

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 206/GT/2015**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson**

**Shri A. K. Singhal, Member**

**Shri A.S.Bakshi, Member**

**Dr. M.K.Iyer, Member**

**Date of Order: 14<sup>th</sup> September, 2016**

**In the matter of**

Revision of tariff for Mejia Thermal Power Station, Unit Nos. 7 & 8 (1000 MW) from the respective dates of their commercial operation till 31.3.2014-Truing-up of tariff determined by order dated 20.3.2015 in Petition No. 89/GT/2011.

**And in the matter of**

Damodar Valley Corporation  
DVC Towers, VIP Road  
Kolkata-700054

**...Petitioner**

Vs

1. Delhi Transco Ltd  
Shakti Sadan,  
Kotla Road,  
New Delhi – 110002

(a) BSES-Rajdhani Power Ltd  
BSES Bhawan, Nehru Place,  
New Delhi - 110019

(b) BSES-Yamuna Power Ltd  
Shakti Kiran Building,  
Karkardooma, Delhi- 110092

(c) North Delhi Power Ltd  
33 kV Sub-Station Building  
Hudson Lane, Kingsway Camp,  
New Delhi-110009

2. Haryana Power Generation Corporation Ltd  
Shakti Bhawan, Sector – 6,  
Panchkula – 134109

**...Respondents**

**Parties present:**

Shri. M.G. Ramachandran, Advocate DVC  
Ms. Anushree Bardhan, Advocate, DVC  
Shri Subrata Ghosal, DVC  
Shri Jisnu Dutta, DVC  
Shri Bishnu Pada Kayal, DVC



## ORDER

The petitioner, DVC has filed this petition for revision of tariff of Mejja Thermal Power Station, Unit Nos. 7 & 8 (1000 MW) ('the generating station') for the period from the actual date of commercial operation of the respective units till 31.3.2014 after truing-up exercise based on Regulation 6(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("the 2009 Tariff Regulations").

2. The project comprises of two units of 500 MW each. Unit No.7 had been declared under commercial operation on 2.8.2011 and Unit No. 8 on 16.8.2012. Accordingly, Petition No. 89/GT/2011 was filed by the petitioner for determination of tariff from the COD of Unit-I till 31.3.2014 and the Commission by order dated 20.3.2015 had approved the capital cost and the annual fixed charges of the generating station as detailed under:

### **Capital Cost**

	<b>2.8.2011 to 31.3.2012</b>	<b>2012-13</b>		<b>2013-14</b>
		<b>1.4.2012 to 15.8.2012</b>	<b>16.8.2012 to 31.3.2013</b>	
		<i>(₹ in lakh)</i>		
Opening Capital cost	224801.95	224872.46	484531.90	484935.30
Additional Capital Expenditure	70.51	0.00	403.40	20420.00
Closing Capital cost	224872.46	224872.46	484935.30	505355.30
Average Capital cost	224837.21	224872.46	484733.60	495145.30

### **Annual Fixed Charges**

	<b>2011-12</b>	<b>2012-13</b>		<b>2013-14</b>
	<b>2.8.2011 to 31.3.2012</b>	<b>1.4.2012 to 15.8.2012</b>	<b>16.8.2012 to 31.3.2013</b>	
	<i>(₹ in lakh)</i>			
Depreciation	16017.96	16020.47	34099.94	34727.51
Interest on Loan	14924.27	14156.55	30711.70	28795.30
Return on Equity	11292.77	11294.82	24347.43	24952.67
Interest on Working Capital	3967.01	3966.68	10270.61	10309.56
O&M Expenses	7265.00	7680.00	15360.00	16240.00
Cost of Secondary fuel oil	1833.41	1828.40	4092.01	4092.01
<b>Total</b>	<b>55300.41</b>	<b>54946.91</b>	<b>118881.69</b>	<b>119117.04</b>
Contribution to Sinking fund	0.00	1102.07	1102.07	1179.21
<b>Total</b>	<b>55300.41</b>	<b>56048.98</b>	<b>119983.75</b>	<b>120296.26</b>



3. 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 presently seeks revision of the annual fixed charges based on the actual additional capital expenditure incurred for the period 2011-14 in accordance with clause (1) of Regulation 6 of the 2009 Tariff Regulations. Accordingly, the capital cost and the annual fixed charges claimed by the petitioner are as under:

**Capital Cost**

(₹ in lakh)

	2011-12	2012-13		2013-14
	(2.8.2011 to 31.3.2012)	(1.4.2012 to 15.8.2012)	(16.8.2012 to 31.3.2013)	
Opening Capital cost	224801.95	224371.97	484531.90	494905.39
Additional capital expenditure	0.00	0.00	(-) 905.54	(-) 1338.56
<b>Closing Capital cost</b>	<b>224801.95</b>	<b>224371.97</b>	<b>483626.36</b>	<b>493566.82</b>
<b>Average Capital cost</b>	<b>224801.95</b>	<b>224371.97</b>	<b>484079.13</b>	<b>494236.11</b>

**Annual Fixed Charges**

(₹ in lakh)

	2011-12	2012-13		2013-14
	(2.8.2011 to 31.3.2012)	(1.4.2012 to 15.8.2012)	(16.8.2012 to 31.3.2013)	
Depreciation	11888.16	6814.60	24761.66	38213.24
Interest on Loan	10065.31	5519.80	20181.98	29558.71
Return on Equity	7488.00	4226.85	15389.82	24894.81
Interest on Working Capital	2661.80	1508.74	6522.40	10406.04
O&M Expenses	4823.48	2882.63	9594.74	16240.00
Cost of Secondary fuel oil	1217.26	686.27	2556.10	4092.01
<b>Total</b>	<b>38144.02</b>	<b>21638.90</b>	<b>79006.71</b>	<b>123404.80</b>
Share of common office expenditure	133.89	65.62	109.21	188.10
Share of pension and gratuity	3660.12	2118.06	3524.95	8010.55
Interest & Contribution on Sinking Fund	0.00	416.34	692.88	1842.31
Adjustment for secondary fuel oil	20.58	121.92	476.34	659.48
Additional O&M due to CISF security mega insurance and share of subsidiary activities.	0.00	0.00	1501.06	1724.41
<b>Total</b>	<b>41958.60</b>	<b>24360.84</b>	<b>85311.15</b>	<b>135829.65</b>



5. This petition was clubbed with Petition No.207/GT/2015 filed by the petitioner for determination of tariff of Unit Nos. I & II of the generating station for the period 2014-19 and the Commission after directing the petitioner to file additional information reserved its order in these petitions. In compliance with the directions, the petitioner has filed additional information with copy to the respondents. None of the respondents have filed replies in the matter. We now proceed to revise the annual fixed charges of this generating station as claimed in this petition after truing-up exercise based on the submissions and documents available on record as stated in the subsequent paragraphs. The annual fixed charges claimed in Petition No. 207/GT/2015 in respect of this generating station for the period 2014-19 shall however be determined by a separate order.

### **Capital cost**

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

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

7. The annual fixed charges claimed in the petition is based on opening capital cost after considering as on COD of Unit-7 as ₹224801.95 lakh and COD of Unit-8 as ₹484531.90 lakh as determined by Commission’s order dated 20.3.2015 in Petition No. 89/GT/2011. Accordingly, the capital cost allowed as on COD Unit-7 is ₹224801.95 lakh after adjustments of un-discharged liabilities of ₹19384.62 lakh and the capital cost as on COD of Unit-8 allowed is ₹484531.90 lakh, on cash basis. Further, out of un-discharged liabilities amounting to ₹19384.62 lakh as on 2.8.2011 deducted as on COD of Unit-7, the petitioner has discharged amounts of ₹70.51 lakh in 2011-12, ₹52.64 lakh, ₹11471.93 lakh in 2012-13 and ₹25.05 lakh in 2013-14 respectively.



## Actual Additional Capital Expenditure

8. Regulation 9 of the 2009 Tariff Regulations, as amended on 21.6.2011 and 31.12.2012, 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-materialisation of full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station.

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

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

9. The projected additional capital expenditure allowed in order dated 20.2.2015 and those actually incurred and claimed by the petitioner in this petition is as under:

(₹ in lakh)

	2012-13 (16.8.2012 to 31.3.2013)	2013 - 14
Projected additional capital expenditure allowed in order dated. 20.3.2015 in Petition No. 89/GT/2011	403.40	20420.00
Actual additional capital expenditure claimed	(-) 905.54	(-) 1338.56

10. The break-up details of the additional capital expenditure claimed by the petitioner for the period 2012-14 are as under:

(₹ in lakh)

SI No	Activity	Regulation	2012-13 (actual)	2013-14 (actual)	Total
1	Buildings	9(1)(i) & (ii)	2096.34	(-) 5479.44	(-) 3383.10
2	Roads culverts and Railway sidings	9(1)(i) & (ii)	97.69	67.94	165.63
4	Barrage gates	9(1) (i) & (ii)	743.09	(-) 263.58	479.51
5	Power House-Plant and Machinery	9(1) (i) & (ii)	(-) 4207.42	4424.47	217.05
6	Switchgear	9(1)(i) & (ii)	58.84	(-) 49.89	8.95
7	Construction Equipments	9(1)(i) & (ii)	11.73	(-) 18.48	(-) 6.75
8	Other assets	9(1)(i) & (ii)	294.19	(-) 19.58	274.61
	<b>TOTAL</b>		<b>(-) 905.54</b>	<b>(-) 1338.56</b>	<b>(-) 2244.10</b>



11. The actual additional capital expenditure claimed for the years 2012-13 and 2013-14 under Regulation 9 (1) (i) & 9 (1) (ii) of the 2009 Tariff Regulations are mainly deferred works under the original scope of work, which comprise of Plant & Equipment, Switchgear, Building, Roads, Barrage gates etc., The same is examined as under:

### **Buildings**

12. The petitioner has claimed actual additional capital expenditure of (-) ₹3383.10 lakh during 2012-14 (i.e ₹2096.34 lakh in 2012-13 and (-)₹5479.44 lakh in 2013-14) for Buildings under Regulation 9 (1)(i)&9(1)(ii) of the 2009 Tariff Regulations. In justification of the same the petitioner has submitted that these are deferred works relating to works within the original scope of work. It is observed that capital expenditure of ₹2096.34 lakh incurred in 2012-13 pertains to the works deferred for execution relating to the works/services within the original scope of work. Also, the capitalization of (-) ₹5479.44 lakh in 2013-14 comprises of (-) ₹7825.82 lakh against rectification and consequent adjustment made by the petitioner for various buildings. Further, the expenditure of ₹2346.38 lakh pertains to deferred works/liabilities within the original scope of works and within cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹2096.34 lakh in 2012-13 and (-) ₹5479.44 lakh in 2013-14 towards Buildings is allowed under Regulation 9(1)(i) and 9(1)(ii) of the 2009 Tariff Regulations.

### **Roads Culverts and Railway sidings**

13. The petitioner has claimed actual additional capital expenditure of ₹165.63 lakh during 2012-14 (₹97.69 lakh in 2012-13 and ₹67.94 lakh in 2013-14) for Roads under Regulation 9(1)(i) & 9(1)(ii) of the 2009 Tariff Regulations. It is observed that the capital expenditure of ₹97.69 lakh in 2012-13 comprises of (-) ₹1417.39 lakh against rectification



and consequent adjustment made by the petitioner for 'Roads MTPS 7& 8' and ₹1515.09 lakh pertains to deferred works within the original scope of works and within the cut-off date of the generating station. Also, the capitalization of ₹67.94 lakh in 2013-14 comprises of (-) ₹27.48 lakh against the rectification and consequent adjustment made by the petitioner for 'Access Road MTPS 7 & 8' and ₹95.42 lakh pertains to deferred works/liabilities within the original scope of works and within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹97.69 lakh in 2012-13 and ₹67.94 lakh in 2013-14 towards Roads Culverts and Railway sidings is allowed under Regulation 9(1)(i) and 9(1)(ii) of the 2009 Tariff Regulations.

### **Barrage gates & Others**

14. The petitioner has claimed actual additional capital expenditure of ₹479.51 lakh during 2012-14 (₹743.09 lakh in 2012-13 and (-) ₹263.58 lakh in 2013-14) for Barrage gates & Others under Regulation 9(1)(i)& 9(1)(ii) of the 2009 Tariff Regulations. It is observed that the capitalization of ₹743.09 lakh in 2012-13 pertains to deferred works within the original scope of work within the cut-off date of the generating station. Also, the actual additional capital expenditure (-) ₹263.58 lakh in 2013-14 comprises of (-) ₹214.85 lakh against rectification and consequent adjustment made by the petitioner for 'Barrage gates & Others' and ₹951.28 lakh pertains to deferred works/liabilities within the original scope of works and within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹743.09 lakh in 2012-13 and (-) ₹263.58 lakh in 2013-14 for Barrage gates & Others' is allowed under Regulation 9(1)(i) and 9(1)(ii) of the 2009 Tariff Regulations.

### **Power House Plant and Machinery**

15. The petitioner has claimed actual additional capital expenditure of ₹217.05 lakh during 2012-14 ((-) ₹4207.42 lakh in 2012-13 and ₹4424.47 lakh in 2013-14) towards





Power House Plant and Machinery under Regulation 9(1)(i)&9(1)(ii) of the 2009 Tariff Regulations. It is observed that the capitalization of (-)₹4207.42 lakh in 2012-13 comprises of (-)₹8420.19 lakh against rectification and consequent adjustment made by the petitioner for Power House Plant and Machinery and ₹4212.77 lakh pertains to deferred works within the original scope of works and within the cut-off date of the generating station. Also, the capitalization of ₹4424.47 lakh in 2013-14 comprises of ₹2211.02 lakh against rectification and consequent adjustment made by the petitioner for Plant and Machinery and ₹2213.45 lakh pertains to deferred works/liabilities within the original scope of works and within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of (-) ₹4207.42 lakh in 2012-13 and ₹4424.47 lakh in 2013-14 towards Plant and Machinery is allowed under Regulation 9(1)(i) and 9(1)(ii) of the 2009 Tariff Regulations.

### **Switchgear**

16. The petitioner has claimed actual additional capital expenditure of ₹8.95 lakh during 2012-14 (₹58.84 lakh in 2012-13 and (-)₹49.89 lakh in 2013-14) for Switchgear under Regulation 9(1)(ii) of the 2009 Tariff Regulations. It is observed that the capital expenditure of ₹58.84 lakh in 2012-13 pertains to deferred works within the original scope of works and within the cut-off date of the generating station. Also, the capitalization of (-)₹49.89 lakh in 2013-14 comprises of (-) ₹173.37 lakh against rectification and consequent adjustment made by the petitioner for Switchgear and ₹123.48 lakh pertains to deferred works/liabilities within the original scope of works and within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹58.84 lakh in 2012-13 and (-)₹49.89 lakh in 2013-14 towards Switchgear is allowed under Regulation 9(1)(ii) of the 2009 Tariff Regulations.



### **Construction Equipments**

17. The petitioner has claimed actual additional capital expenditure of (-)₹6.75 lakh during 2012-14 (₹11.73 lakh in 2012-13 and (-) ₹18.48 lakh in 2013-14) towards Construction equipment under Regulation 9(1)(i)and Regulation 9(1)(ii) of the 2009 Tariff Regulations. It is observed that the capital expenditure of ₹11.73 lakh in 2012-13 pertains to deferred works within the original scope of works and within the cut-off date of the generating station. Also, the capitalization of (-) ₹18.48 lakh in 2013-14 comprises of (-) ₹18.96 lakh against rectification and consequent adjustment made by the petitioner for construction equipment and ₹0.47 lakh pertains to deferred works/liabilities within the original scope of works and within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹11.73 lakh in 2012-13 and (-)₹18.48 lakh in 2013-14 for Construction equipment is allowed under Regulation 9(1)(ii) of the 2009 Tariff Regulations.

### **Other assets**

18. The petitioner has claimed actual additional capital expenditure of ₹274.61 lakh during 2012-14 (₹294.19 lakh in 2012-13 and (-)₹19.58 lakh in 2013-14) towards Construction equipment under Regulation 9(1)(i)of the 2009 Tariff Regulations. The capital expenditure of ₹294.19 lakh in 2012-13 pertains to deferred works within the original scope of works within the cut-off date of the generating station. Also, the capitalization of (-)₹19.58 lakh in 2013-14 comprises of (-)₹129.08 lakh against rectification and consequent adjustment made by the petitioner for construction equipment and ₹109.50 lakh pertains to deferred liabilities within the original scope of works within the cut-off date of the generating station. Accordingly, the net additional capital expenditure of ₹294.19 lakh in 2012-13 and (-) ₹19.58 lakh in 2013-14 towards Construction equipment is allowed under Regulation 9(1)(i) of the 2009 Tariff Regulations.



19. The petitioner has further submitted that the projected additional capital expenditure allowed in respect of some of the assets/works for which orders were placed during the period 2012 -14, could not be completed and assets could not be put to use during the period 2012- 14 due to uncontrollable factors. Accordingly, the petitioner has prayed for liberty to claim and capitalize the said expenditure in respect of those assets during the tariff period 2014-19. The prayer of the petitioner is considered and the petitioner is granted liberty to claim the expenditure, which will be considered in accordance with the provisions of the 2014 Tariff Regulations.

20. Based on the above discussions, the actual additional capital expenditure claimed by the petitioner as detailed in the table under para 10 above is allowed.

**Reconciliation of additional capital expenditure as per books of accounts vis-à-vis claimed for the years 2012-13 and 2013-14**

21. The Commission vide ROP of the hearing dated 12.1.2016 had directed the petitioner to furnish the duly reconciled station wise annual accounts for the years 2012-13 and 2013-14. In response, the petitioner vide affidavit dated 27.1.2016 has furnished the 'Statement of closing balance of gross value of fixed assets of station-wise and DVC as a whole as on 31.3.2013 and as on 31.3.2014 as per Audited accounts. Also, the additional capitalization of (-)₹1338.56 lakh in 2013-14 has been reconciled with the closing gross block and opening gross block for the year 2013-14. For reconciliation of the additional capital expenditure of (-)₹905.54 lakh in 2012-13, the opening gross block as on 16.8.2012 (COD of Unit-II/station) and the closing gross block as on 31.3.2013 are required to be furnished by the petitioner. Since the opening gross block as on 16.8.2012 (COD of Unit-II/station) has not been furnished by the petitioner, the additional capital expenditure in 2012-13 could not be reconciled with the books of accounts of the Petitioner company. However, the petitioner has furnished the additional capital expenditure for 2012-13 and



2013-14 duly certified by Auditor. In view of this, the reconciliation of the additional capital expenditure as furnished below has been considered.

Sl. No.		(₹ in lakh)	
		2012-13 16.8.2012 to 31.3.2013	2013-14
1	Opening Gross Block as per fixed assets as furnished by petitioner as on 16.8.2012 and as per audited balance sheet as on 31.3.2013 (A)	530456.42	529550.88
2	Closing gross block as per audited balance sheet as on 31.3.2014 (B)	529550.88	528212.32
3	<b>Additions during the year C=(B-A)</b>	<b>(-) 905.54</b>	<b>(-) 1338.56</b>

22. Considering the discharge of liabilities during the period 2011-14, the net additional capital expenditure allowed is as under:

	(₹ in lakh)			
	2011-12 2.8.2011 to 31.3.2012	2012-13 1.4.2012 to 15.8.2012		2013-14 16.8.2012 to 31.3.2013
Admitted additional capital expenditure (excluding discharges)	0.00	0.00	(-) 905.54	(-) 1338.56
Add: Discharge of liabilities	70.51	52.64	11471.93	25.05
<b>Net Additional capital expenditure</b>	<b>70.51</b>	<b>52.64</b>	<b>10566.39</b>	<b>(-) 1313.51</b>

23. Based on the above, the capital cost considered for the purpose of tariff for the period 2011-14 is summarized as under:

	(₹ in lakh)			
	2011-12 2.8.2011 to 31.3.2012	2012-13 1.4.2012 to 15.8.2012		2013-14 16.8.2012 to 31.3.2013
Opening Capital cost	224801.95	224872.46	484531.90	495098.29
Add: Net additional capital expenditure	70.51	52.64	10566.39	(-) 1313.51
<b>Closing Capital cost</b>	<b>224872.46</b>	<b>224925.10</b>	<b>495098.29</b>	<b>493784.79</b>
<b>Average Capital cost</b>	<b>224837.21</b>	<b>224898.78</b>	<b>489815.10</b>	<b>494441.54</b>

### Debt-Equity Ratio

24. The Commission in its order dated 20.3.2015 in Petition No. 89/GT/2011 had considered the debt-equity ratio of 74.08:25.92 based on details of actual loan position and cumulative cash expenditure as furnished by the petitioner. The petitioner in this



petition has not revised the details of the actual loan position and cumulative cash expenditure as submitted earlier. As such, the debt-equity ratio of 74.08:25.92 has been considered for the purpose of tariff. However, the normative debt equity ratio of 70:30 has been considered in the case of additional capital expenditure.

### Return on Equity

25. The petitioner has claimed return on equity considering the base rate of 15.5% and gross rate of 19.377% with applicable MAT rate. However, it is observed that no tax has been paid by the petitioner in the years 2011-12 and 2013-14. Hence, MAT rate is not applicable. Accordingly, the applicable tax rate considered for the years 2011-12 and 2013-14 is 0.00%. Based on the above, the rate of ROE works out to 15.50% for the years 2011-12 and 2013-14. Further, tax has been paid by the petitioner in 2012-13 only and so the MAT rate has been considered for grossing up resulting in pre-tax rate of 19.377% in 2012-13 and Return on Equity has been considered in the year 2012-13 accordingly. Therefore, return on equity has been worked out as under:

	2011-12	2012-13		(₹ in lakh) 2013-14
		1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Notional Equity- Opening	58268.67	58289.82	125590.67	128760.59
Addition of equity due to additional capital expenditure	21.15	15.79	3169.92	(-) 394.05
Normative Equity-Closing	58289.82	58305.61	128760.59	128366.53
Average Normative Equity	58279.24	58297.71	127175.63	128563.56
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%
Tax Rate for respective years	0.000%	20.008%	20.008%	0.000%
Rate of Return on Equity (Pre Tax)	15.500%	19.377%	19.377%	15.500%
<b>Return on Equity(Pre Tax)- Annualised</b>	<b>9033.28</b>	<b>11296.35</b>	<b>24642.82</b>	<b>19927.35</b>

### Interest on loan

26. Interest on loan has been worked out as mentioned below:

(a) The gross normative loan amounting to ₹166533.28 lakh has been considered as on the COD of Unit-7 as on 2.8.2011.



(b) Net loan opening as on 2.8.2011 is same as the gross loan. Hence, cumulative repayment of loan up to previous year/period is 'nil'.

(c) Addition to normative loan on account of approved additional capital expenditure has been considered.

(d) Depreciation allowed for the period has been considered as repayment of normative loan during the respective years.

27. The necessary calculations for the interest on loan are as under:

	2011-12	2012-13		(₹ in lakh)
		1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	2013-14
Gross opening loan	166533.28	166582.64	358941.23	366337.71
Cumulative repayment of loan up to previous year	0.00	10603.35	16503.36	37888.53
Net Loan Opening	166533.28	155979.29	342437.87	328449.18
Addition due to Additional capitalisation	49.36	36.85	7396.48	(-) 919.46
Repayment of loan during the year	10603.35	5900.02	21385.16	34802.87
Net Loan Closing	155979.29	150116.13	328449.18	292726.86
Average Loan	161256.29	153047.71	335443.53	310588.02
Weighted Average Rate of Interest on Loan	9.3769%	9.7517%	9.7563%	9.7663%
<b>Interest on Loan</b>	<b>15120.79</b>	<b>14924.81</b>	<b>32727.03</b>	<b>30333.07</b>

## Depreciation

28. Depreciation has been calculated considering the weighted average rate of depreciation computed on the gross value of asset as per rates approved by C&AG. The necessary calculations in support of depreciation are as shown below:

	2011-12	2012-13		(₹ in lakh)
		1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	2013-14
Average Capital Cost	224837.21	224898.78	489815.10	494441.54
Depreciable value @ 90%	202353.48	202408.90	440833.59	444997.39
Balance depreciable value	202353.48	191805.56	424330.22	407108.86
Rate of Depreciation	7.1031%	6.9894%	6.9894%	7.0388%
Depreciation	10603.35	5900.02	21385.16	34802.87
<b>Depreciation (annualized)</b>	<b>15970.47</b>	<b>15719.02</b>	<b>34235.02</b>	<b>34802.87</b>
Cumulative depreciation at the end	10603.35	16503.36	37888.53	72691.39



### Normative Annual Plant Availability Factor

29. The Normative Annual Plant Availability factor of 85% as considered in order dated 20.3.2015 has been considered for the purpose of tariff.

### O&M expenses

30. The O&M expenses as allowed in order dated 20.3.2015 in Petition No. 89/GT/2011 is allowed as under:

	(₹ in lakh)			
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2012	
O&M Expenses ( <i>Pro rata</i> )	4823.48	2882.63	9594.74	16240.00
O&M Expenses ( <i>annualized</i> )	7265.00	7680.00	15360.00	16240.00

### Additional O&M due to CISF Security, Mega Insurance and share of Subsidiary activities

31. In addition, the petitioner has claimed additional O&M expenses on Mega insurance, CISF Security and Share of Subsidiary activity as given under:

	(₹ in lakh)	
	2012-13	2013-14
CISF Security	654.54	914.89
Mega Insurance	151.18	113.99
Share of subsidiary activities	695.34	695.53
<b>Total</b>	<b>1501.06</b>	<b>1724.41</b>

### CISF Security

32. The petitioner has claimed amount of ₹654.54 lakh in 2012-13 and ₹914.89 lakh in 2013-14 as additional O&M expenses towards CISF security. In response to the directions of the Commission vide ROP of the hearing dated 22.1.2016, the petitioner vide affidavit dated 27.1.2016 has furnished the details regarding the CISF personal deployed and the expenses for CISF deployment. However, the details of the actual O&M expenditure of the generating station incurred during the tariff period since COD of Unit-I, as sought for in the ROP has not been furnished by the petitioner. In the absence of the actual O&M



expenses, the claim of the petitioner for additional expenditure incurred on CISF security has not been considered and hence not allowed.

### **Mega Insurance**

33. The petitioner has claimed expenditure of ₹151.18 lakh in 2012-13 and ₹113.99 lakh in 2013-14 as additional O&M expenses towards Mega Insurance. In response to the directions of the Commission vide ROP of the hearing dated 22.1.2016, the petitioner vide affidavit dated 27.1.2016 has furnished the details of Mega insurance. However, the details of the actual O&M expenditure of the generating station incurred during the tariff period since COD of Unit-I to 31.3.2014, as sought for in the ROP has not been furnished by the petitioner. In the absence of the actual O&M expenses, the claim of the petitioner for additional expenses towards Mega insurance has not been considered and hence not allowed.

### **Share of subsidiary activities**

34. The Commission in its order dated 9.7.2013 in Petition No.269/GT/2012 had allowed additional O&M expenses towards the share of subsidiary activities on the ground that the normative O&M expenses for 2009-14 allowed to the generating station do not include revenue expenses on subsidiary activities. However, the said amount was limited to the expenditure required for soil conservation, in terms of the judgment of the Tribunal date 23.11.2007 in Appeal No. 273/2006.

35. The petitioner has claimed expenditure of ₹695.34 lakh in 2012-13 and ₹695.53 lakh in 2013-14 as additional O&M expenses towards Share of subsidiary activities.

36. The Commission vide ROP of the hearing dated 22.1.2016 had directed the petitioner to submit additional information on the following:

*“Details of expenditure on subsidiary activity indicating the name of all subsidiary activities with justification for each activity”*





37. In response, the petitioner vide affidavit dated 27.1.2016 has submitted that it has been undertaking subsidiary activities in the Damodar Valley area since its inception. It has also submitted that in many respects, the need for increasing the subsidiary activities has now arisen particularly in the context of the urgent need in regard to soil erosion, conservation of reservoirs, check dam, flood control, afforestation because of the increasing impact of environment. In addition, the petitioner has stated that there is also a need to increase social integration activities by establishing hospitals, schools, drinking water supply, sanitation, public health, training scheme, roads etc. The petitioner has also pointed out that the Commission had allowed the expenditure towards subsidiary activities in its order dated 9.7.2013 in Petition No.269/GT/2012.

38. The matter has been examined. It is noticed that despite specific direction of the Commission to submit the details of subsidiary activities with justification for each activity, the petitioner has not furnished any details of the subsidiary activities relating to Soil erosion. In the absence of any such details of the subsidiary activities undertaken, we are not inclined to consider the claim of the petitioner. Accordingly, the claim of the petitioner towards the share of subsidiary activity for this generating station has not been considered. In the absence of details of the expenditure incurred for Soil conservation, the claim of the petitioner towards the Share of subsidiary activities has not been allowed. Based on the above discussions, the additional O&M expenses claimed and allowed under various heads for the year 2012-14 is summarized as under:

	(₹ in lakh)			
	Claimed		Allowed	
	2012-13	2013-14	2012-13	2013-14
CISF Security	654.54	914.89	0.00	0.00
Mega Insurance	151.18	113.99	0.00	0.00
Share of subsidiary activities	695.34	695.53	0.00	0.00
<b>Total</b>	<b>1501.06</b>	<b>1724.41</b>	<b>0.00</b>	<b>0.00</b>



## **Interest on Working Capital**

39. Regulation 18(1)(a) of the 2009 Tariff Regulations provides that the working capital for coal based generating stations shall cover:

- (i) Cost of coal for 1.5 months for pit-head generating stations and two months for non-pithead generating stations, for generation corresponding to the normative annual plant availability factor;*
- (ii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel oil, cost of fuel oil stock for the main secondary fuel oil;*
- (iii) Maintenance spares @ 20% of operation and maintenance expenses specified in regulation 19.*
- (iv) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor; and*
- (v) O&M expenses for one month.*

40. Clause (3) of Regulation 18 of the 2009 Tariff Regulations as amended on 21.6.2011 provides as under:

*"Rate of interest on working capital shall be on normative basis and shall be considered as follows:*

*(i) SBI short-term Prime Lending Rate as on 01.04.2009 or on 1<sup>st</sup> April of the year in which the generating station or unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the unit or station whose date of commercial operation falls on or before 30.06.2010.*

*(ii) SBI Base Rate plus 350 basis points as on 01.07.2010 or as on 1<sup>st</sup> April of the year in which the generating station or a unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the units or station whose date of commercial operation lies between the period 01.07.2010 to 31.03.2014.*

*Provided that in cases where tariff has already been determined on the date of issue of this notification, the above provisions shall be given effect to at the time of truing up.*

41. Working capital has been calculated considering the following elements:

## **Fuel components in working capital**

42. The fuel components in working capital for the years 2011-12 to 2013-14 as allowed in order dated 20.3.2015 is allowed as under:



	(₹ in lakh)			
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Coal stock for 2 months	11090.52	11060.22	25615.47	25615.47

### Cost of Secondary Fuel Oil

43. The cost of Secondary fuel oil as allowed in order dated 20.3.2015 is allowed as under:

(₹ in lakh)			
2011-12	2012-13		2013-14
2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
<b>305.57</b>	<b>304.73</b>	<b>682.00</b>	<b>682.00</b>

44. The petitioner has claimed following secondary fuel adjustment based on actual landed price of secondary fuel during the period from 2011-12 to 2013-14.

(₹ in Lakh)			
Unit-7 2.8.2011 to 31.3.2012	Unit-7 1.4.2012 to 15.8.2012	Unit-7&8 16.8.2012 31.3.2013	2013-14
20.58	121.92	476.34	659.48

### Adjustment of secondary fuel oil

45. Regulation 20 of the 2009 Tariff Regulations provides as under:

*"20. Expenses on secondary fuel oil consumption for coal-based and lignite-fired generating station.*

*(1) Expenses on secondary fuel oil in Rupees shall be computed corresponding to normative secondary fuel oil consumption (SFC) specified in clause (iii) of regulation 26, in accordance with the following formula: = SFC x LPSFi x NAPAF x 24 x NDY x IC x 10*

*Where, SFC – Normative Specific Fuel Oil consumption in ml/kWh*

*LPSFi – Weighted Average Landed Price of Secondary Fuel in ₹/ml considered initially*

*NAPAF – Normative Annual Plant Availability Factor in percentage*

*NDY – Number of days in a year*

*IC - Installed Capacity in MW*

*(2) Initially, the landed cost incurred by the generating company on secondary fuel oil shall be taken based on actuals of the weighted average price of the three preceding months and in the absence of landed costs for the three preceding months, latest procurement price for the generating station, before the start of the year.*



The secondary fuel oil expenses shall be subject to fuel price adjustment at the end of the each year of tariff period as per following formula:  $SFC \times NPAF \times 24 \times NDY \times IC \times 10 \times (LPSF_y - LPSF_i)$

Where,  $LPSF_y$  = The weighted average landed price of secondary fuel oil for the year in ₹/ml”

46. Based on the weighted average actual landed price of secondary fuel oil for the period from COD of Unit-7(2.8.2011) to 31.3.2014 as furnished by the petitioner and the weighted average landed price of secondary fuel oil considered in order dated 20.3.2015 in Petition No 89/GT/2011, the secondary fuel oil price adjustment for each year of the tariff period is computed as under.

	(₹ in lakh)				
	2011-12 Unit-7 (2.8.2011- 31.3.2012) (243 days)	2012-13 Unit-7 (1.4.2012- 15.8.2012) (137 days)		Unit-7 & 8 (16.8.2012- 31.3.2013) (228 days)	2013-14 Unit 7 &8 (365 days)
Weighted average landed price of secondary fuel oil based on landed price of secondary oil during preceding three months from COD of Unit-7 and COD of Unit-8/station considered in order dated 20.3.2015 in Petition No 89/GT/2011. (A)	0.049110828 (₹/ml)	0.049110828 (₹/ml)	0.05495575 (₹/ml)	0.05495575 (₹/ml)	0.05495575 (₹/ml)
Secondary fuel oil Cost as allowed in the order dated 20.3.2015 = $SFC \times NPAF \times 24 \times NDY \times IC \times 10 \times (A)$ (B)	1217.26	686.27	2556.10	4092.01	4092.01
Weighted average landed price of secondary fuel oil based on actual cost for the period as claimed in true-up petition. (C)	0.049941056 (₹/ml)	0.057835923 (₹/ml)	0.060868093 (₹/ml)	0.06381259 (₹/ml)	0.06381259 (₹/ml)
Secondary fuel oil Cost= $SFC \times NPAF \times 24 \times NDY \times IC \times 10 \times (C)$ (D)	1237.84	808.19	2831.10	4751.49	4751.49
<b>Secondary fuel oil price adjustment= (D)-(B)</b>	<b>20.58</b>	<b>121.92</b>	<b>275.00</b>	<b>659.48</b>	<b>659.48</b>

47. The secondary fuel oil price adjustment claimed by the petitioner is in order except that for the period from 16.8.2012 to 31.3.2013, the secondary fuel oil price adjustment works out to ₹275.00 lakh as against the amount of ₹476.34 lakh claimed by the petitioner. This variation in the claim is on account of the fact that the petitioner has considered the weighted average landed price of secondary fuel oil for preceding three months from COD of Unit-8/generating station as ₹0.049110828 /ml whereas the same was considered as ₹0.05495575 / ml in the Commission’s order dated 20.3.2015 in Petition No 89/GT/2011.



Accordingly, the secondary fuel price adjustment for the period 2011-14 is allowed as under:

	(₹ in lakh)			
	2011-12	2012-13	2012-13	2013-14
Adjustment for secondary fuel oil (annualized)	30.91	324.84	440.24	659.48
Adjustment for secondary fuel oil (Pro rata)	20.57	121.92	275.00	659.48

### Maintenance Spares

48. Maintenance spares as allowed in order dated 20.3.2015 is considered as under:

(₹ in lakh)			
2011-12	2012-13		2013-14
2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
1453.00	1536.00	3072.00	3248.00

### O&M Expenses for 1 month

49. O & M expenses for 1 month as allowed in order dated 20.3.2015 is allowed as under:

(₹ in lakh)			
2011-12	2012-13		2013-14
2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
605.42	640.00	1280.00	1353.33

### Receivables

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

(₹ in lakh)				
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Variable Charges -2 months	11090.52	11060.22	25615.47	25615.47
Fixed Charges - 2 months	8857.97	9237.44	20230.63	19271.05
<b>Total</b>	<b>19948.49</b>	<b>20297.66</b>	<b>45846.10</b>	<b>44886.52</b>



51. SBI Base Rate plus 350 basis points has been considered on all the above components of working capital for the purpose of calculating interest on working capital on annualized basis as under:

	(₹ in lakh)			
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Cost of coal – 2 months	11090.52	11060.22	25615.47	25615.47
Cost of secondary fuel oil – 2 months	305.57	304.73	682.00	682.00
O&M expenses – 1 month	605.42	640.00	1280.00	1353.33
Maintenance Spares	1453.00	1536.00	3072.00	3248.00
Receivables – 2 months	19948.49	20297.66	45846.10	44886.52
<b>Total working capital</b>	<b>33403.00</b>	<b>33838.61</b>	<b>76495.57</b>	<b>75785.33</b>
Rate of interest	11.7500%	11.7500%	13.5000%	13.5000%
<b>Interest on working capital</b>	<b>3924.85</b>	<b>3976.04</b>	<b>10326.90</b>	<b>10231.02</b>

### Operational Norms

52. The norms of operation as considered in order dated 20.3.2015 has been considered.

53. In addition to the above, the petitioner has claimed additional items as part of the annual fixed charges as detailed under:

### Contribution to Sinking Fund

54. Section 40 of the DVC Act provides that the petitioner shall make provision for depreciation and for reserve and other funds at such rates and on such terms as may be specified by the C&AG in consultation with the Central Government. Regulation 43(2)(iv) of the 2009 Tariff Regulations provides as under:

*“Funds under Section 40 of the Damodar Valley Corporation Act, 1948: The Fund(s) established in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be considered as items of expenditure to be recovered through tariff.”*

55. As per judgment of the Appellate Tribunal for Electricity (Tribunal) dated 23.11.2007 in Appeal No. 273/2006, sinking fund, established with the approval of Comptroller and Auditor General of India vide letter dated December 29, 1992 under the provision of Section 40 of the DVC Act, 1948 is to be taken as an item of expenditure to be recovered



through tariff. Accordingly, the contribution towards sinking fund created for redemption of bond was allowed in order dated 6.7.2015 in Petition No. 219/GT/2014. The relevant portion of the order is extracted as under:

*“87. It emerges from the above that the funds are being managed outside and the interest which accrues on the investment are being credited to the fund annually. Hence the claim of the petitioner towards interest on sinking fund cannot be considered as there is no actual cash outlay towards interest. Accordingly, the amount allowed towards contribution to the sinking fund has been worked out as under”*

56. Accordingly, in terms of Regulation 43(2)(iv) of the 2009 Tariff Regulations, the contribution towards sinking fund has been allowed as under;

	(₹ in lakh)			
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Contribution to sinking fund (annualized)	0.00	1109.22	1109.22	1842.31
Contribution to sinking fund (pro rata)	0.00	416.33	692.88	1842.30

57. This is however subject to the final decision of the Hon'ble Supreme Court in C.A.No.4289/2008.

### **Pension & Gratuity Contribution**

58. The Commission while determining the tariff of the generating & transmission systems of the petitioner in its order dated 3.10.2006 in Petition No. 66/2005 had allocated an amount of ₹14952 lakh towards the pension and gratuity contribution of Mejia, TPS, Unit-IV of the petitioner out of the total admitted claim of ₹169015 lakh allocated towards 'power business'. Subsequently, in order dated 6.8.2009 in Petition No. 66/2005, the Commission had allowed the petitioner to recover 60% of the said liability during the period 2006-09 and the balance 40% of liability during the period 2009- 14 in compliance of the directions contained in the judgment of the Tribunal. In line with this, the Commission vide its order dated 22.4.2013 in Petition No. 272/2010 had allowed the recovery of an amount of ₹92069.40 lakh, being 60% of ₹14952 lakh towards Pension and Gratuity Fund for all its generating stations along with the tariff for the period and 2006-09



and ₹61379.60 lakh, being the balance 40% amount in five equal yearly instalments along with the tariff for the period 2009-14.

59. The petitioner, in this petition has claimed expenditure of ₹3660.12 lakh in 2011-12, ₹5643.01 lakh in 2012-13 and ₹8010.55 lakh in 2013-14 towards share of Pension & Gratuity liability for this generating station. The petitioner has also submitted the actuarial valuation as on 31.3.2006, 31.3.2009, 31.3.2011, 31.3.2012, 31.3.2013 & 31.3.2014 for all the Generating stations and T&D system duly certified by the Actuary, towards Pension and Gratuity (P&G) liability for its existing pensioners and existing employees. The matter has been examined. It is observed that the normative O&M expenses allowed for 500 MW capacity generating stations had considered the impact of pension and gratuity under the 2009 Tariff Regulations applicable for the period 2009-14. In this regard, the Statement of Reasons for the O&M expense norms specified under the 2009 Tariff Regulations is referred as under:

*“20.3 The Operation & Maintenance cost for the purpose of tariff covers expenditure incurred on the employees including gratuity, CPF medical, education allowances etc, repair and maintenance expenses including stores and consumables, consumption of capital spares not part of capital cost, security expenses, administrative expenses etc. of the generating stations, corporate expenses apportioned to each generating stations etc. but exclude the expenditure on fuel i.e. primary fuel as well as secondary and alternate fuels.”*

60. Accordingly, the petitioner's claim towards the share of Pension & Gratuity liability for this generating station cannot be considered separately. These expenses shall be met from the normative O&M expenses allowed to the generating station under the 2009 Tariff Regulations.

### **Cost of Common Offices**

61. The petitioner has claimed expenses pertaining to Common offices such as Director Office, Central office, R&D, IT centre, Subsidiary activities, Other offices etc., in respect of each of the generating stations as well as the Transmission & Distribution systems. The





petitioner has computed the Return on Equity, Interest on Loan and Depreciation on the Common Assets for the period 2009-14 based on the capacity of the generating stations. The details of the total Common office expenditure with regard to the generating stations and T&D system for 2009-14 as submitted by the petitioner is as under:

		(₹ in lakh)				
		2009-10	2010-11	2011-12	2012-13	2013-14
a)	Depreciation	885.31	1007.38	685.81	363.72	426.94
b)	Interest on loan	235.67	253.75	168.39	158.26	149.43
c)	Return on equity	791.20	896.44	761.21	634.67	665.82
d)	Total of generating stations	<b>1653.14</b>	<b>1865.29</b>	<b>1396.57</b>	<b>999.97</b>	1073.91
e)	<b>Total of T&amp;D</b>	<b>259.04</b>	<b>292.28</b>	<b>218.83</b>	<b>156.69</b>	<b>168.27</b>
f)	<b>Total of Generating Stations and T&amp;D</b>	<b>1912.18</b>	<b>2157.57</b>	<b>1615.41</b>	<b>1156.66</b>	<b>1242.18</b>

62. Based on the total expenditure for Common offices and the expenditure pertaining to the generating stations, the petitioner has apportioned the amount for all generating stations on the basis of their capacity and accordingly for this generating station, the petitioner has claimed an amount of ₹133.89 lakh in 2011-12, ₹174.83 lakh in 2012-13 and ₹188.10 lakh in 2013-14 towards Common office expenditure. No claim has been made by the petitioner for the period 2009-11 as the generating station was commissioned in 2011-12. The ratio of the claim pertaining to generating station (row d of the table above) to the total claim for generating stations and T&D (row f of the table above) is 86.45% (1653.14/1912.18). It is observed that the O&M expense norms specified under the 2009 Tariff Regulations applicable for the period 2009-14 do cover the expenditure incurred on corporate expenses apportioned to each of the generating stations of the petitioner. The Commission has considered the O&M norms for this generating station as specified under the 2009 Tariff Regulations for 500 MW unit size, which does not include the ROE component of Corporate office expenses. Hence, the element on account of ROE only has been considered in respect of this generating station. This is based on the judgment dated 23.11.2007 of the APTEL in Appeal Nos. 271, 272 etc of 2006 and is subject to the



outcome of the Civil Appeals pending before the Hon'ble Supreme court in relation to determination of tariff for the period 2006-09.

63. As noted in para 25 above, the claim of petitioner towards return on equity element is after consideration of base rate of 15.5% and grossed up rate of 19.377% with applicable tax rate i.e. MAT rate. As stated, the normative O&M expenses allowed to the generating station includes expenditure towards Common Offices in respect of depreciation and interest on loan. Accordingly the allowable amount towards Return on Equity element for allocation to this generating station under the head of cost of common offices is worked out as under:

	(₹ in lakh)			
	2011-12	2012-13	2012-13	2013-14
Share of Common Office Expenditure (annualized)	50.47	95.93	95.93	80.65
Share of Common Office Expenditure ( <i>Pro rata</i> )	33.60	36.01	59.92	80.65

### Annual Fixed Charges

64. The annual fixed charges for the generating station for the period 2011-14 is approved as under:

	(₹ in lakh)			
	2011-12	2012-13		2013-14
	2.8.2011 to 31.3.2012	1.4.2012 to 15.8.2012	16.8.2012 to 31.3.2013	
Depreciation	15970.47	15719.02	34235.02	34802.87
Interest on Loan	15120.79	14924.81	32727.03	30333.07
Return on Equity	9033.28	11296.35	24642.82	19927.35
Interest on Working Capital	3924.85	3976.04	10326.90	10231.02
O&M Expenses	7265.00	7680.00	15360.00	16240.00
Cost of Secondary fuel oil	1833.41	1828.40	4092.01	4092.01
<b>Total</b>	<b>53147.81</b>	<b>55424.61</b>	<b>121383.78</b>	<b>115626.31</b>
Share of Common office expenses	50.47	95.93	95.93	80.65
Share of Pension and Gratuity	0.00	0.00	0.00	0.00
Contribution and Interest on Sinking fund	0.00	1109.22	1109.22	1842.31
Adjustment Secondary fuel oil	30.91	324.84	440.24	659.48
Additional O&M expenses	0.00	0.00	0.00	0.00
<b>Total</b>	<b>53229.18</b>	<b>56954.60</b>	<b>123029.17</b>	<b>118208.75</b>

**Note:** 1) All figures are on annualized basis. 2) All the figures under each head have been rounded. The figure in total column in each year is also rounded. Because of rounding of each figure the total may not be arithmetic sum of individual items in columns.



65. The Energy Charge Rate of 219.585 paise/kWh allowed vide order dated 20.3.2015 remain unchanged. The Energy charge on month to month basis shall be billed by the petitioner as per Regulation 21 (6) (a) of the 2009 Tariff Regulations.

66. The difference between the tariff determined by this order and the tariff already recovered from the respondents/consumers shall be adjusted in accordance with the Regulation 6(6) of the 2009 Tariff Regulations.

67. The tariff approved above is subject to the outcome of the Civil Appeals pending before the Hon'ble Supreme Court relating to the determination of tariff of the generating stations of the petitioner for 2006-09.

68. Petition No. 206/GT/2015 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**

