

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 43/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 13.1.2016 in Petition No. 43/GT/2015

In the matter of

Approval of tariff of Doyang Hydro Electric Power plant (75 MW) of North Eastern Electric Power Corporation Limited (NEEPCO) 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 13.1.2016, had determined the tariff of Doyang Hydro Electric Project (75MW) 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 23 of the order stand modified as under:

“23. 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	32813.23	33024.73	33412.02	33574.02	33634.02
Addition due to Additional Capitalisation	211.50	387.29	162.00	60.00	0.00
Closing Equity	33024.73	33412.02	33574.02	33634.02	33634.02
Average Equity	32918.98	33218.38	33493.02	33604.02	33634.02
Return on Equity (Base Rate)	10.000%	10.000%	10.000%	10.000%	10.000%
Tax rate	20.961%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity	12.652%	12.652%	12.652%	12.652%	12.652%
Return on Equity	4164.88	4202.76	4237.50	4251.55	4255.34

Receivables

5. The table under para 33 of the order stand modified as under:

(₹ in lakh)				
2014-15	2015-16	2016-17	2017-18	2018-19
1570.28	1629.87	1692.67	1750.06	1806.87

Interest on working capital

6. The table under para 37 of the order stand modified as under:

(₹ in lakh)					
	2014-15	2015-16	2016-17	2017-18	2018-19
Maintenance Spares	585.02	623.88	665.33	709.54	756.68
O & M expenses	325.01	346.60	369.63	394.19	420.38
Receivables	1570.28	1629.87	1692.67	1750.06	1806.87
Total	2480.30	2600.35	2727.64	2853.79	2983.93
Interest on Working Capital @ 13.50%	334.84	351.05	368.23	385.26	402.83

7. Based on above, the annual fixed charges determined by order dated 13.1.2016 for the period 2014-19 stands modified as under:

(₹ in lakh)					
	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity	4164.88	4202.76	4237.50	4251.55	4255.34
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Depreciation	1021.86	1066.17	1114.75	1133.28	1138.49
Interest on Working Capital	334.84	351.05	368.23	385.26	402.83
O & M Expenses	3900.10	4159.22	4435.56	4730.26	5044.54
Total	9421.67	9779.19	10156.05	10500.35	10841.21

8. All other conditions in the order dated 13.1.2016 shall remain unchanged.

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

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

-Sd/-
(Gireesh B. Pradhan)
Chairperson

