

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 41/RP/2016**  
in  
**Petition No. 207/GT/2014**

**Coram:**

**Shri A.S. Bakshi, Member**  
**Dr. M. K. Iyer, Member**

**Date of Hearing: 05.10.2016**  
**Date of Order : 27.10.2016**

**In the matter of**

Review of Commission's order dated 20.7.2016 in Petition No. 207/GT/2014 regarding revision of tariff of Talcher Super Thermal Power Station Stage-I (1000 MW) for the period from 1.4.2009 to 31.3.2014 after truing up exercise

**And in the matter of**

NTPC Ltd  
NTPC Bhawan,  
Core-7, SCOPE Complex,  
7, Institutional Area, Lodhi Road,  
New Delhi-110003)

**.....Petitioner**

**Vs**

1. West Bengal State Electricity Distribution Company Limited  
Vidyut Bhawan, Block-DJ,  
Sector-II, Salt Lake City  
Kolkata – 700 091

2. Bihar State Power Holding Company Limited  
(erstwhile Bihar State Electricity Board)  
Vidyut Bhawan, Bailey Road  
Patna – 800 001

3. Jharkhand State Electricity Board,  
Engineering Building,  
HEC, Dhurwa, Ranchi – 834004

4. GRIDCO Limited  
24, Janpath,  
Bhubaneswar – 751007

5. Damodar Valley Corporation  
DVC Towers, VIP Road  
Kolkata-700054



6. Power Department  
Govt. of Sikkim, Kazi Road,  
Gangtok, Sikkim-737101
7. Tamilnadu Generation and Distribution Company Limited  
NPKRP Maaligail,  
144, Anna Salai, Chennai – 600002
8. Electricity Department  
Union Territory of Puducherry  
Subhash Chandra Bose Salai  
Puducherry-605001
9. Uttar Pradesh Power Corporation Limited  
Shakti Bhawan, 14, Ashok Marg,  
Lucknow – 226001
10. Power Development Department (J&K)  
Govt. of J&K Secretariat,  
Srinagar-190 009.
11. Power Department  
Union Territory of Chandigarh  
Addl. Office Building  
Sector-9D, Chandigarh- 160 009
12. Madhya Pradesh Power Trading Corporation Limited  
Shakti Bhawan, Vidyut Nagar  
Jabalpur – 482008
13. Maharashtra State Electricity Distribution Company Limited  
'Prakashgad', Bandra (East),  
Mumbai-400051
14. Gujarat Urja Vikas Nigam Limited  
Sardar Patel Vidyut Bhawan  
Race Course, Baroda – 390007
15. Electricity Department  
Administration of Daman & Diu(DD)  
Daman-396 210
16. Electricity Department  
Administration of Dadra and Nagar Haveli (DNH)  
Silvassa, via VAPI-396 230
17. BSES Rajdhani Power Limited  
BSES Bhawan, Nehru Place  
New Delhi-110019
18. BSES Yamuna Power Limited  
Shakti Kiran Bldg., Karkardooma  
Delhi-110092



19. Tata Power Delhi Distribution Ltd  
(erstwhile North Delhi Power Limited)  
Grid Sub-station Hudson Road.  
Hudson Road Kingsway Camp  
New Delhi-110009

...Respondents

**Parties present:**

For Petitioner: Shri Ajay Dua, NTPC  
Shri Shailendra Singh

For Respondents: None

**ORDER**

Petition No. 207/GT/2014 was filed by the petitioner, NTPC for revision of tariff of Talcher Super Thermal Power Station Stage-I (1000 MW) (hereinafter referred to as “the generating station”) for the period from 1.4.2009 to 31.3.2014 for truing-up in terms of the proviso to Regulation 6 (1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 Tariff Regulations”) and the Commission vide order dated 20.7.2016 had revised the annual fixed charges of the generating station after truing-up of the actual additional capital expenditure incurred for the years 2012-13 and 2013-14 based on the latest estimates and status of works. Accordingly, the annual fixed charges determined by the said order dated 20.7.2016 is as under:

	(₹ in lakh)	
	<b>2012-13</b>	<b>2013-14</b>
Depreciation	6461.33	6749.88
Interest on Loan	0.00	0.00
Return on Equity	29058.66	29884.69
Interest on Working Capital	4592.05	4666.89
O&M Expenses	15360.00	16240.00
Cost of Secondary fuel oil	1524.49	1524.49
Compensation Allowance	250.00	350.00
<b>Total</b>	<b>57246.54</b>	<b>59415.95</b>

2. Aggrieved by the said order dated 20.7.2016, the petitioner has sought review of the said order on the limited issue of “*non inclusion of liability discharged for approved work amounting to ₹34.07 lakh in additional capitalisation allowed in tariff for 2013-14*”.



3. The petitioner in the petition has submitted that the Commission has considered the discharge of liability during 2013-14 for allowed works as ₹103.90 lakh in para 59 of the order dated 20.7.2016. It has submitted that on reconciliation of tariff allowed by the Commission, it appears that discharge of liability for Rs 34.07 lakh has escaped the attention of the Commission while deciding the additional capitalisation for the 2013-14. The petitioner has also submitted that on detailed analysis, it appears that this liability discharge corresponding to allowed work of "up-gradation of ESP controllers" in 2012-13 has not been considered in calculation. It has further submitted that liability of ₹43.02 lakh was created in 2012-13 for this work from which ₹34.07 lakh has been discharged in 2013-14 (as per details of liability provided in page 65, Item No.46 of the main petition). Accordingly, the petitioner has submitted that the liability discharged for 2013-14 may therefore be revised to ₹137.98 lakh instead of ₹103.90 lakh, after including Rs 34.07 lakh and the tariff allowed for the period 2009-14 vide order dated 20.7.2016 may be revised. Consequent upon this, the petitioner has prayed that the opening capital cost as on 1.4.2014 may be revised and the tariff allowed for the period 2014-19 vide order dated 29.7.2016 in Petition No. 281/GT/2014 may be modified.

4. Heard the representative of the petitioner on 'admission'. During the hearing, the representative of the petitioner has reiterated the submissions made above and prayed that the review petition may be allowed and tariff determined by Commission's order dated 20.7.2016 in Petition No. 207/GT/2014 for 2009-14 and order dated 29.7.2016 in Petition No. 281/GT/2014 for 2014-19.

5. We have examined the submissions and the documents available on record. It is observed that the Commission in its order dated 20.7.2016 had considering the discharge of liability of ₹103.90 lakh in 2013-14 in respect of allowed works and had accordingly decided the additional capital expenditure allowed for the period 2013-14. It is however noticed that out of the liability of ₹43.02 lakh created in 2012-13 for the work of "up-



gradation of ESP controllers", an amount of ₹34.07 lakh had been discharged by the petitioner in 2013-14 as per the liability statement furnished in page 65 of the original petition. The liability discharge of ₹34.07 lakh corresponding to the allowed work of "up-gradation of ESP controllers" had inadvertently escaped the attention of the Commission while considering the additional capital expenditure allowed for 2013-14. In our view, the non consideration of the said amount of ₹34.07 lakh towards liability discharged for the allowed work of "up-gradation of ESP controllers" in 2013-14 in order dated 20.7.2016 is an error apparent on the face of the record and the same is required to be corrected. Accordingly, the prayer of the petitioner for review of order dated 20.7.2016 is accepted and in exercise of the power under Regulation 103A of the CERC (Conduct of Business) Regulations, 1999 as amended, the liability discharge of ₹34.07 lakh corresponding to the allowed work of "up-gradation of ESP controllers" in 2013-14 is considered and the total discharge of liabilities in 2013-14 is revised as ₹137.98 lakh and allowed. Accordingly, the annual fixed charges of the generating station are revised as stated in the subsequent paragraphs.

6. The relevant paragraphs in the order dated 20.7.2016 is amended as stated below

"59. Considering the discharges of liabilities during the period 2012-14, the net additional capital expenditure allowed is as under:

	<i>(₹ in lakh)</i>	
	<b>2012-13</b>	<b>2013-14</b>
Admitted additional capital expenditure allowed	2244.99	1733.75
Add: Discharges of liabilities	60.24	137.98
<b>Total additional capital expenditure allowed</b>	<b>2305.23</b>	<b>1950.21</b>

"60. Accordingly, the capital cost considered for the purpose of tariff for the period 2009-14 is as under:



	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	251595.54	252221.97	252886.95	253773.26	256078.50
Add: Additional capital expenditure	626.43	664.97	886.32	2305.24	1950.21
<b>Closing Capital Cost</b>	<b>252221.97</b>	<b>252886.95</b>	<b>253773.26</b>	<b>256078.50</b>	<b>258028.71</b>
<b>Average Capital Cost</b>	<b>251908.76</b>	<b>252554.46</b>	<b>253330.11</b>	<b>254925.88</b>	<b>257053.60</b>

### Return On Equity

"62. The petitioner has considered pre tax ROE of 22.944% during 2012-13 and 2013-14. The respondent, BRPL has submitted that the petitioner may be directed to furnish the actual tax rate paid against the generating station duly audited and certified by auditors as per requirements of Regulation 6(3) of the Tariff Regulations, 2009. In response, the petitioner submitted that RoE claim of petitioner is strictly as per Regulation 15(3) of the 2009 Tariff Regulations. In view of the fact that pre-tax ROE works out to 23.481%, considering the actual tax rate for 2013-14, the same has been considered. Accordingly, return on equity is worked out as under:

	(₹ in lakh)	
	2012-13	2013-14
Opening Equity	126304.60	126996.17
Addition of Equity due to additional capital expenditure	691.57	585.06
Closing Equity	126996.17	127581.23
Average Normative Equity	126650.38	127288.70
Return on Equity (Base Rate)	15.500	15.500
Tax Rate for the year	32.445	33.990
Rate of Return on Equity (Pre Tax)	22.944	23.481
<b>Return on Equity (Pre Tax) annualised</b>	<b>29058.66</b>	<b>29888.66</b>

### Interest on loan

"64. The necessary calculations for interest on loan are given as under:

	(₹ in lakh)	
	2012-13	2013-14
Gross opening loan	127468.66	129082.33
Cumulative repayment of loan upto previous year	127468.66	129082.33
Net Loan Opening	0.00	0.00
Addition due to additional capital expenditure	1613.67	1365.15
Repayment of loan during the year	2197.84	1526.91
Less: Repayment adjustment on account of de-capitalization	592.42	162.33
Add: Repayment adjustment on account of discharges corresponding to un-discharged liabilities deducted as on 1.4.2009	8.24	0.57



	<b>2012-13</b>	<b>2013-14</b>
Net Repayment	1613.67	1365.15
Net Loan Closing	0.00	0.00
Average Loan	0.00	0.00
Weighted Average Rate of Interest of loan	9.600	9.333
<b>Interest on Loan</b>	0.00	0.00

## Depreciation

"65. The cumulative depreciation as on 31.3.2009 as per order dated 21.12.2015 in Petition No. 243/GT/2013 works out to ₹144080.15 lakh. Proportionate adjustment has been made to this cumulative depreciation on account of the un-discharged liabilities deducted as on 1.4.2009. Accordingly, the revised cumulative depreciation as on 1.4.2009 works out to ₹143814.42 lakh. The value of freehold land considered in order dated 21.12.2015 in Petition No. 243/GT/2013 and order dated 15.4.2013 in Petition No. 23/RP/2012 in Petition No. 228/2009 is ₹3457.99 lakh (inclusive of liabilities of freehold land amounting to ₹1009.17 lakh) and subsequent discharges/reversal and the same has been considered for the purpose of calculating the depreciable value. The cumulative depreciation has been adjusted for de-capitalization, if any, considered during the period 2009-14. Necessary calculations in support of depreciation are as under:

	<i>(₹ in lakh)</i>	
	<b>2012-13</b>	<b>2013-14</b>
Opening Capital Cost	253773.26	256078.50
Add: Additional Capital Expenditure	2305.24	1950.21
Closing Capital Cost	256078.50	258028.71
Average Capital Cost	254925.88	257053.60
Balance useful life	9.99	8.99
Depreciable value (excluding land) @ 90%	226907.26	228800.33
Balance depreciable Value	64548.72	60732.09
<b>Depreciation (annualized)</b>	<b>6461.33</b>	<b>6755.52</b>
Cumulative depreciation at the end	162358.54	168068.25
Less: Cumulative Depreciation adjustment on account of un-discharged liabilities	10.03	0.59
Less: Cumulative Depreciation reduction due to de-capitalization	761.66	208.70
Cumulative depreciation (at the end of the period)	168068.25	174615.65



"75. SBI PLR of 12.25% has been considered in the computation of the interest on working capital. Necessary computations in support of calculation of interest on working capital are as under:

	(₹ in lakh)	
	<b>2012-13</b>	<b>2013-14</b>
Coal Stock- 1-1/2 months	10002.41	10002.41
Oil stock-2 months	254.08	254.08
O&M expenses - 1 month	1280.00	1353.33
Spares	3072.00	3248.00
Receivables- 2 months	22877.64	23240.84
<b>Total Working Capital</b>	<b>37486.13</b>	<b>38098.67</b>
Rate of Interest	12.25	12.25
<b>Total Interest on working capital</b>	<b>4592.05</b>	<b>4667.09</b>

### Annual Fixed Charges

"77. Accordingly, the revised annual fixed charges allowed for the period 2009-14 are summarized as under:

	(₹ in lakh)	
	<b>2012-13</b>	<b>2013-14</b>
Depreciation	6461.33	6755.52
Interest on Loan	0.00	0.00
Return on Equity	29058.66	29888.66
Interest on Working Capital	4592.05	4667.09
O&M Expenses	15360.00	16240.00
Cost of Secondary fuel oil	1524.49	1524.49
Compensation Allowance	250.00	350.00
<b>Total</b>	<b>57246.54</b>	<b>59425.75</b>

7. All other terms contained in order dated 20.7.2016 in Petition No. 207/GT/2014 remain unaltered. Consequent upon the revision of capital cost as on 31.3.2014 by this order, the capital cost as on 1.4.2014 shall be revised and tariff determined by order dated 29.7.2016 in Petition No. 281/GT/2014 for the period 2014-19 will be amended through a separate order.

8. Petition No. 41/RP/2016 is disposed of in terms of the above.

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

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

