

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 40/GT/2015**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson**

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

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

**Date of Order : 7.3.2016**

**IN THE MATTER OF**

Corrigendum to order dated 5.1.2016 in Petition No. 40/GT/2015

**In the matter of**

Approval of tariff of Ranganadi Hydro Electric Power plant (3 x 135 MW) of North Eastern Electric Power Corporation Limited for the period from 1.4.2014 to 31.3.2019

**And**

**In the matter of**

North Eastern Electric Power Corporation Ltd  
Brookland Compound  
Lower New Colony  
Shillong-793 003

.....**Petitioner**

Vs

1. Assam Power Distribution Company Ltd.  
"Bijulee Bhawan", Paltanbazar  
Guwahati-781 001

2. Meghalaya Energy Corporation Ltd.  
Meter Factory Area, Short Round Road  
Integrated Office Complex  
Shillong-793 001

3. Tripura State Electricity Corporation Ltd.  
Bidyut Bhavan, North Banamalipur  
Agartala-799 001

4. Power and Electricity Department  
Govt. of Mizoram  
P&E Office Complex, Electric Veng,  
Aizwal-796 001

5. Manipur State Power Distribution Co. Ltd.,  
Electrical Complex, Khawai Bazar,  
Keishampat, Imphal-795 001

6. Department of Power  
Govt. of Arunachal Pradesh  
Vidyut Bhawan, Itanagar-791 111



7. Department of Power  
Govt. of Nagaland  
Kohima-797 001

8. North Eastern Regional Power Committee  
NERPC Complex, Dong Parmaw  
Lapalang , Shillong-793 003

9. North Eastern Regional Load Despatch Centre  
Dongtiah, Lower Nongrah  
Lapalang, Shillong-793 006

...Respondents

### Corrigendum

The Commission vide order dated 5.1.2016, had determined the tariff of Ranganadi Hydro Electric Project (3 x 135MW) for the period 2014-19 in terms of the 2014 Tariff Regulations.

2. It is noticed that while calculating Return on Equity, the Commission had considered the Tax rate as claimed by the petitioner (on projected basis) for the period 2014-19 instead of the effective Tax rate in respect of the financial year in terms of the Regulation 24 of the 2014 Tariff Regulations. This error is sought to be rectified by applying the effective tax rate applicable for the year 2014-15 for all the years for the tariff period 2014-19.

3. Accordingly, in terms of the Regulation 111 read with Regulation 103 A of the Conduct of Business Regulations 1999, the computation of tariff shall modified in order dated 5.1.2016 as stated below.

#### **Return on Equity**

4. Para 19 of the order stand modified as under:

“19. As per Regulation, effective tax rate is to be considered on the basis of actual tax paid in the respect of the financial year. Accordingly, the tax rates as claimed by the petitioner on projection basis have not been considered for the purpose of determination of tariff for the period 2014-19. Tax Rate as applicable for 2014-15 is considered for all the years of tariff. However, the petitioner is directed to furnish the detailed calculation of the effective tax rate, duly certified by Auditor and supported by tax audit report for the respective years, at the time of revision of tariff based on truing-up exercise in terms of the 2014 Tariff Regulations. Return on Equity has been computed as under:”



(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Notional Equity	73106.04	73584.24	73691.87	73733.37	73862.98
Addition due to Additional Capitalisation	478.20	107.63	41.50	129.62	12.30
Closing Equity	73584.24	73691.87	73733.37	73862.98	73875.28
Average Equity	73345.14	73638.05	73712.62	73798.17	73869.13
Return on Equity (Base Rate )	16.500%	16.500%	16.500%	16.500%	16.500%
Tax rate	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	<b>15311.27</b>	<b>15372.41</b>	<b>15387.98</b>	<b>15405.84</b>	<b>15420.65</b>

### Receivables

5. The table under para 28 of the order stand modified as under:

(₹ in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
5105.74	4248.53	4341.15	4439.94	4544.08

### Interest on working capital

6. The table under para 32 of the order stand modified as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	1054.96	1125.05	1199.80	1279.52	1364.53
O & M expenses	586.09	625.03	666.56	710.84	758.07
Receivables	5105.74	4248.53	4341.15	4439.94	4544.08
Total	6746.79	5998.62	6207.51	6430.30	6666.68
<b>Interest on Working Capital @ 13.50%</b>	<b>910.82</b>	<b>809.81</b>	<b>838.01</b>	<b>868.09</b>	<b>900.00</b>

7. Based on above, the annual fixed charges determined by order dated 5.1.2016 for the period 2014-19 stands modified as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity	15311.27	15372.41	15387.98	15405.84	15420.65
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	7379.29	1808.62	1822.26	1835.58	1846.97
Interest on Working Capital	910.82	809.81	838.01	868.09	900.00
O & M Expenses	7033.08	7500.36	7998.68	8530.12	9096.86
<b>Annual Fixed Charges</b>	<b>30634.46</b>	<b>25491.21</b>	<b>26046.93</b>	<b>26639.63</b>	<b>27264.49</b>

8. All other conditions in the order dated 5.1.2016 shall remain unchanged.

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

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

**-Sd/-**  
**(Gireesh B. Pradhan)**  
**Chairperson**

