00 lakh had been capitalized. The area remains</p> | | 0.00 |



| | | | | | |
|---|---|--------|--|---|------------------------------|
| | | | prone to sinking and further treatment during next five years would be required. | | |
| 7 | Pickup van-2 nos | 20.00 | The petitioner has submitted that this is a new purchase against de-capitalization of one 10.0 MT truck whose acquisition cost of ₹6.22 lakh. It is proposed to keep ₹20.00 lakh for purchase of 2 nos pick up van as these vans have been approved by competent authority in the sanctioned strength of power station | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 13.78 (20.00-6.22) |
| 8 | Car | 8.50 | The petitioner has submitted that two nos. of car is proposed to be capitalized one each in 2016-17 and 2018-19 against the replacement of bullet proof car having gross block of ₹10 lakh. The de-capitalized value of ₹10 lakh has been apportioned during 2016-17 (₹5 lakh) and 2018-19 (₹5 lakh). | Since the asset/work is considered necessary for successful and efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations. | 3.50 (8.50-5.00) |
| 9 | Purchase of TRT gate in single piece with dedicated hoist | 400.00 | The petitioner has submitted that, the existing TRT stop logs | Since the asset/work is considered necessary for successful and | 400.00 |



| | | | | | |
|----|-----------------------------|-------|---|---|-------|
| | | | <p>are in 4 segments and it would take minimum 4 hrs to place the gate. This arrangement cannot isolate the power house from downstream in case of an emergency flooding situation. Further, draft tube isolation is also through stop logs. To protect the power house from risk, it is proposed to convert these four stop logs in to a single gate with higher size gantry so that it can be lowered in minimum time period in emergency. In case conversion is not possible, the new gate shall be purchased and stop logs shall be de-capitalized.</p> | <p>efficient operation of the generating station, the expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations.</p> | |
| 10 | Installation of CCTV system | 20.00 | <p>The petitioner has submitted that installation of CCTV system is proposed in and around colonies wherein sensitive installations like filtration plant, storage tanks 132 KV substation and all security outposts and entrance gates is required for proper record of entries in view</p> | <p>Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed.</p> | 20.00 |



| | | | | |
|--|--|--|--|----------------|
| | | | of the power station being in militancy prone areas. | |
| Total Claimed (after de-capitalization) | | | | 1354.62 |
| Total allowed (after de-capitalization) | | | | 1134.62 |

2017-18

(₹ in lakh)

| Sl. No. | Assets/works | Projected expenditure | Submissions of petitioner | Reasons for admissibility | Amount allowed |
|---------|--|-----------------------|---|--|----------------|
| 1 | Treatment of sinking zone at Dam and regarding of approach road leading to Dam | 100.00 | The petitioner has submitted that an amount of ₹1000.00 lakh was approved by Commission for 2009-14 for treatment of sinking zone. Detailed studies do not reveal any clear cut methodologies for treatment & it is advised to take corrective measure from time to time depending upon subsidence. Till March 2014 an amount of ₹475.00 lakh had been capitalized. The area remains prone to sinking and further treatment during next five years would be required. | As the expenditure is of a recurring nature, the same is not allowed . The expenditure shall be met from the O&M expenses allowed to the generating station. However, in case the petitioner is not able to meet the expenses from the admissible O&M expenses, it is at liberty to approach the Commission with proper justification at the time of truing-up of tariff. | 0.00 |
| 2 | Purchase of TRT gate in single piece with dedicated hoist | 80.00 | The petitioner has submitted that, the existing TRT stop logs are in 4 segments and it would take | Since the asset/work is considered necessary successful and efficient operation of the generating station, the | 80.00 |



| | | | | | |
|---|------------------------------|--------|---|---|--------|
| | | | <p>minimum 4 hrs to place the gate. This arrangement cannot isolate the power house from downstream in case of an emergency flooding situation. Further, draft tube isolation is also through stop logs. To protect the power house from risk, it is proposed to convert these four stop logs in to a single gate with higher size gantry so that it can be lowered in minimum time period in emergency. In case conversion is not possible, the new gate shall be purchased and stop logs shall be de-capitalized.</p> | <p>expenditure is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations.</p> | |
| 3 | Payment of land compensation | 100.00 | <p>The petitioner has submitted that:</p> <p>i) Land acquisition case for acquisition of land measuring 213 Kanal 13 marlas falling in Village Kawar Tanji for reservoir is under process wherein tentative compensation to the tune of ₹258.00 lakh has been assessed. Accordingly provision for payment of actual</p> | <p>Considering the fact that the expenditure is on account of payment of compensation, as stated, the same is allowed.</p> | 100.00 |



| | | | | | |
|--|--|--|---|--|---------------|
| | | | <p>compensation has been made.</p> <p>ii) Compensation of land measuring 20 kanal 01 marlas transferred from Horticulture Department is yet to be paid. Accordingly provision of tentative compensation of ₹60.00 lakh has been made. iii) An amount of ₹24.60 lakh is unpaid on account of cost of Government/ Shamlat land (Un-claimed/ disputed cases) Accordingly, provision for payment of compensation of unpaid amount has been made. In addition to above provision for payment of compensation in unforeseen cases has also been made.</p> | | |
| Total Claimed (after de-capitalization) | | | | | 280.00 |
| Total allowed (after de-capitalization) | | | | | 180.00 |

2018-19

(₹ in lakh)

| Sl. No. | Assets/works | Projected expenditure | Submissions of petitioner | Reasons for admissibility | Amount allowed |
|---------|---|-----------------------|---|--|----------------|
| 1 | Construction of sewerage treatment plant at Semna & Shalimar colony | 320.00 | The petitioner has submitted that, an amount of ₹150.00 lakh was kept in the add cap of | Based on the submissions of the petitioner for capitalization of this work in 2016-17 above, the expenditure claimed during this year is | 320.00 |



| | | | | |
|--|--|---|------------------------|--|
| | | <p>2009-14 for this purpose. However during preparation of detailed estimate it was observed that since the present system is septic tanks/soak pit based and an extensive network of pipes is required for collection of sewage at various STP points and the amount is not sufficient. As per guidelines by State pollution board, the sewage generated from colonies and other establishments are necessarily to be treated to specified extent before discharging to surfaces water sources. So keeping in view of this as per available elevation of different buildings STP's shall be required at various deepest points. At Dulhasti five</p> | <p>allowed.</p> | |
|--|--|---|------------------------|--|



| | | | | | |
|---|--|--------|---|---|--------|
| | | | STP's could be set up at places-for DSB and Semna colony, Shalimar and Hasti, Admin building and offices, school and Project hospital. For collecting and transferring sewage at respective location a sewage network consist of RCC pipes, manholes and other appurtenances are required. | | |
| 2 | Construction of Treatment plant for drinking water and distribution system in Semna and Shalimar | 100.00 | The petitioner has submitted that an amount of ₹250.00 lakh was approved by Commission for additional capitalization during 2009-14. It has also submitted that the delay in execution is due to the time taken for testing of water samples and firming up the technical specification. The petitioner has further submitted that against this, the total amount of ₹152.71 lakh | Based on the submissions of the petitioner for capitalization of this work in 2014-15 above, the expenditure claimed during this year is allowed . | 100.00 |



| | | | | | |
|---|------------------------------|--------|--|---|--------|
| | | | have been capitalized in 2014-15. | | |
| 3 | Payment of land compensation | 250.00 | <p>The petitioner has submitted that:</p> <p>i) Land acquisition case for acquisition of land measuring 213 Kanal 13 marlas falling in Village Kawar Tanji for reservoir is under process wherein tentative compensation to the tune of ₹258.00 lakh has been assessed. Accordingly provision for payment of actual compensation has been made.</p> <p>ii) Compensation of land measuring 20 kanal 01 marlas transferred from Horticulture Department is yet to be paid. Accordingly provision of tentative compensation of ₹60.00 lakh has been made.</p> <p>iii) An amount of ₹24.60 lakh is unpaid on</p> | Based on the submissions of the petitioner for capitalization of this work in 2017-18 above, the expenditure claimed during this year is allowed . | 250.00 |



| | | | | | |
|--|------------|------|--|---|------------------------------------|
| | | | <p>account of cost of Government/ Shamlat land (Un-claimed/ disputed cases) Accordingly, provision for payment of compensation of unpaid amount has been made. In addition to above provision for payment of compensation in unforeseen cases has also been made.</p> | | |
| 4 | Car- 1 no. | 8.50 | <p>The petitioner has submitted that two nos. of car is proposed to be capitalized one each in 2016-17 and 2018-19 against the replacement of bullet proof car having gross block of ₹10 lakh. The de-capitalized value of ₹10 lakh has been apportioned during 2016-17 (₹5 lakh) and 2018-19 (₹5 lakh).</p> | <p>Based on the submissions of the petitioner for capitalization of this work in 2016-17 above, the expenditure claimed during this year is allowed.</p> | <p>3.50 (8.50-5.00)</p> |
| Total Claimed (after de-capitalization) | | | | | 673.50 |
| Total allowed (after de-capitalization) | | | | | 673.50 |



Additional capital expenditure allowed for 2014-19

50. Based on the above, the net additional capital expenditure allowed for the period 2014-19 is summarized as under:

| | (₹ in lakh) | | | | |
|---|---------------|---------------|----------------|---------------|---------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Additional Capital Expenditure allowed | 370.76 | 727.08 | 1161.50 | 180.00 | 678.50 |
| De-capitalization considered | 40.64 | 267.34 | 26.88 | 0.00 | 5.00 |
| Net Additional Capital Expenditure allowed for the purpose of tariff | 330.12 | 459.74 | 1134.62 | 180.00 | 673.50 |

51. The discharge of liabilities of liabilities considered the petitioner is as under:

| (₹ in lakh) | | | | |
|-------------|---------|---------|---------|---------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 3836.04 | 0.00 | 0.00 | 0.00 | 0.00 |

52. Considering the above discharges, the net projected additional capital expenditure allowed is as under:

| | (₹ in lakh) | | | | |
|---|----------------|---------------|----------------|---------------|---------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Net additional capital expenditure allowed | 330.12 | 459.74 | 1134.62 | 180.00 | 673.50 |
| Discharges of liabilities | 3836.04 | 0.00 | 0.00 | 0.00 | 0.00 |
| Additional capital expenditure allowed | 4166.16 | 459.74 | 1134.62 | 180.00 | 673.50 |

Capital Cost for 2014-19

53. As stated, the closing capital cost of ₹515959.43 lakh as on 31.3.2014 has been considered in this order. The same has been considered as the opening capital cost as on 1.4.2014. Accordingly, the capital cost considered for the purpose of tariff for the period 2014-19 is as under:

| | (₹ in lakh) | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Opening Capital Cost | 515959.43 | 520125.59 | 520585.33 | 521719.95 | 521899.95 |
| Additional Capital expenditure allowed | 4166.16 | 459.74 | 1134.62 | 180.00 | 673.50 |
| Capital Cost as on 31 st March of the year | 520125.59 | 520585.33 | 521719.95 | 521899.95 | 522573.45 |



Debt-Equity Ratio

54. Regulation 19 of the 2014 Tariff Regulations provides as under:

“19. Debt-Equity Ratio

(1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:

ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt : equity ratio.”

55. In its order dated 9.3.2010 in Petition No. 204/2009 pertaining to revision of tariff based on additional capital expenditure for the period 2007-09, had observed as under:

“24. The petitioner has stated that the additional capital expenditure has been financed through internal resources. As per the approved revised cost estimate (RCE-II) of the Govt. of India letter dated 22.8.2008, corresponding to an approved capital cost of ₹522849.00 lakh, the equity was frozen at ₹198668.67 lakh. The Commission in its order dated 30.11.2009 in Petition No. 72/2009 had allowed the equity of ₹198668.67 lakh on the date of commercial operation for the purpose of tariff. Accordingly, any additional capital expenditure incurred after the date of commercial operation, till the admitted capital cost becomes ₹522849.00 lakh, is to be considered as debt. After consideration of the admitted additional capital expenditure of ₹3188.55 lakh and ₹567.58 lakh during the year 2007-08 and 2008-09 respectively, the admitted capital cost for works out to ₹511037.92 lakh and ₹511605.50 lakh for the year 2007-08 and 2008-09 respectively, which is below the admitted capital cost of ₹522849.00 lakh. Accordingly, the admitted additional capital expenditure has been considered as debt for the purpose of tariff.”

56. In line with the above decision, the entire additional capital expenditure has been considered as debt, since the total estimated cost of completion is less than the approved Revised Cost Estimate of ₹522849.00 lakh.

Return on Equity

57. Regulation 24 of the 2014 Tariff Regulations provides as under:

“24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station,



and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:

Provided that

i) in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:

ii) the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:

iii) additional RoE of 0.50% has been allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:

iv). the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:

v) as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

vi) additional RoE shall not be admissible for transmission line having length of less than 50 kilometers.

58. Regulation 25 of the 2014 Tariff Regulations provides as under:

“Tax on Return on Equity

(1) *The base rate of return on equity as allowed by the Commission under Regulation 24 shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax income on other income stream (i.e., income of non generation or non transmission business, as the case may be) shall not be considered for the calculation of “effective tax rate”.*

(2) *Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:*

Rate of pre-tax return on equity = Base rate / (1-t)

Where “t” is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT), “t” shall be considered as MAT rate including surcharge and cess.

(3) *The generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2014-*



15 to 2018-19 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term transmission customers/DICs as the case may be on year to year basis."

59. The base rate has been grossed up with the MAT rate for the year 2013-14. Accordingly, in terms of the above regulations, Return on Equity has been computed as under:

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gross Notional Equity | 198668.67 | 198668.67 | 198668.67 | 198668.67 | 198668.67 |
| Addition due to additional capitalization | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing Equity | 198668.67 | 198668.67 | 198668.67 | 198668.67 | 198668.67 |
| Average Equity | 198668.67 | 198668.67 | 198668.67 | 198668.67 | 198668.67 |
| Return on Equity (Base Rate) | 16.500% | 16.500% | 16.500% | 16.500% | 16.500% |
| Tax rate for the year | 20.961% | 20.961% | 20.961% | 20.961% | 20.961% |
| Rate of Return on Equity | 20.876% | 20.876% | 20.876% | 20.876% | 20.876% |
| Return on Equity | 41474.07 | 41474.07 | 41474.07 | 41474.07 | 41474.07 |

60. The petitioner is however directed to submit the effective tax rates along with the tax Audit report for the period 2015-19 at the time of revision of tariff based on truing-up in terms of Regulation 8 of the 2014 Tariff Regulations.

Interest on Loan

61. Regulation 26 of the 2014 Tariff Regulations provides as under:

"26. Interest on loan capital: (1)The loans arrived at in the manner indicated in regulation 19 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2014-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such asset

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized: Provided that if there is no actual loan for a particular year but normative loan is still outstanding,



the last available weighted average rate of interest shall be considered: Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such refinancing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.”

62. The opening gross normative loan as on the COD of each unit has been arrived at in accordance with Regulation 26 of the 2014 Tariff Regulations. The weighted average rate of interest has been worked out on the basis of the actual loan portfolio of respective year applicable to the project. The repayment for the period 2014-19 has been considered equal to the depreciation allowed for that year. The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest. The calculation of weighted average rate of interest is allowed as Annexure-I to this order. As such, interest on loan has been calculated as under:

| | <i>(₹ in lakh)</i> | | | | |
|---|--------------------|----------------|----------------|----------------|----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Gross Normative Loan | 317290.76 | 321456.92 | 321916.66 | 323051.28 | 323231.28 |
| Cumulative Repayment up to Previous Year | 172626.01 | 199514.48 | 226523.00 | 253572.90 | 280656.92 |
| Net Loan-Opening | 144664.76 | 121942.44 | 95393.66 | 69478.38 | 42574.36 |
| Repayment during the year | 26888.47 | 27008.52 | 27049.90 | 27084.02 | 27106.17 |
| Addition due to Additional Capitalization | 4166.16 | 459.74 | 1134.62 | 180.00 | 673.50 |
| Net Loan-Closing | 121942.44 | 95393.66 | 69478.38 | 42574.36 | 16141.70 |
| Average Loan | 133303.60 | 108668.05 | 82436.02 | 56026.37 | 29358.03 |
| Weighted Average Rate of Interest on Loan | 8.027% | 8.126% | 8.242% | 8.117% | 7.458% |
| Interest on loan | 10700.04 | 8830.36 | 6794.34 | 4547.81 | 2189.49 |



Depreciation

63. Regulation 27 of the 2014 Tariff Regulations provides as under:

“27. Depreciation:

(1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units or elements thereof.

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset: Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement signed by the developers with the State Government for development of the Plant:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff: Provided also that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system: Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31.3.2014 from the gross depreciable value of the assets.

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure during the lag end of the project (five years before the useful life) along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure during the lag end of the project.



(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful services.”

64. The weighted average rate of depreciation of 5.190% calculated in terms of the above regulation has been considered for the period 2014-19. Accordingly, depreciation has been computed as follows:

| | (₹ in lakh) | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Gross Block as on 31.3.2014 | 515959.43 | 520125.59 | 520585.33 | 521719.95 | 521899.95 |
| Additional capital expenditure during 2014-19 | 4166.16 | 459.74 | 1134.62 | 180.00 | 673.50 |
| Closing gross block | 520125.59 | 520585.33 | 521719.95 | 521899.95 | 522573.45 |
| Average gross block | 518042.51 | 520355.46 | 521152.64 | 521809.95 | 522236.70 |
| Rate of Depreciation | 5.190% | 5.190% | 5.190% | 5.190% | 5.190% |
| Depreciable Value | 466238.26 | 468319.92 | 469037.38 | 469628.96 | 470013.03 |
| Remaining Depreciable Value | 293613.25 | 268822.02 | 242647.22 | 216201.95 | 189502.01 |
| Depreciation | 26888.47 | 27008.52 | 27049.90 | 27084.02 | 27106.17 |

O&M Expenses

65. The generating station is in operation for three or more years as on 1.4.2014. Accordingly, in terms of sub-section (a) of clause (3) of Regulation 29 of the 2014 Tariff Regulations, the year-wise O&M expense norms considered for the generating station of the petitioner for the period 2014-19 is as under:

| (₹ in lakh) | | | | |
|-------------|----------|----------|----------|----------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 13746.97 | 14660.32 | 15634.36 | 16673.10 | 17780.86 |

Interest on working capital

66. Sub-section (c) of Clause (1) of Regulation 28 of the 2014 Tariff Regulations provides as under:

“28. Interest on Working Capital:

(1) The working capital shall cover

(c) Hydro generating station including pumped storage hydro electric generating Station and transmission system including communication system:

(i) Receivables equivalent to two months of fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expense specified in regulation 29; and

(iii) Operation and maintenance expenses for one month.”



67. Accordingly, receivable component of working capital considering two months of fixed cost is worked out and allowed as under:

| (₹ in lakh) | | | | |
|-------------|----------|----------|----------|----------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 15898.14 | 15760.46 | 15591.67 | 15397.14 | 15193.64 |

68. Maintenance spares @ 15% of operation and maintenance expenses are worked out and allowed as under:

| (₹ in lakh) | | | | |
|-------------|---------|---------|---------|---------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 2062.05 | 2199.05 | 2345.15 | 2500.97 | 2667.13 |

69. O&M Expenses for one month are allowed as under:

| (₹ in lakh) | | | | |
|-------------|---------|---------|---------|---------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 1145.58 | 1221.69 | 1302.86 | 1389.43 | 1481.74 |

Rate of interest on working capital

70. Clause (3) of Regulation 28 of the 2014 Tariff Regulations provides as under:

“Interest on working Capital: (3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later.”

71. In terms of the above regulations, the Bank Rate of 13.50% (Base Rate + 350 Basis Points) as on 1.4.2014 has been considered by the petitioner. This has been considered in the calculations for the purpose of tariff.

Interest on Working Capital

72. Necessary computations in support of interest on working capital are appended below:

| (₹ in lakh) | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Maintenance Spares | 2062.05 | 2199.05 | 2345.15 | 2500.97 | 2667.13 |
| O & M expenses | 1145.58 | 1221.69 | 1302.86 | 1389.43 | 1481.74 |
| Receivables | 15898.14 | 15760.46 | 15591.67 | 15397.14 | 15193.64 |
| Total | 19105.77 | 19181.20 | 19239.69 | 19287.53 | 19342.51 |
| Interest on working capital @ 13.50% | 2579.28 | 2589.46 | 2597.36 | 2603.82 | 2611.24 |



Annual Fixed Charges

73. Accordingly, the annual fixed charges approved for the generating station for the period 2014-19 are as under:

| | (₹ in lakh) | | | | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Return on Equity | 41474.07 | 41474.07 | 41474.07 | 41474.07 | 41474.07 |
| Interest on Loan | 10700.04 | 8830.36 | 6794.34 | 4547.81 | 2189.49 |
| Depreciation | 26888.47 | 27008.52 | 27049.90 | 27084.02 | 27106.17 |
| Interest on Working Capital | 2579.28 | 2589.46 | 2597.36 | 2603.82 | 2611.24 |
| O & M Expenses | 13746.97 | 14660.32 | 15634.36 | 16673.10 | 17780.86 |
| Total | 95388.84 | 94562.74 | 93550.03 | 92382.82 | 91161.83 |

Normative Annual Plant Availability Factor

74. Clause (4) of Regulation 37 of the 2014 Tariff Regulations provides for the Normative Annual Plant Availability Factor (NAPAF) for hydro generating stations already in operation. Accordingly, the NAPAF of 90% has been considered for this generating station, the same being a R.O.R Hydro Station with pondage.

Design Energy

75. The Commission in its order dated 30.5.2011 in Petition No.60/2010 had approved the annual Design Energy (DE) of 1907 Million units for the period 2009-14 in respect of this generating station. This DE has been considered for this generating station for the period 2014-19 as per month-wise details as under:

| Month | Design Energy (MUs) |
|--------------|---------------------|
| April | 110.7 |
| May | 230.3 |
| June | 266.7 |
| July | 275.6 |
| August | 275.6 |
| September | 261.3 |
| October | 134.5 |
| November | 84.0 |
| December | 73.4 |
| January | 64.3 |
| February | 55.6 |
| March | 74.6 |
| Total | 1907 |



Application Fee and Publication Expenses

76. The petitioner has sought the reimbursement of filing fee and also the expenses incurred towards publication of notices for application of tariff for the period 2014-19. The petitioner has deposited tariff filing fees of ₹1716000/- for the period 2014-15 in terms of the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012. The petitioner vide affidavit dated 05.12.2014 has submitted that it has incurred ₹374497/- as charges towards publication of the said tariff petition in the newspapers. Accordingly, in terms of Regulation 52 of the 2014 Tariff Regulations and in line with the decision in Commission's order dated 6.1.2016 in Petition No.232/GT/2014, the petitioner shall be entitled to recover the filing fees for the year 2014-15 and the expenses incurred on publication of notices for the period 2014-19 directly from the respondents. The filing fees for the remaining years of the tariff period 2015-19 shall be recovered pro rata after deposit of the same and production of documentary proof.

77. The annual fixed charges approved for the period 2014-19 as above are subject to truing-up in terms of Regulation 8 of the 2014 Tariff Regulations.

78. Petition No. 231/GT/2014 is disposed of in terms of the above.

Sd/-
(Dr. M.K.Iyer)
Member

Sd/-
(A.S Bakshi)
Member

Sd/-
(A.K.Singhal)
Member

Sd/-
(Gireesh B Pradhan)
Chairperson



Annexure-1**Calculation of Weighted Average Rate of Interest on loan**

(₹ in lakh)

| Sl. no. | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------|---|----------|----------|----------|----------|----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | LIC Rs. 2500 crore | | | | | |
| | Gross loan - Opening | 125800 | 125800 | 125800 | 125800 | 125800 |
| | Cumulative repayments of Loans upto previous year | 52416.66 | 62899.99 | 73383.33 | 83866.66 | 94349.99 |
| | Net loan - Opening | 73383.34 | 62900.01 | 52416.67 | 41933.34 | 31450.01 |
| | Add: Drawal (s) during the Year | 0 | 0 | 0 | 0 | 0 |
| | Less: Repayment (s) of Loans during the year | 10483.33 | 10483.33 | 10483.33 | 10483.33 | 10483.33 |
| | Net loan - Closing | 62900.00 | 52416.67 | 41933.33 | 31450.00 | 20966.67 |
| | Average Net Loan | 68141.67 | 57658.34 | 47175.00 | 36691.67 | 26208.34 |
| | Rate of Interest on Loan | 7.84% | 7.81% | 7.72% | 7.61% | 7.42% |
| | Interest on loan | 5339.92 | 4502.47 | 3641.75 | 2792.67 | 1943.59 |
| | | | | | | |
| | CANARA BANK | | | | | |
| | Gross loan - Opening | 20000 | 20000 | 20000 | 20000 | 20000 |
| | Cumulative repayments of Loans upto previous year | 14000 | 16000 | 18000 | 20000 | 20000 |
| | Net loan - Opening | 6000 | 4000 | 2000 | 0 | 0 |
| | Add: Drawal (s) during the Year | 0 | 0 | 0 | 0 | 0 |
| | Less: Repayment (s) of Loans during the year | 2000 | 2000 | 2000 | 0 | 0 |
| | Net loan - Closing | 4000 | 2000 | 0 | 0 | 0 |
| | Average Net Loan | 5000 | 3000 | 1000 | 0 | 0 |
| | Rate of Interest on Loan | 7.16% | 7.37% | 8.34% | 0.00% | 0.00% |
| | Interest on loan | 357.85 | 221.02 | 83.45 | 0 | 0 |
| | | | | | | |
| | SYNDICATE BANK | | | | | |
| | Gross loan - Opening | 18300 | 18300 | 18300 | 18300 | 18300 |
| | Cumulative repayments of Loans upto previous year | 12810 | 14640 | 16470 | 18300 | 18300 |
| | Net loan - Opening | 5490 | 3660 | 1830 | 0 | 0 |
| | Add: Drawal (s) during the Year | 0 | 0 | 0 | 0 | 0 |
| | Less: Repayment (s) of Loans during the year | 1830 | 1830 | 1830 | 0 | 0 |
| | Net loan - Closing | 3660 | 1830 | 0 | 0 | 0 |
| | Average Net Loan | 4575 | 2745 | 915 | 0 | 0 |
| | Rate of Interest on Loan | 8.36% | 9.14% | 12.95% | 0.00% | 0.00% |
| | Interest on loan | 382.29 | 250.77 | 118.52 | 0 | 0 |
| | | | | | | |
| | ORIENTAL BANK OF COMMERCE | | | | | |
| | Gross loan - Opening | 20000 | 20000 | 20000 | 20000 | 20000 |
| | Cumulative repayments of Loans upto previous year | 14000 | 16000 | 18000 | 20000 | 20000 |
| | Net loan - Opening | 6000 | 4000 | 2000 | 0 | 0 |
| | Add: Drawal (s) during the year | 0 | 0 | 0 | 0 | 0 |
| | Less: Repayment (s) of loan during | 2000 | 2000 | 2000 | 0 | 0 |



| | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| the year | | | | | | |
| Net loan - Closing | 4000 | 2000 | 0 | 0 | 0 | 0 |
| Average Net Loan | 5000 | 3000 | 1000 | 0 | 0 | 0 |
| Rate of Interest on Loan | 8.64% | 9.62% | 14.37% | 0.00% | 0.00% | 0.00% |
| Interest on loan | 432.03 | 288.67 | 143.75 | 0 | 0 | 0 |
| | | | | | | |
| ORIENTAL BANK OF COMMERCE | | | | | | |
| Gross loan - Opening | 10000 | 10000 | 10000 | 10000 | 10000 | 10000 |
| Cumulative repayments of Loans upto previous year | 3000 | 4000 | 5000 | 6000 | 7000 | 7000 |
| Net loan - Opening | 7000 | 6000 | 5000 | 4000 | 3000 | 3000 |
| Add: Drawal(s) during the Year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Repayment (s) of Loans during the year | 1000 | 1000 | 1000 | 1000 | 1000 | 1000 |
| Net loan - Closing | 6000 | 5000 | 4000 | 3000 | 2000 | 2000 |
| Average Net Loan | 6500 | 5500 | 4500 | 3500 | 2500 | 2500 |
| Rate of Interest on Loan | 7.47% | 7.54% | 7.59% | 7.70% | 7.90% | 7.90% |
| Interest on loan | 485.73 | 414.65 | 341.59 | 269.52 | 197.45 | 197.45 |
| | | | | | | |
| State Bank of Patiala | | | | | | |
| Gross loan - Opening | 4000 | 4000 | 4000 | 4000 | 4000 | 4000 |
| Cumulative repayments of Loans upto previous year | 2800 | 3200 | 3600 | 4000 | 4000 | 4000 |
| Net loan - Opening | 1200 | 800 | 400 | 0 | 0 | 0 |
| Add: Drawal(s) during the Year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Repayment (s) of Loans during the year | 400 | 400 | 400 | 0 | 0 | 0 |
| Net loan - Closing | 800 | 400 | 0 | 0 | 0 | 0 |
| Average Net Loan | 1000 | 600 | 200 | 0 | 0 | 0 |
| Rate of Interest on Loan | 9.49% | 9.56% | 9.84% | 0.00% | 0.00% | 0.00% |
| Interest on loan | 94.88 | 57.38 | 19.68 | 0 | 0 | 0 |
| | | | | | | |
| O-SERIES BONDS | | | | | | |
| Gross loan - Opening | 55000 | 55000 | 55000 | 55000 | 55000 | 55000 |
| Cumulative repayments of loans upto previous year | 33000 | 38500 | 44000 | 49500 | 55000 | 55000 |
| Net loan - Opening | 22000 | 16500 | 11000 | 5500 | 0 | 0 |
| Add: Drawal (s) during the Year | 0 | 0 | 0 | 0 | 0 | 0 |
| Less: Repayment (s) of Loans during the year | 5500 | 5500 | 5500 | 5500 | 0 | 0 |
| Net loan - Closing | 16500 | 11000 | 5500 | 0 | 0 | 0 |
| Average Net Loan | 19250 | 13750 | 8250 | 2750 | 0 | 0 |
| Rate of Interest on Loan | 8.80% | 9.27% | 10.27% | 15.40% | 0.00% | 0.00% |
| Interest on loan | 1694.00 | 1273.98 | 847.00 | 423.50 | 0 | 0 |
| | | | | | | |
| TOTAL LOANS | | | | | | |
| Gross loan - Opening | 253100.00 | 253100.00 | 253100.00 | 253100.00 | 253100.00 | 253100.00 |
| Cumulative repayments of loans upto previous year | 132026.66 | 155239.99 | 178453.33 | 201666.66 | 218649.99 | 218649.99 |
| Net loan - Opening | 121073.34 | 97860.01 | 74646.67 | 51433.34 | 34450.01 | 34450.01 |
| Add: Drawal (s) during the year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Less: Repayment (s) of Loans during the year | 23213.33 | 23213.33 | 23213.33 | 16983.33 | 11483.33 | 11483.33 |



| | | | | | | |
|--|---|-----------|----------|----------|----------|----------|
| | Net loan - Closing | 97860.01 | 74646.67 | 51433.34 | 34450.01 | 22966.67 |
| | Average Net Loan | 109466.67 | 86253.34 | 63040.01 | 42941.67 | 28708.34 |
| | Interest on loan | 8786.70 | 7008.94 | 5195.73 | 3485.69 | 2141.04 |
| | Weighted average Rate of Interest on loans | 8.03% | 8.13% | 8.24% | 8.12% | 7.46% |

