

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 234/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: 16.08.2016

In the matter of

Revision of tariff after true-up exercise for the period 2009-14 and determination of tariff for 2014-19 in respect of Teesta-V Hydroelectric Project (510 MW)

AND

In the matter of

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

.....**Petitioner**

Vs

1. West Bengal State Electricity Distribution Company Ltd
Bidyut Bhawan (8th Floor), Block-DJ, Sector-II, Salt Lake,
Kolkata – 700 091 (West Bengal)

2. Damodar Valley Corporation,
DVC Towers, VIP Road,
Kolkata – 700 054 (West Bengal)

3. Jharkhand State Electricity Board,
Doranda, Ranchi- 834 002 (Jharkhand)

4. North & South Bihar Power Distribution Co. Ltd.
(Formerly Bihar State Electricity Board),
Vidyut Bhawan, Bailey Road, Patna – 800 021 (Bihar)

5. Department Of Power, Govt. of Sikkim,
Kazi Road, Gangtok-737101 (Sikkim)

6. GRIDCO,
4th Floor, Janpath,
Bhuaneshwar-751022

.....**Respondents**



Parties Present

Shri A.K Pandey, NHPC
Shri Piyush Kumar, NHPC
Shri C.K. Dhanush, NHPC
Shri Jitender Kumar Jha, NHPC
Shri R.B. Sharma, Advocate, GRIDCO
Shri S.R Sarangi, GRIDCO

ORDER

The petition has been filed by NHPC Ltd, for revision of tariff in respect of Teesta-V Hydroelectric Project (3 x 170 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 10.4.2008. Petition No. 27/GT/2013 was filed by the petitioner for determination of tariff of the generating station for the period 2009-14 and the Commission by order dated 23.1.2014 had determined the capital cost and the annual fixed charges of the generating station for the period 2009-14 as under:-

Capital Cost

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Gross Block	262886.11	267523.72	269490.58	269556.27	269598.83
Additional capital expenditure	4637.61	1966.86	65.69	42.56	1365.68
Closing gross block	262886.11	267523.72	269490.58	269556.27	269598.83

Annual Fixed Charges

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	19259.92	19359.45	19412.74	19727.68	20706.61
Interest on Loan	7708.92	7173.27	6530.77	5846.09	5189.86
Depreciation	13566.21	13735.14	13787.12	13789.89	13825.91
Interest on Working Capital	1194.14	1208.55	1218.48	1233.16	1264.25
O & M Expenses	6983.06	7382.49	7804.77	8251.20	8723.17
Total	48712.25	48858.89	48753.88	48848.02	49709.79



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 based on the actual additional capital expenditure incurred during the period 2009-14 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 2009-14 are as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	25852.36	25694.23	25621.76	22114.74	23523.82
Interest on Loan	7746.41	6958.35	6047.30	5444.38	4800.15
Depreciation	13597.62	13745.70	13924.48	14035.47	14133.30
Interest on Working Capital	1332.98	1336.32	1340.67	1279.66	1321.25
O & M Expenses	6983.06	7382.49	7804.77	8251.20	8723.17
Annual Fixed Charges	55512.43	55117.09	54738.98	51125.46	52501.69

5. The petitioner has filed the additional information as sought by the Commission and has served copies on the respondents. The respondent, GRIDCO has filed the reply and the petitioner has filed the rejoinder to the said reply. Based on the submissions of the parties and the documents available on record, we proceed to revise the tariff of the generating station as stated in the subsequent paragraphs.

Capital cost

6. The last proviso to Regulation 7 of the 2009 Tariff Regulation provides as under:

"Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff."



7. The Commission in order dated 23.1.2014 in Petition No. 27/GT/2013 had considered the opening capital cost of ₹262886.11 lakh as on 1. 4.2009. The petitioner has submitted that the discharge of liability for ₹10063.80 lakh was inadvertently claimed in Petition No. 229/GT/2012 (tariff of 2008-09) against the actual liability of ₹10083.80 lakh discharged in the year 2008-09 (pertaining to the period prior to COD). Accordingly, the petitioner has rectified the error and has considered the opening capital cost as ₹262906.11 lakh (262886.11+20.00) as on 1.4.2009. However, in terms of the last proviso to Regulation 7 of the 2009 Tariff Regulations, the capital cost of ₹262886.11 lakh as on 1.4.2009 as approved vide order dated 23.1.2014 in Petition No. 27/GT/2013 has been considered.

Actual Additional Capital Expenditure

8. Regulation 9 of the 2009 Tariff Regulations, as amended on 21.6.2011, provides as under:

“9. Additional Capitalisation.(1) *The capital expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

(i) *Un-discharged liabilities;*

(ii) *Works deferred for execution;*

(iii) *Procurement of initial capital spares within the original scope of work, subject to the provisions of regulation 8;*

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

(v) *Change in law: Provided that the details of works included in the original scope of work along with estimates of expenditure, un-discharged liabilities and the works deferred for execution shall be submitted along with the application for determination of tariff.*

(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.”

9. The actual additional capital expenditure claimed by the petitioner as against the projected additional capital expenditure allowed for the period 2009-14 in order dated 23.1.2014 in Petition No 27/GT/2013 is as under.

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Projected additional capital expenditure allowed in Order dated 23.1.2014 (after adjustment of liabilities)	4637.61	1966.86	65.69	42.56	1365.68
Actual additional capital expenditure claimed in the petition	4102.71	2714.15	3736.50	593.09	1828.66



10. The re-conciliation of the actual additional capital expenditure claimed with the additional capital expenditure as per books of accounts duly certified by auditor for the period 2009-14 is as under:

		(₹ in lakh)				
Sl. No.		2009-10	2010-11	2011-12	2012-13	2013-14
1	Additional Capital Expenditure (claimed for the purpose of tariff)					
(a)	Additions					
i	Capitalization against works projected earlier and allowed for tariff purpose	3367.44	1466.36	301.34	60.22	33.18
ii	Additional Capital Expenditure not projected / allowed but incurred on actual basis due to site requirements.	73.63	1074.22	3193.65	538.36	3843.60
	Total (a)	3441.08	2540.58	3494.99	598.58	3876.78
(b)	Deletion / Deduction					
i	Assets deducted on replacement of new assets covered	0.00	0.00	0.00	0.00	0.00
ii	Deduction of assets without any replacement and not covered under exclusion	(-)109.37	(-)1.74	0.00	(-) 27.76	0.00
iii	Deletion on account of Inter Unit Transfer (IUT)	(-) 3.77	0.00	0.00	(-) 30.57	0.00
	Total (b)	(-) 113.14	(-) 1.74	0.00	(-) 58.33	0.00
(c)	Net addition claimed (c)=(a)-(b)	3327.94	2538.84	3494.99	540.25	3876.78
2	Additional Capital Expenditure (not claimed for the purpose of tariff)					
(d)	Additions					
i	Addition other than Inter-unit additions	34.38	37723.88	5348.34	35.58	110.80
ii	Addition on account of Inter-unit transfers	0.00	0.34	0.40	2.73	2.46
	Total (d)	34.38	37724.23	5348.74	38.31	113.26
(e)	Deletions					
i	Deletions other than IUT	(-) 7806.57	(-) 8.08	(-) 34579.43	(-) 4716.13	(-) 29.00
ii	Deletions on account of Inter-Unit Transfer	0.00	(-) 0.81	(-) 0.83	(-) 0.57	(-) 2.51
	Total (e)	(-) 7806.57	(-) 8.89	(-) 34580.26	(-) 4716.70	(-) 31.51
	Net Addition under Exclusion (f)=(d)+(e)	(-) 7772.19	37715.34	(-) 29231.53	(-) 4678.39	81.75
	Net Additional Capitalization (including IUT) as per books of accounts(g)=(c)+(f)	(-) 4444.25	40254.18	(-) 25736.53	(-) 4138.13	3958.54
3	Net additional capitalization claimed for the purpose of tariff					
	Net additional capitalization as above (c)	3327.94	2538.84	3494.99	540.26	3876.78
	Less : Un-discharged liability in additional capitalization	354.54	20.81	63.27	8.05	2425.45
	Add : Liability discharged (pertains to prior COD period)	1082.60	196.12	233.30	0.20	360.25



Add : Liability discharged (to post COD period)	46.71	0.00	72.68	62.29	17.08
Less: Assumed Deletions	0.00	0.00	1.20	1.61	0.00
Net amount of additional capitalization claimed	4102.71	2714.15	3736.50	593.09	1828.66

11. Based on the above reconciliation, the year-wise admissibility of the additional capital expenditure under various heads is discussed in the subsequent paragraphs.

2009-10

12. The break-up of the actual additional capital expenditure claimed by the petitioner is as under:

Description	(₹ in lakh)	
	Projected Expenditure allowed in order dated 23.1.2014	Actual expenditure claimed
Works within original scope but deferred for execution, up to the cut-off date – Regulation 9(1)(ii)	1497.89	1497.90
Liabilities to meet award of Arbitration – Regulation 9(1)(iv)	1727.16	1727.17
Works beyond the original scope – Regulation 9(2)(iv)	148.39	142.37
Sub-total against works approved by Commission on projected basis (a)	3373.44	3367.44
Additions claimed by the petitioner which were disallowed on projection basis- Regulation 9(2)(iv) (b)	0.00	73.62
Total additions (c)=(a)+(b)	3373.44	3441.08
Deletions	(-)112.94	(-)113.14
Total additional capital expenditure claimed prior to adjustment of discharged/un-discharged liabilities and assumed deletion	3260.50	3327.93

13. The Commission in its order dated 23.1.2014 in Petition No. 27/GT/2013 had allowed the projected additional capital expenditure of ₹3373.44 lakh in 2009-10. Against this, the petitioner has claimed actual additional capital expenditure of ₹3367.44 lakh (1497.90 +1727.17+142.37) on assets/works which are within the original scope of work, to meet contingent liability and works beyond the original scope but which are essential for satisfactory operation of the generating station. Accordingly, on prudence check, the claim of the petitioner for the said actual expenditure is allowed.



14. The petitioner has claimed actual additional capital expenditure of ₹73.62 lakh (₹37.36 lakh on Stabilization of hill slope over GIS & TRT and ₹36.26 lakh on Reservoir RIM treatment work and damage compensation). As regards Stabilization of hill slope over GIS & TRT, the petitioner has submitted that due to weak geological condition of rock, incidents of continuous loose rock falling had been observed which was not only endangering the human life working in this area but also creating a situation to damage the GIS equipment. It has also submitted that at some incidents GIS building structure had got damaged and in order to avoid the potential damage to humane and equipment's, these works was carried out for safety of GIS and TRT area. The petitioner has stated that the work not being of recurring nature and was executed as per situation at site. As regards Reservoir RIM treatment work and damage compensation, the petitioner has submitted that due to weak geological condition the incidents of settlement and sinking of the rock in the rim of the reservoir has been observed. It has also submitted that the fluctuation of the inflow cannot be ruled out and due to this, land containing dwelling house had settled and the State administration pressurized the power station for remedial measure and for compensation of the damage. Accordingly, the petitioner has stated that in order to comply with this, the expenditure had been incurred.

15. The matter has been examined. It is observed that the Commission in order dated 23.1.2014 had disallowed the projected additional capital expenditure of ₹73.62 lakh towards these works/items on the ground that the expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. In line with the said decision, we are not inclined to allow the actual additional capital expenditure of ₹73.62 lakh claimed by the petitioner under this head.

Deletions

16. As the corresponding assets do not render any useful service in the operation of the generating station, the deletion of (-)₹113.14 lakh as reflected in the books of accounts is deleted for the purpose of tariff.



Exclusions

17. It is observed from the submissions of the petitioner that the exclusion of (-)₹7772.19 lakh, comprising of positive and negative book entries, pertains to rectification entries leading to zero sum, FERV which has been directly billed to the beneficiaries and Sales tax actually paid but wrongly de-capitalized . As such, the same is found to be in order and is allowed for the purpose of tariff.

18. Based on the above, the net additional capital expenditure allowed in 2009-10 prior to the adjustment of discharged/un-discharged liabilities and assumed deletions, is as under:

(₹ in lakh)	
	Actual expenditure allowed
Works within original scope but deferred for execution up to the cut-off date – Regulation 9(1)(ii)	1497.90
Liabilities to meet award of arbitration – Regulation 9(1)(iv)	1727.17
Works beyond the original scope –Regulation 9(2)(iv)	142.37
Sub- total (a)	3367.44
Deletions	(-)113.14
Total additional capital expenditure allowed	3254.30

2010-11

19. The category-wise breakup of the actual additional capital expenditure claimed by the petitioner is as under:

Description	(₹ in lakh)	
	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure claimed
Works within original scope but deferred for execution up to the cut-off date – Regulation 9(1)(ii)	1577.58	1422.10
Works beyond original scope of work	126.00	44.26
Sub- total against works approved on projected basis (a)	1703.58	1466.36
Additions claimed by the petitioner which were disallowed on projection basis/new additions (b)	0.00	922.06
New additions -Regulation 9(2)(iv) (c)	-	152.16
Total additions (d)=(a)+(b)+(c)	1703.58	2540.58
Deletions	0.00	(-)1.74
Total additional capital expenditure claimed prior adjustment of discharged/un-discharged liabilities and assumed deletions	1703.58	2538.84



20. The Commission in its order dated 23.1.2014 in Petition No. 27/GT/2013 had allowed the projected additional capital expenditure of ₹1703.58 lakh in 2010-11. Against this, the petitioner has claimed actual additional capital expenditure of ₹1466.36 lakh (1422.10 + 44.26) on assets/works which are within the original scope of work but deferred for execution up to the cut-off date, and works beyond the original scope but which are essential for satisfactory operation of the generating station. Accordingly, on prudence check, the claim of the petitioner for the said actual expenditure is allowed.

21. The petitioner has claimed actual additional capital expenditure of ₹922.06 lakh as follows:

<i>(₹ in lakh)</i>	
Works/Assets	Amount
Stabilization of hill slope over GIS & TRT	527.15
Stabilization of hill slope over APS and Main Access Tunnel	268.97
Reservoir RIM treatment work & damage compensation	8.88
TRT outlet strengthening, training work upto dumping yard.	60.59
BIO engineering works for the left bank slope and dam top road	56.47
Total	922.06

22. As regards Stabilization of hill slope (over GIS & TRT and over APS and Main Access Tunnel), the petitioner has submitted that due to weak geological condition of rock, incidents of continuous loose rock falling had been observed which was not only endangering the human life working in this area but also creating a situation to damage the GIS equipment. It has also submitted that at some incidents GIS building structure had got damaged and in order to avoid the potential damage to humans and equipment's, these works was carried out for safety of GIS and TRT area. The petitioner has stated that the work not being of recurring nature and was executed as per situation at site. As regards Reservoir RIM treatment work and damage compensation, the petitioner has submitted that due to weak geological condition the incidents of settlement and sinking of the rock in the rim of the reservoir has been observed. It has also submitted that the fluctuation of the inflow cannot be ruled out and due to this, land containing dwelling house had settled and the State administration pressurized the power station for remedial measure and for compensation of the damage. As regards TRT outlet strengthening, training work upto dumping yard, the petitioner has



submitted that due to weak geological condition the incidents of settlement and sinking of the rock, the damage at TRT outlet had been observed. It has also submitted that this area has always been facing the water thrust, coming out from generating plant and at the same time, the tower to support the Teesta-Binaguri transmission line lies in this area and is vulnerable to fall due to the above reason. Accordingly, the petitioner has stated that in order to protect the TRT structure and transmission line, the work was carried out. As regards BIO engineering works for the left bank slope and dam top road, the petitioner has submitted that as per minutes of the 8th Central level monitoring committee meeting held on 13th and 14th November, 2008, different activities had been suggested for strengthening the muck dumping sites and weak land zone in the different project area and accordingly, the said works have been carried out. Accordingly, the petitioner has stated that the expenditure incurred may be allowed.

23. The matter has been examined. It is observed that the Commission in order dated 23.1.2014 had disallowed the projected additional capital expenditure of ₹1378.00 lakh in 2010-11 towards these works/items on the ground that the expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. In line with the said decision, we are not inclined to allow the actual additional capital expenditure of ₹922.06 lakh claimed by the petitioner under this head.

New Assets

24. In addition to the above, the petitioner has claimed actual additional capital expenditure of Rs 152.16 lakh in 2010-11 under Regulation 9(2)(iv) of the 2009 Tariff Regulations in respect so the assets/works as discussed under:

<i>(₹ in lakh)</i>					
SI No.	Assets/work	Actual expenditure claimed	Submissions of the Petitioner/respondent	Remarks on admissibility	Amount allowed
1	Land-Right to use	74.55	The petitioner has submitted that in order to meet the expenditure as per recommendation of Joint Action Committee for Additional	Considering the fact that the expenditure has been incurred by the petitioner in compliance with the statutory obligations	74.55



			environment measures taken by State Forest Department in different project area, payment had been made to DFO, State Govt. of Sikkim against materialization of contingent liabilities towards degradation of forest and environment.	towards additional environment measures taken by the State Forest Department of Sikkim, the actual expenditure incurred is allowed .	
2	Plant & Machinery other (D G set) Accoustic enclosure for VTA 1710G (3-Nos)	12.98	The petitioner has submitted that as per Factory Act, noise level shouldn't be increased beyond 85 DB. In order to arrest the noise level beyond this limit acoustic enclosure was required. Accordingly, enclosure for VTA 1710G had been purchased and is being used for minimization of sound effect of DG set in the power house.	In consideration of the submissions of the petitioner and keeping in view that the expenditure incurred is necessary for successful & efficient operation of the generating station, the actual expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	12.98
3	Oxygen Concentrator	1.72	The petitioner has submitted that in order to keep the health of the working personnel of the power station, different health equipment's are being used.	Since the expenditure is for the benefit of the employees working at remote areas of the project and in turn facilitates the successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	1.92
4	ECG Machine (BPL Cardiat 8108R)	0.20			
5	Fire Extinguisher of different specification- 33 Nos	2.39	The petitioner has submitted that the assets as well as human life are required to be protected from fire in different location of the power station. In order to come out from any eventualities due to fire, fire extinguishers have been purchased for power station area for safety purposes.	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.	2.39
6	Other assets- 400 KV Single Phase CVT	6.36	The petitioner has submitted that for metering and protection	Considering the fact that the asset is necessary for	6.36



	Type WS420N2		of outgoing lines in GIS area, the CVT is essentiality required. This is not only protecting the system from fault current in line but also used for metering.	successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	
7	Illumination around auditorium building at Balutar	2.89	The petitioner has submitted that for security and safety of power station area, illumination all around is required. Accordingly, the work was carried out.	As the expenditure incurred is in the nature of minor assets like tube fixtures and tube lights etc., the same is not allowed .	0.00
8	SBI ATM room at balutar, left bank parking area near admin building.	2.07	The petitioner has submitted that, there is not any Bank situated in project area. Nearest Bank is around 7-KMS from the power station. In order to meet the daily financial need of the employees, SBI ATM Room was constructed.	Since the expenditure incurred is for the benefit of the employees working in the remote areas of the project and in turn will facilitate the	2.07
9	Construction of parking platform/jetty & approach for platform at Dam site	6.81	The petitioner has submitted that, Dam site are situated 30-35 Km from the head quarter of the Power station. The staff deployed there in the shifts and general duty shifted from residential area. The vehicle transporting them should be out of rock falling zone. The structure has been constructed for the same.	successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	6.81
10	Two shed for installation of security equipment at admn. bldg. gate & zero point check post at power	1.06	The petitioner has submitted that in order to avoid any untoward incidents in the project area, the security personnel are deployed in different project area. For safekeeping of the security equipments, these sheds were constructed.	As the expenditure incurred is in the nature of minor assets, the same is not allowed	0.00
11	Dyke up to EL 542M for protection of left bank slope over plunge	22.46	The petitioner has submitted that due to weak geological condition, the incidents of settlement and sinking	Considering the fact that the asset is necessary for successful and efficient operation of	22.46



	pool		near plunge pool area observed. The fluctuation of the inflow cannot be ruled out. In order to minimize the impact of water thrust in the left bank in this area, protruding concrete structure called Dyke has been constructed. As the asset is	the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	
12	Construction of CGI sheet shed for packing of vehicle and equipment at Mechanical workshop	6.35	The petitioner has submitted that for smooth operation of the power station, the vehicle and heavy equipment available at power station should be at particular location in covered area. These sheds are prepared for the same.	As the expenditure incurred is in the nature of minor assets, the same is not allowed	0.00
13	Providing fitting and fixing of CGI sheet of open portion of godown no-10 (half covered sheet) in central store	2.92	The petitioner has submitted that for proper holding the inventories and assets, the godown in central store is required.		0.00
14	Toe wall at 1 st bend near fire fight tank in the stretch of approach road from zero point to MAT	3.58	The petitioner has submitted that due to weak geological condition of rock and to arrest/channelize the seepage from water source, Toe wall constructed in shrinking zone.	Considering the fact that the asset is necessary for successful and efficient operation of the generating station, the same is allowed	3.58
15	Construction of drain at the side of Singtam Dikchu road in front of ADIT V	5.82	The petitioner has submitted that, in order to channelize the seepage/rain water drainage is required. Non channelization of this water may obstruct the approach road from head quarter to Dam area.	under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	5.82
	Amount claimed	152.16			
	Amount allowed				138.94



Deletions

25. As the corresponding assets do not render any useful service in the operation of the generating station, the deletion of (-) ₹1.74 lakh as reflected in the books of accounts is deleted for the purpose of tariff.

Exclusions

26. 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.”

27. The respondent, BRPL in its reply dated 31.12.2014 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. The respondent has also submitted that that the exclusion of minor items from the capital cost is in conflict with the proviso to Regulation 7(1)(c) of the 2009 Tariff Regulations. The respondent has also pointed out that the Commission had not permitted the MBOA in respect of the generating station of NTPC and has accordingly prayed that the exclusion of minor items from capital cost may not be allowed.

28. The matter has been examined. It is observed that the exclusion of ₹37715.34 lakh comprise of positive and negative book entries effected by the petitioner relating to purchase of minor assets like furniture, heat convectors, etc, whose capitalization for the purpose of tariff was not allowed after



the cut-off date, FERV which has been directly billed on the beneficiaries, capitalized provisions for contingent liabilities likely to be materialized.

29. It is observed that this issue had been considered by the Commission in Petition No. 233/GT/2014 (revision of tariff of Chamera-II Hydroelectric Project for the period 2009-14) and the Commission by order dated 17.6.2016 decided as under:

“24.....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”

30. In line with the above decision, the negative entries corresponding to the deletion of minor assets are allowed to be excluded/ ignored for the purpose of tariff. Other exclusions as sought by the petitioner i.e. FERV entries and capitalized provisions for contingent liabilities are also in order in terms of the 2009 Tariff Regulations as FERV is directly billed to beneficiaries and capitalized provisions have not been paid in cash.

The net additional capital expenditure allowed for the purpose of tariff prior to adjustment of discharged/un-discharged liabilities and assumed deletion, is as under:

Description	(₹ in lakh) Amount allowed
Works within original scope but deferred for execution, up to the cut-off date – Regulation 9(1)(ii)	1422.10
Works beyond original scope	44.26
Sub- total against works approved on projected basis (a)	1466.36
Additions claimed disallowed on projection basis/new additions claimed (b)	0.00
New additions claimed under Regulation 9(2)(iv) (c)	138.94
Total additions allowed (d)=(a)+(b)+(c)	1605.30
Deletions (e)	(-)1.74
Total additional capital expenditure allowed prior to adjustment of discharged/un-discharged liabilities and assumed deletion (f)=(d)-(e)	1603.56



2011-12

31. The category-wise breakup of the actual additional capital expenditure claimed by the petitioner, prior to adjustment of discharged/un-discharged liabilities and assumed deletion are as under:

Description	(₹ in lakh)	
	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure claimed
Expenditure on works/assets allowed by Commission on projection basis for the year 2011-12 -Regulation 9(2)(iv) (A)	71.50 (10.75 against the asset works actually implemented)	8.95
Expenditure on works/assets allowed on projection basis during the years 2009-10 & 2010-11 --Regulation 9(2)(iv) (B)	792.00	292.39
Sub- total (c)=(a)+(b)	802.75	301.34
Additions claimed which were disallowed on projection basis/new additions claimed under various regulations (d)	0.00	3193.65
Total additions claimed (e)=(c)+(d)	802.75	3494.99
Deletions	5.81	0.00
Net additions claimed prior to adjustment of discharged/un-discharged liabilities and assumed deletions	801.30	3494.99

32. The details of the works, the submissions of the petitioner and the justification for admissibility is discussed as under:

Sl. No.	Assets/works	(₹ in lakh)		
		Projected expenditure allowed in order dated 23.1.2014	Actual Expenditure claimed	Remarks for admissibility
1	Drainage pump	10.75	8.95	As the asset/work was allowed in Commission's order dated 23.1.2014 in Petition No. 27/GT/2013 under Regulation 9(2)(iv) of the 2009 Tariff Regulations, against replacement of old pump, the expenditure incurred is allowed . The de-capitalization of the old asset is considered under assumed deletions.
2	Design, drawing, fabrication, erection, commissioning of 22.50 m ³ /hr iron removal plant unit near filtration plant near Balutar	45.00	51.84	The petitioner has submitted that there is slight variation in expenditure due to price variation between actual and estimated cost.



				In view of the submissions and since the asset/work was allowed in 2010-11 in Commission's order dated 23.1.2014 in Petition No. 27/GT/2013, the expenditure is allowed .
3	Installation of CCTV (shifted from (10-11))	50.00	45.71	Since the asset/work was allowed in 2010-11 in Commission's order dated 23.1.2014 in Petition No. 27/GT/2013, the expenditure is allowed .
4	Purchase of Tan delta & capacitance measurement instrument-capacitance & tan delta kit	40.00	35.28	
5	Concrete mixer 10/7 CFT	2.00	1.99	
6	Tractor 45 HP, ESCORTS Farmtrac 45	5.00	5.66	The petitioner has submitted that there is slight variation in expenditure due to price variation between actual and estimated cost. In view of the submissions and since the asset/work was allowed in 2010-11 in Commission's order dated 23.1.2014 in Petition No. 27/GT/2013, the expenditure is allowed .
7	Laying of Tetrapods for protection of left bank slope over plunge pool	600.00	147.54	<p>It is noticed that against the projected expenditure of ₹600.00 lakh allowed in Commission's order dated 23.01.2014 in Petition no. 27/GT/2013 for the works of laying of tetrapods, the actual expenditure of ₹616.62 lakh in 2010-11 was claimed by the petitioner and the same has been allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.</p> <p>However, as regards the actual expenditure of ₹147.54 lakh claimed in 2011-12, the petitioner has submitted that during monsoon season, due to flushing of heavy water, tetrapods were broken and disposed of for which additional tetrapods were required, thereby resulting in increase in cost. It has also submitted that these have been made for protection of left bank slope over plunge pool area at dam site.</p>



				It is observed that the petitioner has not furnished the gross value of the disposed of tetrapods. Moreover, considering the fact that these are expenses of a recurring nature, we are of the view that the same can be met from the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed .
8	Electrostatic liquid cleaner Machine model ELC 50C	50.00	3.29	The petitioner has submitted that the projected items could not be purchased in full in 2010-11. It has submitted that while the actual expenditure incurred in 2010-11 was ₹6.35 lakh, only ₹4.37 (3.29+1.09) lakh was actually incurred in 2011-12. Since the asset/work was allowed in 2010-11 in Commission's order dated 23.1.2014 in Petition No. 27/GT/2013, the actual expenditure is allowed .
9	Lever chain hoist 1.5 ton Cap, 4-5 mtr Lift		1.09	
Amount claimed		802.75		
Amount allowed				153.80

33. Additions claimed in 2011-12 which were disallowed on projection basis/new additions:

(₹ in lakh)					
Sl. No.	Assets/works	Amount claimed	Submissions of the Petitioner	Remarks on admissibility	Amount allowed
1	Disturbance allowance Transportation charges, Fertilizer & seeds, money to land oustees	0.50	The petitioner has submitted that disturbance allowance, transportation charges, fertilizer & seeds money to land ousted people as grants & subsistence allowance as per directive of state Govt. of Sikkim. This compensation has been given to land oustees at dam site towards full & final settlement and, capitalized as per the accounting policy of the Corporation.	The petitioner has claimed the expenditure under Regulation 9(2)(i) of the 2009 Tariff Regulations. The petitioner has not enclosed any Court order or Arbitrator award in support of this. However, considering the fact that the expenditure incurred is in compliance with the statutory obligations as per directives of the State government, the expenditure incurred is allowed under	0.50
2	Disturbance allowance Transportation charges, fertilizer & seeds, money to land oustees	0.50			0.50



				Regulation 9(2)(ii) of the 2009 Tariff Regulations	
3	Grouting, Hill Slope Stabilization, TRT Strengthening Etc.	70.93	The petitioner has submitted that due to weak geological condition the incidents of settlement and sinking of the rock, the damage at TRT outlet had been observed. This area has always been facing the water thrust, coming out from generating plant. At the same time, the tower to support the Teesta-Binaguri transmission line lies in this area and is vulnerable to fall due to the above reason. In order to protect the TRT structure and transmission line, the work was carried out. The work though not being of recurring nature and was executed as per situation of site. Commission had disallowed this expenditure in order dated 23.1.2014. Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same has been again included in the petition for reconsideration of the Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	0.00
4	Left bank slope protection works- Engineering measures	11.83	Petitioner has submitted that as per minutes of 8th central level monitoring committee meeting held on 13 and 14 Nov 2008, different activities had been suggested for strengthening the muck dumping sites and weak land zone in the different project area. Accordingly, BIO engineering works had been carried out Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same has again included in the instant	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	0.00



			petition for reconsideration of the Hon'ble Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.		
5	Spillway glacis rebuilding works by HPC/other designed product	219.98	Dam is the most vital structure of the power station. To arrest the impact at glacis due to heavy boulder with inflow, these High Performance Concrete was applied. The Commission has disallowed this expenditure in tariff order dated 23.1.2014. Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same has again included in the instant petition for reconsideration of the Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	0.00
6	PCC road from central store near main gate to godown rooms inside central store at left bank	13.81	The petitioner has submitted that, usually all the sophisticated/delicate electrical & electronics/spare parts are stored in the godown of the central stores. These are carried from different locations to store and from store to site. Manual transporting /loading / unloading of the materials is not possible as the instruments are very heavy and sophisticated in nature. Any human error may result damage to the spare/equipment's. Hence, all the HMTVs carryng the materials are required to ply safely to the godown. Thus, PCC road was constructed from main gate of Central store to godown.	As the asset/ work is necessary and 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.	13.81
7	Drilling & Grouting in Dipudara Nallah, Stablisation of hill slope (means cement	419.15	Due to weak geological condition, continuous rock falling has been observed. The rock fall not only is	The expenditure is recurring in nature and the same can be met under the O&M	0.00



	grouting above part LSG plug area and penstock erection gallery), Drilling & grouting near surge shaft area, Epoxy grouting inside power house, C/o rock trap in between MAT & GIS building at Power House, Hill slope protection below Dipudara village at EL 450m by means of PCC walls with dowling to protect the hill over TRT Protection of Hill slope near Dipudara Village.		endangering the human life working in this area but also a potential threat to the GIS equipment. At some incidents, GIS building structure had got damaged. In order to avoid such situation, these works had been carried out for safety of GIS, TRT and other areas. Further, to protect weak zones at different places in power stations, drilling and grouting was necessitated and the same executed.	expenses allowed to the generating station. Hence, the expenditure is not allowed	
8	Price variation on account of Material Issue to Contractor-TT-4 against works	40.14	The petitioner has submitted that the reconciliation of material issued to the contractor is undertaken to account for the material issued, consumed during the contract period and to account for normal / predetermined normal loss provided in the contract on completion of work on joint verification of data by the company and contractor. The material cost was booked in the account/work at a predetermined recovery rate. As such, difference between issue rate and pre fixed recovery rate of material issued to contractor in respect of major packages are accounted for on actual work done basis in the books of account.	Considering the fact that expenditure incurred is on account of price variation clause which form part of the contract and is in respect of assets/work which are necessary for efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	40.14
9	EPOXY grouting inside power house	19.03	The petitioner has submitted that the seepage inside power house weakens the civil structure and increases the moisture level inside power house in which various moisture sensitive equipment's are installed. To safeguard the instruments, the concerned area has been treated through epoxy grouting.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed .	0.00
10	Construction of rock trap in between MAT	68.72	Due to weak geological condition, continuous rock	The expenditure is recurring in nature	0.00



	& GIS at power house		falling has been observed. The rock fall is not only endangering the human life working in these areas but also creating a potential threat to damage the GIS equipment. At some incidents, GIS building structure had got damaged. In order to overcome such problem, these works had been carried out for safety of GIS, TRT and other areas.	and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	
11	Electrical and Mechanical Office At Dam Site	1.00	The petitioner has submitted that, Dam is around 20 km away from station head quarter. So in order to coordinate electrical and mechanical activities, the construction of electrical & mechanical office at dam got necessitated.	Since the asset / work will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	1.00
12	C/O one room for installation of incinerator equipment at project hospital	2.43	The petitioner has submitted that, expenditure has been incurred, as per directive of State Pollution control board, Govt of Sikkim.		2.43
13	C/O toilet cum urinal at three locations namely zero point check post, APS top and surge shaft at PH	4.76	The petitioner has submitted that it has been constructed for use of Security personnel posted at various locations for round the clock security monitoring of power station.	Since the expenditure incurred is for the benefit of the employees working in remote areas of the project and will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations	4.76
14	Providing & fixing security fencing boundary around right bank executive colony at ph site balutar	24.73	The petitioner has submitted that consequent upon the issue of order by Ministry of Power, Govt. of India, bearing no. C-30019/32/2001-V&S	Since the asset / work is necessary for the safety of the plant which will facilitate the successful and efficient operation of the plant, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	24.73
15	Providing & fencing boundary around scrap yard area near workshop at left bank balutar	5.10	dated 09.01.2008, the Home Department, Govt. of Sikkim had declared the right bank executive colony, guest house, hospital as category "B" prohibited area having local settlements adjacent to this.		5.10
16	Strengthening & extension of chain	7.37			7.37



	link fencing along the boundary from ph check post to pot yard		As the area is not protected properly by fencing, it is allowing thoroughfare to the local people as well as the labourers of the adjacent downstream project. Accordingly, fencing boundary at the above locations has been constructed.		
17	Drilling & Grouting of Cement sand mix at EL 583.020M between the left bank abutment of Dam & intake structure	188.32	The petitioner has submitted that Dam safety team inspected the project from 22-23 April 2010. During the inspection of Dam area, seepage was observed in the left bank abutment through exposed overburden material which was left out untreated between the left abutment of Dam and intake structure. Keeping in view of the importance of Dam safety it was suggested and instructed by Dam safety team that grouting work should be carried out. Accordingly the work was executed. Further, Dam safety team also suggested for filling the hill and intake structure at Dam site for safety of structure. Rim treatment work was carried out for protection of side slope of reservoir at Zang village and Phidang village.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	0.00
18	Material issued to Contractor- TT-4	43.21	The petitioner has submitted that the reconciliation of material issued to the contractor is undertaken to account for the material issued, consumed during the contract period and to account for of normal/predetermined normal loss provided in the contract on completion of work on joint verification of data by the company and contractor. The material cost was booked in the account/work at a predetermined recovery rate. As such, Differential in issue rate and pre fixed recovery rate of material issued to contractor in r/o major packages are accounted for on	Considering the fact that expenditure incurred is on account of price variation clause which form part of the contract and is in respect of assets/work which are necessary for efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	43.21
19	Material issued to contractor TT-3	69.50			69.50



			actual work done in the books of account.		
20	Provision for Sales Tax for Assessment year 1998-99 to 2007-08	585.58	The petitioner has submitted that an amount of ₹1418.62 lakh for payment of Sales tax was allowed by Commission in 2009-10 vide order dated 23.1.2014 which was paid and claimed in in 2009-10. Due to inadvertence, the above amount got deleted in books of accounts. Based on the assessment order received from the Sales tax department for an amount of ₹3372.53 lakh (which is inclusive of ₹1418.62 lakh paid), a provision for ₹1953.91 lakh (₹3372.53 – ₹1418.62) was made in 2011-12 with a request for exclusion of ₹1418.62 lakh also from the additional capitalization in 2011-12. During 2013-14, the final demand notice for ₹2571.43 lakh (1953.91 + 617.52) lakh was received from Sales Tax Department, which was paid during 2013-14.	The petitioner has claimed the expenditure under Regulation 9(2)(i) of the 2009 Tariff Regulations. The petitioner has not enclosed any Court order or Arbitrator award in support of this. However, considering the fact that the expenditure incurred is in compliance with the statutory obligations as per directives of the State government, the expenditure incurred is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations. Since the amount of ₹1953.91 lakh was actually paid in 2013-14 and not during 2011-12, the same has been adjusted in 2011-12 as un-discharged liability and allowed as discharge of liability in 2013-14.	585.58
21	Provision for Sales Tax for Assessment year 1998-99 to 2007-08	1368.33			1368.33
22	Low Vacuum Dehydration Unit Lvdh 50 Ad Abc EI	3.96		Since the asset / work will facilitates the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	3.96
23	Particle Counter 9000-5-1 Op 1.4-500bar	3.29	.	The expenditure is not allowed as the asset is of the nature of 'tools ad tackles'.	0.00
24	Laying Of Cat-6 Network Cables & Installation Of Lan	8.81		Since the asset / work will facilitates the successful and	8.81



	Switches And Associate Equipment At Dam Site			efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	
25	Power Supply & Illumination Of Adit V	6.11		These expenditures are in nature of minor assets and hence the expenditure is not allowed	0.00
26	Streetlight From Switchyard To Switchyard Left Bank Colony Balutar	3.38			0.00
27	Motorized Siren, 3-Phase, AC, Range- 8 KM (2 Nos.)	0.82			0.00
28	Water Purifiers (RO), KENT Wonder Model (13 Nos.)	2.34			0.00
	Amount claimed	3193.63			
	Amount allowed				2179.73

Exclusions

34. It has been observed that the exclusion of (-) ₹29231.53 lakh, comprising of positive and negative book entries, as mentioned by the petitioner pertain to purchase of minor assets like furniture, digital weigh machine, etc, whose capitalization for the purpose of tariff is not allowed after the cut-off date, FERV which is directly billed to the beneficiaries, capitalization/reversal of provisions for contingent liabilities likely to be materialized and de-capitalization of minor assets like computers, ups, printers, furniture etc., whose capitalization is not allowed for the purpose of tariff. In line with the findings of the Commission in paras 26 to 30 of this order, the exclusion of (-) ₹29231.53 lakh as claimed by the petitioner is allowed to be excluded/ ignored for the purpose of tariff.

35. Accordingly, the net additional capital expenditure allowed for the purpose of tariff before adjustment of discharged/un-discharged liabilities and assumed deletion works out as follows:

Description	(₹ in lakh)
	Actual expenditure allowed
Expenditure on works/assets allowed by Commission on projection basis for the year 2011-12 - Regulation 9(2)(iv) (a)	8.95
Expenditure on works/assets allowed on projection basis during the	144.85



years 2009-10 & 2010-11 - Regulation 9(2)(iv) (b)	
Sub-total against works approved on projected basis (c) = a+b	153.80
Additions claimed by the petitioner which were disallowed on projection basis/new additions claimed (d)	0.00
New additions -Regulation 9(2)(iv) (e)	2179.73
Total additions allowed for the purpose of tariff (f)=(c)+(d)+(e)	2333.53
Deletions (g)	0.00
Total additional capital expenditure allowed (h) =(f)-(g)	2333.53

2012-13

36. The category-wise breakup of the actual additional capital expenditure claimed by the petitioner for 2012-13 before adjustment of discharged/un-discharged liabilities and assumed deletion is as under:

(₹ in lakh)		
Description	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure incurred/claimed
Expenditure on works/assets allowed on projection basis for 2012-13 (Regulation 9(2)(iv) (a))	45.00	3.10
Expenditure on works/assets allowed by Commission on projection basis during the years 2009-10, 2010-11 & 2011-12 (Regulation 9(2)(iv) (b))	12.50 (on total basis against which amount already claimed in previous years is 56.43 and balance left 68.57).	57.12
Sub-total against works approved on projected basis (c)=(a)+(b)	113.57	60.22
Additions claimed by the petitioner which were disallowed on projection basis/new additions claimed (d)	0.00	538.36
Total additions claimed (e)=(c)+(d)	113.57	598.58
Deletions (f)	0.83	58.33
Net additions claimed (g) = (e) – (f)	112.75	540.26

37. The admissibility of the above expenditure claimed under Regulation 9(2)(iv) based on justifications submitted by the petitioner is as under:

(₹ in lakh)				
Sl. No.	Assets/works	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure claimed	Remarks for admissibility
A. Projected Expenditure allowed on works/assets allowed				
1	Purchase of Dewatering Pump	20.00	3.10	Since the asset/work has been approved under Regulation 9(2)(iv) of the 2009 Tariff Regulations in Commission's order dated 23.1.2014 in Petition



				no. 27/GT/2013 against replacement of old pump, the expenditure is allowed . The de-capitalization of the old asset is considered under assumed deletions.
B. Expenditure on works/assets allowed on projection basis during the years 2009-10, 2010-11 and 2011-12				
1	CCTV Items	50.00	4.60	The asset/work was allowed vide Commission's order dated 23.1.2014 in Petition No. 27/GT/2013 under Regulation 9(2)(iv) of the 2009 Tariff Regulations. The petitioner has submitted that against the total amount of ₹50.00 lakh allowed on projected basis, the claim of the petitioner in 2011-12 is ₹45.71 lakh and the balance of ₹4.60 lakh is claimed in 2012-13. Since the projected capitalization of the asset/item has been allowed in order dated 23.1.2014, the expenditure actually incurred is allowed after prudence check.
2	Purchase of Bus	25.00	25.98	The petitioner has submitted that there is minor increase in the expenditure for this asset and the same is due to price variation, as the claimed amount was on estimated basis. Since the asset/work was approved by the Commission vide order dated 23.1.2014 in Petition no. 27/GT/2013, the same is allowed after prudence check.
3	Purchase of second stage embedded part of HM gate/tools - Drilling Equipments etc.	50.00	6.41	Since the expenditure on asset/work is in the nature of "Tools and Tackles", the same is not allowed .
4	Manual and hydraulic puller set including accessories, Capacity:17.5 & 30 T, Model IPS-3017		9.33	
5	Hydraulic jack capacity (50-60) Ton		10.80	
	Amount claimed	145.00		
	Amount allowed			33.68



38. Additions claimed in 2012-13 which were disallowed on projection basis/new additions claimed:

(₹ in lakh)					
Sl. No.	Assets/works	Amount claimed	Submissions of the Petitioner	Remarks on admissibility	Amount allowed
1	Tipper 1 no	16.33	The petitioner has submitted that for running and maintenance of the station, various repair work and other miscellaneous works are required to be done. For this purpose, Tipper was purchased to carry the material from one location to other in Power Station.	As the asset/ work is necessary for successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations. The de-capitalization of the old asset is considered under assumed deletions.	16.33
2	BIO engineering works for the left bank slope protection	33.39	As per minutes of 8th central level monitoring Committee meeting held on 13 and 14 Nov 2008, different activities had been suggested for strengthening the muck dumping sites and weak land zone in the different project area. Accordingly, BIO Engineering works had been carried out. Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same has again included in the instant petition for reconsideration of the Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed	0.00
3	Spillway glacis rebuilding works by HPC/other designed product	1.03	Dam is the most vital structure of the power station. To arrest the impact at glacis due to heavy boulder with inflow, these High Performance Concrete was applied.	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure	0.00



			Commission has disallowed this expenditure in tariff order dated 23.1.2014. Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same has again included in the instant petition for reconsideration of the Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.	is not allowed	
4	Freehold Land-Plot No 378,364/663,294/66 4,301/665	2.25	The petitioner has submitted that the payment of land as per DPR was already made to land Revenue Dept, of Govt. of Sikkim during construction period as advance and booked under "deposit with other Govt. Dept". However the mutation of portion of land was granted during the year. Accordingly, the account has been capitalized against advance during 2012-13	The petitioner has claimed the expenditure under Regulation 9(2)(i) of the 2009 Tariff Regulations. The petitioner has not enclosed any Court order or Arbitrator award in support of this. However, considering the fact that the expenditure incurred is in compliance with the statutory obligations as per directives of the Sales Tax department the expenditure incurred is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations	2.25
5	PLOT no.- 498/3290- land compensation at zang village	15.38	Compensation for Damage to Land/House at the Bank Of River/Dam/Power House as per Demand raised by Land Revenue Department, Sikkim.	The petitioner has claimed the expenditure under Regulation 9(2)(i) of the 2009 Tariff Regulations. The petitioner has not enclosed any Court order or Arbitrator award in support of this. However, considering the fact that the expenditure incurred is in compliance with the	15.38
6	PLOT no.- 496/3267- land compensation at zang village	7.00			7.00
7	PLOT no.- 498/3305- land compensation at zang village	17.37			17.37



8	PLOT no.-314- land compensation at zang village & DIPUDARA	57.22		statutory obligations as per directives of the Land Revenue department, Sikkim the expenditure incurred is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations	57.22	
9	PLOT no.-23- land compensation at zang village & Dipudara	8.65			8.65	
10	plot no.-21/1589 - land compensation at zang village & dipudara	50.66			50.66	
11	plot no.-314 - land compensation at zang village & dipudara-Hari Prasad Ojha	16.88			16.88	
12	PLOT no.- 494/3269,493/3197 - land compensation at zang village & Dipudara	62.05			62.05	
13	PLOT no.- 483/3374- land compensation at zang village & Dipudara	41.01			41.01	
14	plot no.- 25,24/2026,21/1860 - land compensation at zang village & Dipudara	21.78			21.78	
15	PLOT no.- 460 & 464- land compensation at zang village & Dipudara	9.13			9.13	
16	Plot no- 466,469,1278,1118, 1120,1163,1164,14 27,1322,1291 & 1290 land compensation at sangtok & tanek	59.41			59.41	
17	50 Ton capacity lifting beam crane for spillway Stoplog	10.41	The petitioner has submitted that the crane is needed for lifting and placing seal beam during repair and maintenance of Gates at DAM site. Hence, it was purchased and capitalized.		As the asset/ work is necessary for successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	10.41



18	8KL water tanker ON SE1613 TCIC	16.52	The petitioner has submitted that expenditure is for water tanker for supply of water for welfare of employees and around project.	Since the expenditure incurred is for the benefit of the employees working in remote areas of the project and in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	16.52
19	Single Chamber Incinerator, 5-10kg/Hr(Oil Fied)	8.65	The petitioner has submitted that the equipment which is used in hospital, destroys combustible waste material and maintains hygienic condition in hospital.		8.65
20	Supply Installation, Testing & Commissioning Of Fire Protection System For Administrative Building	25.74	The petitioner has submitted that the assets as well as human life are required to be protected from fire in different location of the power station. In order to come out from any eventualities due to fire, fire protection system is required for safety purposes.	Since the work is considered necessary for the safety of the generating station, the expenditure incurred is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	25.74
21	Kleentek Ferrocare electrostatic liquid cleaner machine, ELC 100LP 3PH JH DI (3 nos.)	13.83	The petitioner has submitted that hydraulic and cooling oil is very important material in hydro power plant. For efficient operation of hydraulic operated and oil cooled equipment, filtration of oil is very much essential, so the procurement of asset was necessitated.	As the asset/ work is necessary for successful and efficient operation of the generating station, the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations	13.83
22	Nut Splitters 15 Ton capacity model: HNS 50A, make power team	2.66		Since the expenditure incurred is on assets/ works which are in the nature of tools and tackles the expenditure is not allowed .	0.00
23	Spreaders 1 ton capacity model: HS2000, make: power team	0.47			0.00
24	Ultrasonic rodent repellent master with two transducer, coverage area up to 900sq ft, 230V AC supply (30 nos)	1.85		Since the expenditure incurred is on assets/ works which are in the nature of tools and tackles the expenditure is not allowed .	0.00



25	Providing and fixing security fencing boundary around right bank executive colony at PH site, Balutar	0.69	The petitioner has submitted that the work of fencing has been done for the security of power station.	As the asset/ work is necessary and will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	0.69
26	Construction of Garage for ambulance near hospital building at right bank, Balutar	2.34	The petitioner has submitted that two ambulances have been deputed at Project hospital, Balutar to cater to requirement of the patients as well as doctors for round-the-clock emergency duty. As there was no facility of parking of the said ambulances, hence the garage was constructed.	Since the expenditure incurred is for the benefit of the employees working in remote areas of the project and in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	2.34
27	Construction of CGI Sheet store for Hydro mechanical & Electrical establishments of dam top.	4.82	The petitioner has submitted that presently the temporary HM store is situated at Intake top. The same was replaced and an electrical store room was constructed.	Since the expenditure incurred is on assets/ works which are minor in the nature, the expenditure is not allowed .	0.00
28	Drainage sump level indicator at control room	8.94	The petitioner has submitted that the expenditure incurred to purchase sump level indicator for control room, which avoids any flood situation in the power house.	Since the expenditure incurred is on assets/ works which are in the nature of tools and tackles the expenditure is not allowed .	0.00
29	Illumination in front of administrative office building	5.49	The petitioner has submitted that for security and safety of power station area, illumination all around is required. Accordingly the work carried out.	Since the expenditure incurred is on assets/ works which are in the nature of O&M expenses, the expenditure is not allowed .	0.00
30	Supply, Erection and installation of Optical fiber Cable (OFC) between Hospital and Admin building	16.39	The petitioner has submitted that to make communication between Admin building and Hospital more reliable, OFC has been installed.	Since the expenditure incurred is for the benefit of the employees working in remote areas of the project and in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed	16.39



				under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	
	Amount claimed	538.36			
	Amount allowed				479.69

Deletions

39. As the corresponding assets do not render any useful service in the operation of the generating station, the deletion of (-) ₹58.33 lakh as reflected in the books of accounts is deleted for the purpose of tariff.

Exclusions

40. It has been observed that the exclusion of (-) ₹4678.39 lakh, comprising of positive and negative book entries, for the purpose of tariff as effected by the petitioner pertain to purchase of minor assets like furniture, digital weigh machine, etc, whose capitalisation for the purpose of tariff is not allowed after the cut-off date, FERV which is directly adjusted with the beneficiaries, capitalized and de-capitalization of minor assets like computers, ups, printers, furniture etc., whose capitalization is not allowed for the purpose of tariff. In line with the findings of the Commission in paras 26 to 30 of this order, the exclusion of (-) ₹4678.39 lakh is allowed to be excluded/ ignored for the purpose of tariff.

41. Accordingly, the net additional capital expenditure allowed for the purpose of tariff prior to the adjustment of discharged/un-discharged liabilities and assumed deletion is as follows:

(₹ in lakh)	
Description	Actual expenditure allowed
Expenditure on works/assets allowed on projection basis for the year 2012-13 - Regulation 9(2)(iv) (a)	3.10
Expenditure on works/assets allowed on projection basis during the years 2009-10, 2010-11 & 2011-12 - Regulation 9(2)(iv) (b)	30.58
Sub- total against works approved on projected basis(c) = a + b	301.34
Additions claimed by the petitioner which were disallowed on projection basis/new additions claimed (d)	0.00



New additions -Regulation 9(2)(iv) (e)	479.69
Total additions allowed for the purpose of tariff (f)=(c)+(d)+(e)	513.37
Deletions (g)	(-) 58.33
Total additional capital expenditure allowed (h) =(f)-(g)	455.04

2013-14

42. The category-wise breakup of the actual additional capital expenditure claimed by the petitioner prior to adjustment of discharged/un-discharged liabilities and assumed deletion for 2013-14 are as under:

Description	(₹ in lakh)	
	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure claimed
Expenditure on works/assets allowed on projection basis for 2013-14 (Regulation 9(2)(iv) (a)	10.00	0.00
Expenditure on works/assets allowed on projection basis during the years 2009-10, 2010-11, 2011-12 & 2012-13 (Regulation 9(2)(iv) (b)	15.00	33.18
Sub- total against works approved on projected basis (c)=(a)+(b)	25.00	33.18
Additions claimed which were disallowed on projection basis/new additions claimed (d)	261.79	3843.60
Total additions claimed (e)=(c)+(d)	286.79	3876.78
Deletions (f)	0.00	0.00
Net additional capital expenditure claimed g =(e-f)	286.79	3876.78

43. The admissibility of the above expenditure claimed under Regulation 9(2)(iv) along with the justifications as submitted by the petitioner is discussed as under:

(₹ in lakh)				
Sl. No.	Assets/works	Projected expenditure allowed in order dated 23.1.2014	Actual expenditure claimed	Remarks for admissibility
Expenditure on works/assets allowed on projection basis during the years 2009-10, 2010-11, 2011-12 and 2012-13				
1	Loaders-Wheel Loader, JCB,430ZX	15.00	33.18	The petitioner has submitted that the acquisition of asset was already approved vide order dated 23.1.2014 in Petition no. 27/GT/2013. However, the actual expenditure claimed is Rs. 33.18 lakh as against the projected expenditure of Rs. 15.00 lakh approved. On



				prudence check, the said expenditure is allowed.
	Amount claimed		15.00	
	Amount allowed			33.18

44. The petitioner has claimed actual additional capital expenditure of ` 261.79 lakh in respect of assets/works which were disallowed by the Commission in order dated 23.1.2014 and `3581.81 lakhs for new assets which were not projected for capitalization. The details of these assets/works, justification of the petitioner and remarks for admissibility of the expenditure are discussed as under:

Sl. No.	Assets/works	Amount claimed	Submissions of the Petitioner	Remarks on admissibility	(₹ in lakh) Amount allowed
1	IRB barrack at left bank Balutar	31.46	The petitioner has submitted that as per directive of Ministry of Power, Govt of India, bearing no. C-30019/32/2001-V&S dated 09.01.2008 the Home department, Govt of Sikkim had declared the Right bank colony, Guest house, hospital as category "B" prohibited area having local settlement with a good number of IRBn's and home guards personnel were deputed. In place of an earlier temporary sheds, permanent structure for IRBn Barrack was constructed for security personnel at Balutar.	Since the asset/work is necessary for safety of the generating station and will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	31.46
2	Reservoir RIM treatment Works & damage compensation	261.79	Due to weak geological condition the incidents of settlement and sinking of the rock in the rim of the reservoir has been observed. The fluctuation of the inflow cannot be ruled out. Due to this, land containing dwelling house had settled and state administration pressurized for remedial measure and for compensation of the	The expenditure is recurring in nature and the same can be met under the O&M expenses allowed to the generating station. Hence, the expenditure is not allowed . Also, in the absence of the break-up of the damage compensation, the	0.00



			<p>damage. In order to comply with it, the expenditure had been incurred. The work not being of recurring nature and was executed as per situation of site. Commission has disallowed this expenditure in tariff order dated 23.01.2014. Since the amount was already capitalized under fixed asset in the books of account before the issue of tariff order, the same cannot be claimed through O&M (neither in 2009-14 nor in 2014-19). Accordingly, the same has been included in the instant petition for reconsideration of the Commission. Moreover, these works can't be claimed under O&M either in current year / even in next tariff period as the same has been booked under capital assets.</p>	capitalization is not allowed.	
3	Additional Service Tax on Dam civil works (Contingent Liability) -Jai Prakash Associates	2.08	<p>The petitioner has submitted that reimbursement of additional service tax was made on Insurance premium LOTT TT-2 (Dam) after approval of competent authority. The petitioner has claimed the expenditure under Regulation 9(2)(viii) which pertains to un-discharged liability towards final payment withheld payment due to contractual exigencies for works executed after the cut-off date. However, in the instant case the actual payment could not be made in the year 2013-14 as an amount of ₹2.037 lakh has been shown as un-discharged</p>	<p>Considering the fact that the difference between the amount capitalized and the amount kept under undischarged liability is on account of Income tax deducted at source, the amount is allowed to be capitalized under Regulation 9 (2) (viii) of the 2009 Tariff Regulations. As such, the difference of ₹2.08 lakh and ₹2.037 lakh would get capitalized for the purpose of tariff.</p>	2.08



			liability.		
4	Sales Tax Amount paid against Assessment year 2005-06 to 2007-08 to Commercial Tax department.	185.10	The petitioner has submitted that out of total demand of ₹3990.05 lakh, ₹617.52 (185.10+432.42) lakh is capitalized in 2013-14.	Considering the fact that the expenditure incurred is in compliance with the statutory obligations, the expenditure incurred is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations	185.10
5		432.42			432.42
6	Gammon India Limited (TT-3)	4.45	The petitioner has submitted that the payment in respect of major package (HRT) was being made in foreign currency during the construction of the project. Liability for price escalation due to payment made in foreign currency was raised by Gammon India Limited. However, the payment has been made during 2013-14. No liability was provided at the time of finalization of project cost. Now, payment made to Gammon India Limited and capitalized in 2013-14 in the books of account.	Since the expenditure is incurred on assets/works which has become necessary for the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	4.45
7	TEXMACCO (TT-5)-Offshore payment of HM works	97.01	The petitioner has submitted that the payment in respect of major package (HM) was being made in foreign currency during the construction of the project. Liability for price escalation due to payment made in foreign currency was raised by Texmacco. However, the payment has been made during 2013-14. No liability was provided at the time of finalization of project cost. Now, payment made to Texmacco and capitalized in 2013-14 in the books of account.	Since the expenditure is incurred on assets/works which has become necessary for the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	97.01
8	TEXMACCO (TT-5)-Offshore payment of HM works	5.75			5.75



9	M/s Mitsui & Co.- Contingent Liability (2 nd EOT)	278.66	The petitioner has submitted that provision was made under contingent liability as the Arbitration award has been given against the petitioner by the High Court. Accordingly, the payment has been made to M/s Mitsui & Co.	Since the expenditure incurred is towards payment of liabilities to meet the award or order of Court, the same is allowed under Regulation 9(2)(i) of the 2009 Tariff Regulations.	278.66
10	Variable Frequency Drive 75 KW-ABB	54.50	The petitioner has submitted that as per recommendation of energy audit conducted by CPRI, VFD drives recommended for use in power house for various pumps for efficient operation and reduced energy consumption.	Since the asset is considered necessary for successful and efficient operation of the plant the same is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations	54.50
11	Heating, ventilation and Air Conditioning system VAC System	46.25	The petitioner has submitted that most of the equipments inside power house are temperature sensitive. To maintain proper air ventilation and room temperature of Power house to safeguard the sophisticated machine and equipments, the system is essential.	Since the expenditure incurred in respect of the asset/work is of minor nature, the same is not allowed .	0.00
12	Squirrel Cage Motor, 0.5 KW,0.67 HP, 415VAC, 50HZ, RPM- 900 (3 Nos.)	0.30			0.00
13	Dehumidifier with all accessories, capacity-2000 TO 8000 cubic feet (4 nos.)	3.02			
14	Dissolved Gas Analysis Kit	25.60	The petitioner has submitted that dissolved gas in transformer oil indicates the internal condition of transformer. Increase of level of dissolved gas creates faults. Such type of fault regularly observed in GTs. Timely action to ascertain the level of dissolved gas is necessary which can be	Since the expenditure incurred in respect of the asset/work which are in the nature of Tools & Tackles, the same is not allowed .	0.00



			done with help of DGA kit.		
15	Water storage Tank & Supply line IRBn Barack at Dam Top	21.78	The petitioner has submitted that for proper safety and security of power station, IRBn personnel have been deployed in the project area. Due to remote location of dam site, there was not any proper for drinking water facility for them. In order to meet this requirement, water storage tank has been constructed for supply of water for IRBn personnel as well as employees working there.	Since the expenditure incurred is for the benefit of the employees working in remote areas of the project and in turn will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	21.78
16	Electric siren, single phase, 220/250 V, Range- 2 km (3 nos.)	0.24		Since the expenditure incurred in respect of the asset/work is of minor nature, the same is not allowed .	0.00
17	Hand Operated Siren 1.5 KM Range (2 nos.)	0.18			
18	Motorized SIREN, 3-Phase, AC, Range- 8KM	0.45			
19	Onshore payment of Tunnel & pipe lines-Jai Prakash Associates	44.94	The petitioner has submitted that this amount was capitalized after finalization of deviation in respect of major packages for LOT TT-4.	The petitioner has not indicated the specific provision of the regulation under which the claim has been made. It is observed that the actual payment could not be made in 2013-14 as an amount of ₹43.39 lakh has been shown as un-discharged liability. Accordingly, the balance amount of ₹44.94 lakh towards TDS is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations as the expenditure is towards final	44.94



				settlement against approved works. However, effectively the difference between ₹44.94 lakh and ₹43.39 lakh will get capitalized for the purpose of tariff.	
20	Providing and fixing security fencing boundary around right bank executive colony at PH site, Balutar	92.89	The petitioner has submitted that security fencing has been erected to enforce the prohibition order of Govt. Of India and for proper security of the Power House site and Right bank Colony as described above.	Since the asset/work is necessary for safety of the generating station and will facilitate the successful and efficient operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.	92.89
21	Cement Variation LOTT TT-4	438.16	The petitioner has submitted that the Arbitration award was challenged by NHPC in District court and later in High Court, which was dismissed by High court of Punjab & Chandigarh on 6.2.2014.	The petitioner has claimed the expenditure under Regulation 9(2)(viii) which pertains to 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 such liability. In the present case the actual payment could not be made in 2013-14 and accordingly an amount of ₹429.01 lakh has been shown as un-discharged liability. The difference of ₹9.15 lakh (438.16-429.01) between the amount capitalized and the amount kept under un-discharged liability is on account of Income Tax	438.16



				deducted at source. This has been allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.	
22	Extension of Insurance & PBG beyond contract period & excess interest recovered on mobilization and machinery advance beyond contract period and deform reinforcing bars grade FE-500 beyond 25% limit (Lott TT-4)	341.36	The petitioner has submitted that Arbitration award in favour of M/s JAL has been challenged in court by NHPC on the ground that the claim is non tenable. The matter is <i>subjudice</i> in the District Court of Faridabad and provision has been made for capitalization.	The petitioner has claimed the expenditure under Regulation 9(2)(viii) which pertains to 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 such liability. In the present case the actual payment could not be made in 2013-14 and accordingly an amount of ₹334.23 lakh has been shown as un-discharged liability. The difference of ₹7.13 lakh (341.36-334.23) between the amount capitalized and the amount kept under un-discharged liability is on account of Income Tax deducted at source. This has been allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.	341.36
23	Cement variation concrete works (LOTT TT-2)	245.05	The petitioner has submitted that, a similar case is being contested by the company for LOT TT-4 and decision of LOT TT-4 will be binding for this case. A similar case of LOT TT-4 arbitration award was challenged by NHPC in District Court and later in High court	The petitioner has claimed the expenditure under Regulation 9(2)(viii) which pertains to any un- discharged liability towards final payment/withheld payment due to contractual exigencies for works	245.05
24	Cement variation concrete works (LOTT TT-2)	571.78			571.78



			<p>which was dismissed. Hence provision made against capitalisation. The petitioner has claimed the expenditure under 9(2)(viii) which pertains to the capital expenditure incurred towards any un-discharged liability towards final payment/withheld payment due to contractual exigencies for works executed after the cut-off date .</p>	<p>executed within the cut-off date after prudence check of such liability. In the present case the actual payment could not be made in 2013-14 and accordingly an amount of ₹239.93 lakh and ₹559.83 lakh (for the works) has been shown as un-discharged liability. The difference between the amount capitalized and the amount kept under un-discharged liability is on account of Income Tax deducted at source. This has been allowed under Regulation 9(2)(viii) of the 2009 Tariff Regulations.</p>	
25	Up gradation of Telephone & LAN Networking of Admin. Building	22.44	<p>The petitioner has submitted that up-gradation of communication system was necessitated as the telephone and LAN systems were old. There has been lot of advancements in the technology. In addition to this, due to implementation of systems like ERP, requirement of networking speed and bandwidth were also increased. Hence, the expansion & up-gradation of Telephone & LAN Networking of admin departments was necessary.</p>	<p>Since the asset/work is necessary for efficient and successful and operation of the generating station, the expenditure is allowed under Regulation 9(2)(iv) of the 2009 Tariff Regulations.</p>	22.44
26	Land Compensation for Dipudara village	635.94	<p>The petitioner has submitted that Land compensation paid for Dipudara village as per directive of Land</p>	<p>The petitioner has claimed the expenditure under Regulation 9(2)(i) of the 2009 Tariff</p>	635.94



		Revenue Department Govt. of Sikkim for damaged houses due to settlement/subsidence at Dipudara village as the houses situated in the area were in dilapidated conditions. Any untoward incident would endanger the lives and properties at nearby area of power station and may hamper the prospects of future projects in Sikkim.	Regulations. The petitioner has not enclosed any Court order or Arbitrator award in support of this. However, considering the fact that the expenditure incurred is in compliance with the statutory obligations as per directives of the Land Revenue department, Sikkim the expenditure incurred is allowed under Regulation 9(2)(ii) of the 2009 Tariff Regulations.	
	Amount claimed	3843.60		
	Amount allowed			3505.77

Exclusions

45. It has been observed that the exclusion of ₹81.75 lakh, comprising of positive and negative book entries, for the purpose of tariff as effected by the petitioner pertain to purchase of minor assets like furniture, computers, camera, etc, whose capitalization for the purpose of tariff is not allowed after the cut-off date, and de-capitalization of minor assets like computers, stabilizers, printers, furniture etc., whose capitalization is not allowed for the purpose of tariff. In line with the findings of the Commission in paras 26 to 30 of this order, the negative entries corresponding to the deletion of minor assets are allowed to be excluded/ ignored for the purpose of tariff.

46. Accordingly, the net additional capital expenditure allowed for the year 2013-14, prior to adjustment of discharged/un-discharged liabilities and assumed deletion works out as follows:

(₹ in lakh)	
Description	Actual expenditure allowed
Expenditure on works/assets allowed on projection basis for the year 2013-14 (Regulation 9(2)(iv) (a)	0.00
Expenditure on works/assets allowed on projection basis during the years 2009-10, 2010-11, 2011-12 & 2012-13 (Regulation 9(2)(iv) (b)	33.18
Sub-total against works approved on projected basis (c) = a) + (b)	33.18
Additions claimed by the petitioner which were disallowed on	0.00



projection basis/new additions claimed (d)	
New additions claimed under Regulation 9(2)(iv) (e)	3505.77
Total additions allowed (f)=(c)+(d)+(e)	3538.95
Deletions (g)	0.00
Total additional capital expenditure allowed (h) =(f)-(g)	3538.95

Assumed Deletions

47. 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 value of the old asset. However, in certain cases where de-capitalization is proposed to be effected /affected during the future 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)				
2009-10	2010-11	2011-12	2012-13	2013-14
0.00	0.00	1.20	1.61	0.00

48. The COD of the generating station is 10.4.2008 and the assumed deletions claimed by the petitioner during the year 2011-12 and 2012-13 appear to be on the lower side. Therefore, as per consistent methodology adopted by the Commission for arriving at the fair value of the de-capitalized asset, the escalation rate of 5% per annum from COD has been considered in order to arrive at the gross value of the old asset in comparison to the cost of new assets. Accordingly, the assumed deletions claimed and allowed for the purpose of tariff are as under:

(₹ in lakh)			
2011-12			
Asset/work	Additional capital expenditure claimed	De- capitalization claimed	De- capitalization considered
Drainage pump	8.95	(-) 1.20	(-) 7.73
Total		(-) 1.20	(-) 7.73
2012-13			
Purchase of Dewatering Pump	3.10	(-) 0.13	(-) 2.43
Tipper	16.33	(-) 0.74	(-) 12.80
8KL Water Tanker on E1613 TCIC	16.52	(-) 0.74	(-) 12.94
Total		(-) 1.61	(-) 28.17



Liabilities

49. The petitioner has submitted the details of un-discharged liabilities and discharge of liabilities as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Un-discharged liability in additional capital expenditure	354.54	20.81	63.27	8.05	2425.45
Liability discharged (pertains to period prior to COD) (a)	1082.60	196.12	233.30	0.20	360.25
Liability discharged (pertains to period post COD) (b)	46.71	0.00	72.68	62.29	17.08
Total liabilities discharged (a+b)	1129.31	196.12	305.98	62.49	377.33

50. Accordingly, the actual additional capital expenditure allowed for the period 2009-14 after adjustment of discharged/un-discharged liabilities for the purpose of tariff is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Additions against works already approved (a)	3367.44	1466.36	153.80	33.68	33.18
Additions not projected earlier but incurred and claimed (b)	0.00	138.94	2179.73	479.69	3505.77
Total additions allowed (c= a+b)	3367.44	1605.30	2333.53	513.37	3538.95
Deletions allowed (d)	(-)113.14	(-)1.74	0.00	(-) 58.33	0.00
Assumed deletions considered (e)	0.00	0.00	(-) 7.73	(-) 28.17	0.00
Total additional capital expenditure allowed before un-discharged/ discharged liabilities (f)=(c)+(d)+(e)	3254.30	1603.56	2325.80	426.87	3538.95
Less: Un-discharged liabilities in the additional capital expenditure allowed above (g)	354.54	20.81	63.27	8.05	2425.45
Add: Liabilities discharged during the year out of un-discharged liability existing as on 31.3.2014 (h)	1129.31	196.12	305.98	62.49	377.33
Adjustment towards Sales Tax liability capitalized in 2011-12, but actually paid in 2013-14 (i)	-	-	(-)1953.91	-	1953.91
Additional Capital Expenditure allowed (j=f-g+h+i)	4029.07	1778.87	614.60	481.31	3444.74

Capital cost for 2009-14

51. As stated, the Commission in order dated 23.1.2014 in Petition No.27/GT/2013 had considered the closing capital cost of ₹262886.11 lakh as on 1.4.2009. Accordingly, this capital cost



of ₹262886.11 lakh has been considered as the opening capital cost as on 1.4.2009. Based on this, the capital cost for the purpose of the tariff for 2009-14 is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening capital cost as on 31.3.2009	262886.11	266915.18	268694.05	269308.65	269789.96
Additional capital expenditure allowed	4029.07	1778.87	614.60	481.31	3444.74
Closing capital cost	266915.18	268694.05	269308.65	269789.96	273234.70

Debt-Equity Ratio

52. In accordance with clause (2) of Regulation 12 of the 2009 Tariff Regulations, 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. The Commission in order dated 5.1.2010 in Petition No.132/2009, while approving tariff for the generating station for the period ending 31.3.2009 had directed as under:

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

53. In line with the above decision, the entire additional capital expenditure up to the Revised Cost Estimate (RCE) amount of ₹265695.00 lakh has been considered as debt. The additional capital expenditure in excess of this RCE amount has been considered in the normative debt-equity ratio of 70:30.

Return on Equity

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

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Equity	109902.00	110268.05	110801.72	110986.10	111130.49
Addition due to Additional Capitalization	366.05	533.66	184.38	144.39	1033.42
Closing Equity	110268.05	110801.72	110986.10	111130.49	112163.91
Average Equity	110085.03	110534.88	110893.91	111058.29	111647.20



Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.750%*	16.500%
Tax rate for the year	33.990%	33.218%	32.445%	20.008%	20.961%
Rate of Return on Equity	23.481%	23.210%	22.944%	19.689%	20.876%
Return on Equity	25849.07	25655.15	25443.50	21866.27	23307.47

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

Interest on Loan

55. The opening gross normative loan as on COD of each unit has been arrived at in accordance with Regulation 16 of the 2009 Tariff Regulation. 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 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)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	152984.11	156647.13	157892.34	158322.56	158659.47
Cumulative Repayment	593.15	14187.85	27904.80	41696.50	55516.29
Net Loan-Opening	152390.96	142459.28	129987.54	116626.06	103143.18
Repayment during the year	13594.70	13716.95	13791.70	13819.79	13955.73
Addition due to Additional Capitalization	3663.02	1245.21	430.22	336.92	2411.32
Net Loan-Closing	142459.28	129987.54	116626.06	103143.18	91598.76
Average Loan	147425.12	136223.41	123306.80	109884.62	97370.97
Weighted Average Rate of Interest	5.253%	5.094%	4.837%	4.837%	4.833%
Interest on loan	7744.24	6939.22	5964.35	5315.12	4705.94

Depreciation

56. The weighted average rate of depreciation as per the 2009 Tariff Regulations has been considered for the calculation of depreciation. Accordingly, depreciation has been computed as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Gross Block	262886.11	266915.18	268694.05	269308.65	269789.96
Additional capital expenditure	4029.07	1778.87	614.60	481.31	3444.74
Closing gross block	266915.18	268694.05	269308.65	269789.96	273234.70
Average gross block	264900.65	267804.62	269001.35	269549.31	271512.33
Rate of Depreciation	5.132%	5.122%	5.127%	5.127%	5.140%
Depreciable Value	236509.91	239123.48	241079.80	242450.19	243337.66
Remaining Depreciable	230202.02	219229.39	206589.72	193290.52	181257.09



Value					
Depreciation	13594.70	13716.95	13791.70	13819.79	13955.73

O & M Expenses

57. O & M expenses as allowed in order dated 23.1.2014 in Petition No. 27/GT/2013 has been considered as under:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
6983.06	7382.49	7804.77	8251.20	8723.17

Interest on Working Capital

58. 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.

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

(₹ in lakh)					
	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	1047.46	1107.37	1170.72	1237.68	1308.48
O & M expenses	581.92	615.21	650.40	687.60	726.93
Receivables	9250.65	9171.39	9056.13	8419.94	8667.23
Total	10880.03	10893.97	10877.24	10345.22	10702.64
Interest on working capital @ 12.25%	1332.80	1334.51	1332.46	1267.29	1311.07



Annual Fixed Charges

60. The annual fixed charges allowed for generating station for the period 2009-14 are summarized as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	25849.07	25655.15	25443.50	21866.27	23307.47
Interest on Loan	7744.24	6939.22	5964.35	5315.12	4705.94
Depreciation	13594.70	13716.95	13791.70	13819.79	13955.73
Interest on Working Capital	1332.80	1334.51	1332.46	1267.29	1311.07
O & M Expenses	6983.06	7382.49	7804.77	8251.20	8723.17
Total annual fixed charges	55503.87	55028.32	54336.78	50519.67	52003.39

61. The difference between the annual fixed charges recovered by the petitioner and the annual fixed charges determined by this order 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

62. 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
Depreciation	14227.86	14298.60	14363.97	14406.67	14407.32
Interest on Loan	4191.73	3603.00	3000.44	2407.93	1867.99
Return on Equity	23639.04	23725.24	23804.88	23856.91	23857.71
Interest on Working Capital	1426.47	1446.99	1468.93	1492.11	1516.65
O & M Expenses	8297.32	8848.59	9436.50	10063.46	10732.07
Total	51782.42	51922.42	52074.72	52227.07	52381.74

63. The petitioner has filed the additional information as sought by the Commission and has served copies on the respondents. The respondent, GRIDCO has filed the reply and the petitioner has filed the rejoinder to the said reply. Based on the submissions of the parties and the documents available on record, we proceed to determine the tariff of the generating station for 2014-19 as stated in the subsequent paragraphs



Capital Cost

64. 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*

65. The closing capital cost considered by the Commission as on 31.3.2014 in this order is ₹273234.70 lakh. Accordingly, this amount has been considered as the opening capital cost as on 1.4.2014 for determination of tariff for the period 2014-19.

Projected Additional Capital Expenditure

66. 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.”

67. The year-wise breakup of the projected additional capital expenditure claimed by the petitioner for the period 2014-19 is as under:

	(₹ in lakh)					
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Proposed additional capital expenditure on gross basis.	200.00	342.90	102.00	38.00	23.00	705.90
Proposed de-capitalization	0.00	6.58	23.57	17.98	17.42	65.56
Net proposed additional capital expenditure	200.00	336.32	78.43	20.02	5.58	640.34
Proposed discharges of liability	1650.80	565.59	1562.99	0.00	0.00	3779.38
Total projected additional capital expenditure claimed	1850.80	901.90	1641.42	20.02	5.58	4419.72



68. The respondent, BRPL has submitted that the claim of the petitioner for projected additional capital expenditure under Regulation 14(3)(viii) is required to be made under Regulation 14(3)(vii) of the 20104 Tariff Regulations, which require that the claim for expenditure for replacement of assets which are necessary for successful and efficient operation of the plant shall be substantiated with technical justification duly supported by documentary evidence like test results carried out by independent agency in case of deterioration of the assets. We have examined the matter. The petitioner has claimed capitalization of the expenditure under Regulation 14(3)(viii) which also provides for capitalization of expenditure incurred due to additional work which has become necessary for successful and efficient operation of plant. The submission of the respondent, BRPL 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, is also not acceptable. 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	Amount claimed	Submissions of the Petitioner	Remarks on admissibility	Amount allowed
1.	Providing and fixing security fencing boundary around Left and Right bank executive colony at PH site, Balutar (New work)	200.00	The petitioner has submitted that, subsequent to the release of order by Ministry of Power, Govt. of India, bearing no. C-30019/ 32/ 2001-V&S dated 9.1.2008 by the Home department, Govt. of Sikkim had declared the right bank executive colony, guest house, hospital as category "B" prohibited area having local settlements adjacent to this. As the area is not protected properly by fencing, it is allowing thoroughfare of the local people as-well-as the labourers of the adjacent downstream project. Hence, providing and fixing of security fencing is required. The proposal is to construct boundary wall at Right bank and left bank of colony in phase wise manner. The construction cost of boundary is approximately Rs. 20000 per meter including protection work. Budget estimate is based on awarded rates for similar works during 2013-14.	Since the work is considered necessary for the safety & security of the generating station, the expenditure is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations.	200.00
	Total claimed	200.00			
	Total allowed				200.00



2015-16					
1.	Fire Fighting System in switchyard and DG set (new asset)	12.00	The petitioner has submitted that there are lot of fire sensitive system like switchyard, DG sets, Diesel Storage Tanks at 66 KV Switchyard. Presently only portable ABC type fire extinguishers are available to deal with any kind of fire hazards which is not sufficient. In order to strengthen the fire fighting system, installation of water sprinkler system around the equipments and different fire fighting system at switchyard are required. Cost estimate is based on telephonic discussions for rates of each component.	Since the work is considered necessary for the safety & security of the generating station, the expenditure is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations.	12.00
2.	Providing and fixing security fencing boundary around Left and Right bank executive colony at PH site, Balutar (New work)	225.00	The petitioner has submitted that, subsequent to the release of order by Ministry of Power, Govt. of India, bearing no. C-30019/32/2001-V&S dated 09.01.2008 by the Home department, Govt. of Sikkim had declared the right bank executive colony, guest house, hospital as category "B" prohibited area having local settlements adjacent to this. As the area is not protected properly by fencing, it is allowing thoroughfare of the local people as-well-as the labours of the adjacent downstream project. Hence, providing and fixing of security fencing is required. The proposal is to construct boundary wall at Right bank and left bank of colony in phase wise manner. The construction cost of boundary is approximately Rs. 20000 per meter including	Since the work is considered necessary for the safety & security of the generating station, the expenditure is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations.	225.00



			protection work. Budget estimate is based on awarded rates for similar works during 2013-14.		
3.	Construction of IRBn barrack (first floor) at Left bank, Balutar (New work)	32.00	The petitioner has submitted that, to secure the safety of the power station, IRBn's and home guards have been deputed round the clock at the strategic points. Till now they are residing at temporary pre-fab quarters which are deteriorating with passage of time. Moreover, the ammunitions used by the guards needs proper storage and protection. As the necessity of the guards is essential and permanent in nature, a permanent type of barrack is proposed. The proposal is to construct the first floor of 180 sq.m. on the existing building. Estimation is based on awarded value considering the rate hikes of labour.	Since the work is considered necessary for the safety & security of the generating station, the expenditure is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations.	32.00
4.	Purchase OF Mini Truck TATA 407 (on replacement)	5.70	The petitioner has submitted that this vehicle has already completed its useful life as per NHPC disposal policy.	Since the asset is considered necessary for the successful & efficient operation of generating station, the capitalization of expenditure for the new asset is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations along with the de-capitalization of old asset	5.36 (5.70-0.34)
5	Purchase Of pick & carry Crane 10 Ton (on replacement)	12.00	The petitioner has submitted that this equipment has already outlived its useful life as per NHPC disposal policy.		8.81 (12.00-3.19)
6	Purchase of 3 nos Buses, (on replacement)	46.20	The petitioner has submitted that these vehicles/buses are about to complete their useful life within one year as per NHPC disposal policy.		43.78 (46.20-2.42)
7.	Purchase of 1 no. Truck (on replacement)	10.00	The petitioner has submitted that, as per the NHPC disposal policy, one Truck has outlived its useful life and shall be	Since the asset is considered necessary for the successful & efficient operation of generating station, the	9.36 (10.00-0.64)



			replaced in 2015-16 and two trucks shall be replaced during 2018-19.	capitalization of expenditure for the new asset is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations along with the de-capitalization of old asset	
	Total claimed	342.90			
	Total allowed				336.31
2016-17					
1	Providing and fixing security fencing boundary around Left and Right bank executive colony at PH site, Balutar (New work)	75.00	The petitioner has submitted that, subsequent to the release of order by Ministry of Power, Govt. of India, bearing no. C-30019/32/2001-V&S dated 09.01.2008 by the Home department, Govt. of Sikkim had declared the right bank executive colony, guest house, hospital as category "B" prohibited area having local settlements adjacent to this. As the area is not protected properly by fencing, it is allowing thoroughfare of the local people as-well-as the labours of the adjacent downstream project. Hence, providing and fixing of security fencing is required. The proposal is to construct boundary wall at Right bank and left bank of colony in phase wise manner. The construction cost of boundary is approximately Rs. 20000 per meter including protection work. Budget estimate is based on awarded rates for similar works during 2013-14.	Since the work is considered necessary for the safety & security of the generating station, the expenditure is allowed under Regulation 14(3)(iii) of the 2014 Tariff Regulations.	75.00
2.	Purchase of portable Diesel Air Compressor of 425 CFM (on	15.00	The petitioner has submitted that this equipment has outlived its useful life in terms of years as well hours and is essentially required at	Since the asset is considered necessary for the successful & efficient operation of generating station, the capitalization of	14.39 (15.00-0.61)



	replacement)		Dam Top. Cost estimate is on the basis of telephonic enquiry and escalation taken @ 6% per annum.	expenditure for the new asset is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations along with the de-capitalization of old asset	
3	Telephone Exchange for Office building and Colony	12.00	The petitioner has submitted that, old telephone exchange is obsolete and has completed its useful life. Estimated cost is based on extrapolation of recent supply order for new telephone exchange		(-) 10.96 (12.00-22.96)
	Total claimed	102.00			
	Total allowed				78.43
2017-18					
1	Purchase of 2 ambulances (on replacement)	16.00	The petitioner has submitted that, these ambulances are about to complete their useful life in terms of kilometer as well as within 2-3 years as per utilization pattern and hence suitable replacement is required. Cost is on estimation basis.	Since the asset is considered necessary for the successful & efficient operation of generating station, the capitalization of expenditure for the new asset is allowed under Regulation 14(3)(viii) of the 2014 Tariff Regulations along with the de-capitalization of old asset	0.31 (16.00-15.69)
2.	Purchase of Fire Tender (on replacement)	22.00	The petitioner has submitted that, presently this fire tender is in major breakdown condition and is beyond economical repair and hence suitable replacement is required. Cost as per budgetary offer.		19.71 (22.00-2.29)
	Total claimed	38.00			
	Total allowed				20.02
2018-19					
1.	Purchase of 2 nos Trucks (on replacement)	23.00	The petitioner has submitted that, as per the NHPC disposal policy, one Truck has covered its useful life and shall be replaced on 2015-16 and two trucks shall be replaced during 2018-19. Cost estimate is on estimation basis.	Since the asset is considered necessary for the successful & efficient operation of generating station, the capitalization of expenditure for the new asset is allowed under Regulation 14(3)(viii) of the 2014 Tariff	5.58 (23.00-17.42)



				Regulations along with the de-capitalization of old asset	
	Total claimed	23.00			
	Total allowed				5.58

Additional capital expenditure allowed for 2014-19

69. 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
Admitted additional capital expenditure on gross basis	200.00	342.90	102.00	38.00	23.00
De-capitalization considered	0.00	6.59	23.57	17.98	17.42
Net Additional Capital expenditure allowed	200.00	336.31	78.43	20.02	5.58

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

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
1650.80	565.59	1562.99	0.00	0.00

71. 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	200.00	336.31	78.43	20.02	5.58
Discharges of liabilities	1650.80	565.59	1562.99	0.00	0.00
Additional capital expenditure allowed	1850.80	901.90	1641.42	20.02	5.58

Capital Cost for 2014-19

72. As stated, the closing capital cost of ₹273234.70 lakh has been allowed as on 31.3.2014 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 period 2014-19 is as under:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost	273234.70	275085.50	275987.40	277628.82	277648.84
Additional Capital expenditure allowed	1850.80	901.90	1641.42	20.02	5.58
Capital Cost as on 31 st March of the year	275085.50	275987.40	277628.82	277648.84	277654.42



Debt-Equity

73. 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.”

74. In terms of the above regulation, the debt-equity ratio of 70:30 has been considered for the purpose of tariff.

Return on Equity

75. 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.

76. 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:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

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."

77. 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:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Notional Equity	112163.91	112719.15	112989.72	113482.15	113488.15
Addition due to Additional Capitalization	555.24	270.57	492.43	6.01	1.67
Closing Equity	112719.15	112989.72	113482.15	113488.15	113489.83
Average Equity	112441.53	112854.44	113235.93	113485.15	113488.99
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	23473.29	23559.49	23639.13	23691.16	23691.96



78. 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

79. 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.”



80. 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:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Normative loan	161070.79	162366.35	162997.68	164146.67	164160.69
Cumulative Repayment up to Previous year	69472.03	83563.85	97726.43	111954.37	126225.00
Net loan-opening	91598.76	78802.50	65271.25	52192.31	37935.69
Repayment during the year	14091.83	14162.57	14227.94	14270.64	14271.29
Addition due to Additional Capitalization	1295.56	631.33	1148.99	14.01	3.91
Net loan-closing	78802.50	65271.25	52192.31	37935.69	23668.30
Average loan	85200.63	72036.87	58731.78	45064.00	30801.99
Weighted Average Rate of Interest on loan	4.850%	4.927%	5.027%	5.248%	5.933%
Interest on loan	4132.23	3549.26	2952.45	2364.96	1827.48

Depreciation

81. 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 or 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 license, as the case may be, shall submit the details of proposed capital expenditure during the fag 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 fag 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.”

82. The weighted average rate of depreciation of 5.140% 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	273234.70	275085.50	275987.40	277628.82	277648.84
Admitted additional capital expenditure	1850.80	901.90	1641.42	20.02	5.58
Closing gross block	275085.50	275987.40	277628.82	277648.84	277654.42
Average gross block	274160.10	275536.45	276808.11	277638.83	277651.63
Rate of Depreciation	5.140%	5.140%	5.140%	5.140%	5.140%
Depreciable Value	246744.09	247982.81	249127.30	249874.95	249886.47
Remaining Depreciable value	171386.47	158533.35	145517.75	132047.46	117796.90
Depreciation	14091.83	14162.57	14227.94	14270.64	14271.29



O&M Expenses

83. 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
8297.32	8848.59	9436.50	10063.46	10732.07

Interest on working capital

84. 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.”

85. 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
8568.80	8593.12	8619.48	8645.73	8671.93

86. 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
1244.60	1327.29	1415.48	1509.52	1609.81

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

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
691.44	737.38	786.38	838.62	894.34



Rate of interest on working capital

88. 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.”

89. 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

90. Necessary computations in support of interest on working capital are as under:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	1244.60	1327.29	1415.48	1509.52	1609.81
O & M expenses	691.44	737.38	786.38	838.62	894.34
Receivables	8568.80	8593.12	8619.48	8645.73	8671.93
Total	10504.85	10657.79	10821.33	10993.87	11176.08
Interest on working capital @ 13.50%	1418.15	1438.80	1460.88	1484.17	1508.77

Annual Fixed Charges

91. Accordingly, the annual fixed charges approved for the generating station for the period 2014-2019 are as under:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity	23473.29	23559.49	23639.13	23691.16	23691.96
Interest on Loan	4132.23	3549.26	2952.45	2364.96	1827.48
Depreciation	14091.83	14162.57	14227.94	14270.64	14271.29
Interest on Working Capital	1418.15	1438.80	1460.88	1484.17	1508.77
O & M Expenses	8297.32	8848.59	9436.50	10063.46	10732.07
Total	51412.83	51558.71	51716.90	51874.39	52031.58

Normative Annual Plant Availability Factor

92. 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 85% being a R.O.R Hydro Station with pondage for this generating station has been considered.

Design Energy

93. The Commission in its order dated 23.1.2014 in Petition No.27/GT/2013 had approved the annual Design Energy (DE) of 2572.70 Million units for the period 2009-14 in respect of this generating station. The same DE has been considered for the period 2014-19 as per month-wise details as under:

Month	Design Energy (MUs)
April	160.13
May	226.23
June	314.28
July	360.47
August	360.47
September	348.84
October	284.31
November	172.48
December	119.08
January	77.07
February	63.35
March	85.99
Total	2572.70

Application Fee and Publication Expenses

94. 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 ₹2244000/- 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 5.12.2014 has submitted that it has incurred ₹503566/- 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.

95. 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.

96. Petition No. 234/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



Calculation of weighted average rate of interest on loan

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
LIC					
Gross loan - Opening	58500	58500	58500	58500	58500
Cumulative repayments of Loans upto previous year	24375	29250	34125	39000	43875
Net loan - Opening	34125	29250	24375	19500	14625
Add: Drawal(s) during the Year	0	0	0	0	0
Less: Repayment (s) of Loans during the year	4875.00	4875.00	4875.00	4875.00	4875.00
Net loan - Closing	29250	24375.00	19500.00	14625	9750.00
Average Net Loan	31687.5	26812.50	21937.50	17062.50	12187.50
Rate of Interest on Loan on annual basis	7.74%	7.71%	7.62%	7.52%	7.32%
Interest on loan	2452.73	2068.07	1672.73	1282.73	892.73
PFC					
Gross loan - Opening	18600	18600	18600	18600	18600
Cumulative repayments of Loans upto previous year	10230	12090	13950	15810	17670
Net loan - Opening	8370	6510	4650	2790	930
Add: Drawal(s) during the Year	0	0	0	0	0
Less: Repayment (s) of Loans during the year	1860.00	1860.00	1860.00	1860.00	930.00
Net loan - Closing	6510	4650.00	2790.00	930	0.00
Average Net Loan	7440	5580.00	3720.00	1860.00	465.00
Rate of Interest on Loan on annual basis	9.94%	9.90%	9.73%	9.30%	3.32%
Interest on loan	739.62	552.59	362.13	172.97	15.42
DEUTSCHE BANK LOAN INR					
Gross loan - Opening	105168.86	105168.86	105168.86	105168.86	105168.86
Cumulative repayments of Loans upto previous year	51891.01	62658.09	73425.17	84192.25	94959.33
Net loan - Opening	53835.34	43068.26	32301.18	21534.10	10767.02
Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00	0.00
Add: ERV	0.00	0.00	0.00	0.00	0.00
Less: Repayment (s) of Loans during the year	10767.08	10767.08	10767.08	10767.08	10767.02
Net loan - Closing	43068.26	32301.18	21534.10	10767.02	0.00
Average Net Loan	48451.80	37684.72	26917.64	16150.56	5383.51
Rate of Interest on Loan on annual basis	0.76%	0.76%	0.76%	0.76%	0.76%
Interest on loan (including TDS)	404.49	310.24	215.61	121.76	27.90
Financing Charges (Guarantee Fee)	646.02	516.82	387.61	258.41	129.20
Agency Fees	4.91	4.91	4.91	4.91	4.91
Total Loans					
Gross loan - Opening	182268.86	182268.86	182268.86	182268.86	182268.86
Cumulative repayments of loans upto previous year	86496.01	103998.09	121500.17	139002.25	156504.33
Net loan - Opening	96330.34	78828.26	61326.18	43824.10	26322.02
Add: Drawal (s) during the year	0.00	0.00	0.00	0.00	0.00
Less: Repayment (s) of loans during the year	17502.08	17502.08	17502.08	17502.08	16572.02
Net loan - Closing	78828.26	61326.18	43824.10	26322.02	9750.00
Average Net loan	87579.30	70077.22	52575.14	35073.06	18036.01
Interest on loan	4247.76	3452.62	2642.99	1840.77	1070.16
Weighted average Rate of Interest on loan	4.850%	4.927%	5.027%	5.248%	5.933%

