

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.02/RP/2016**  
in  
**Petition No. 303/GT/2014**

**Coram:**

Shri Gireesh B. Pradhan, Chairperson  
Shri A.K.Singhal, Member  
Shri A.S.Bakshi, Member  
Shri M.K.Iyer, Member

**Date of Hearing: 09.02.2016**

**Date of Order: 09.05.2016**

**In the matter of**

Review of Commission's order dated 2.11.2015 in Petition No.303/GT/2014 with regard to revision of tariff of Simhadri Super Thermal Power Station, Stage-II (1000 MW) for the period from 16.9.2011 (COD) to 31.3.2014 based on true-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. Andhra Pradesh Power Coordination Committee,  
APTRANSCO, Vidyut Soudha, Khairatabad, Hyderabad-500 082
2. Andhra Pradesh Eastern Power Distribution Company Ltd  
Corporate Office P&T Colony, Seethammadhara,  
Visakhapatnam-530013-(AP)
3. Andhra Pradesh Southern Power Distribution Company Ltd,  
Corporate Office, Back side Srinivasa Kalyana Mandapam  
Tiruchhanur Road, Kesavayana Gunta, Tirupati-517503-(AP)
4. Telengana Northern Power Distribution Company Ltd,  
H. No. 2-5-31/2 Vidyut Bhavan,  
Naralacutta, Hanamkonda  
Warangal-506001
5. Telengana Southern Power Distribution Company Ltd,  
Mint Compound, Corporate Office,  
Hyderabad -500063
6. Tamil Nadu Generation & Distribution Corporation Ltd  
144, Anna Salai  
Chennai-600002



7. Power Company of Karnataka Limited  
KPTCL Complex, K.G Road  
Kaveri Bhawan, Bangalore-560009
8. Bangalore Electricity Supply Company Ltd (BESCOM),  
Krishna Rajendra Circle  
Bangalore-560009
9. Mangalore Electricity Supply Company Ltd (MESCOM)  
Paradigm Plaza, A.B Shetty Circle  
Mangalore-575001
10. Chamundeshwari Electricity Supply Corp Ltd  
Corporate Office, 927 L.J Avenue, New Kantharajours Road  
Saraswathipuram, Mysore-570009
11. Gulbarga Electricity Supply Company Ltd  
Main Road, Gulbarga  
Gulbarga-585102, Karnataka
12. Hubli Electricity Supply Company Ltd  
Corporate Office, P.B Road Navannagar  
Hubli-580025
13. Kerala State Electricity Board  
Vaidyuthi Bhavanam, Pattom  
Thiruvananthapuram-695004
14. Electricity Department  
Govt. of Puducherry  
137, NSC Bose Salai  
Puducherry-605001

....Respondents

**Parties present:**

Shri Ajay Dua, NTPC  
Shri B.S.Rajput, NTPC  
Shri A.Anand, NTPC  
Shri Rohit Chhabra, NTPC  
Shri Ajay Mehta, NTPC  
Shri Nishant Gupta, NTPC

**ORDER**

The petitioner, NTPC had filed Petition No. 303/GT/2014 for revision of tariff of Simhadri Super Thermal Power Station, Stage- II (2 x 500 MW) (hereinafter referred to as “the generating station”) for the period from 16.9.2011 to 31.3.2014 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 by order dated 2.11.2015 had revised the tariff of the generating station. The annual fixed charges determined by the said order dated 2.11.2015 is as under:



	(Rs in lakh)			
	2011-12	2012-13		2013-14
	16.9.2011 to 31.3.2012	1.4.2012 to 29.9.2012	30.9.2012 to 31.3.2013	
Depreciation	12630.29	13289.35	24229.39	25342.00
Interest on Loan	15419.57	16247.71	28851.27	27818.42
Return on Equity	16977.46	17845.64	32525.63	34843.39
Interest on Working Capital	4374.84	4435.85	8443.70	8553.57
O&M Expenses	7265.00	7680.00	15360.00	16240.00
Cost of Secondary fuel oil	1561.63	1557.37	3606.22	3606.22
<b>Total</b>	<b>58228.80</b>	<b>61055.90</b>	<b>113016.21</b>	<b>116403.61</b>

2. Aggrieved by the said order, the petitioner has sought review on the ground of error apparent on the face of the order, raising the following issues:

- (i) *Difference in the Rate of Interest on loan as per petition and considered in order by the Commission;*
- (ii) *Deduction of IDC included in additional capital expenditure for calculation of rate of interest;*
- (iii) *Pre-payment of SBI Loan; and*
- (iv) *Rectification of certain typographical errors;*

3. Heard the representative of the petitioner on 'admission'. During the hearing, the representative of the petitioner submitted that certain inadvertent errors had crept in the order dated 2.11.2015 and prayed that the same may be rectified. Based on the submissions of the petitioner and the documents available on record, we consider the issues raised by the petitioner as stated in the subsequent paragraphs:

**Difference in the Rate of Interest on loan as per petition and considered in order by the Commission**

4. The petitioner pointed out that the Commission had considered reduced Weighted Average Rate of Interest (WAROI) as against those claimed in Form-13 of the original petition and submitted that the same may be primarily on account of lesser rate of interest considered in case of SBI-VI (T1, D6 & D5) & PFC -V (T1, D5, D6, D8, D12, D13, D19, D22 & D23). The petitioner has further submitted that the details in regard to rate of interest on these loans are available in Form-13 and Form-8 of the petition and that similar details regarding these loans have also been furnished in the true-up petitions filed for other generating stations of NTPC (like Sipat-I, Korba-III, Farakka-III etc.). Accordingly, the petitioner has prayed that the errors in regard to rate of interest of above loans may be rectified accordingly.



5. We have examined the matter. It is observed that the petitioner had claimed tariff considering the rate of interest on loan as per Form -13. In the case of SBI-VI loan, the rate of interest considered in order dated 2.11.2015 was in accordance with the rate of interest as disclosed by the petitioner in the original petition. However, in case of the said PFC loans, the changes in rate of interest on loan submitted by the petitioner could not be correlated and accordingly lower rates of interest on loan were considered at the time of passing the order dated 2.11.2015. This inadvertent clerical/arithmetical error in the calculation of rate of interest on loan is an error apparent on the face of the order and review on this count is allowed. Accordingly, in terms of Regulation 103A of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended on 12.11.2013, the said error is rectified and the actual rate of interest in case of PFC –V (T1, D5, D6, D8, D12, D13, D19, D22 & D23) loans has been considered for revision of tariff .

**Deduction of Interest During Construction (IDC) included in additional capital expenditure for calculation of rate of interest;**

6. The petitioner has submitted that the deduction of IDC of Rs 1169.63 lakh for calculation of included in the additional capital expenditure for calculation of rate of WAROI for 2011-12 (16.9.2011 to 31.3.2012) is not in order, as the same falls within the COD of the generating station (30.9.2012). Accordingly, the petitioner has sought the rectification of the same.

7. We have examined the matter. It is noticed that the petitioner in the original petition had claimed additional capital expenditure for the period from the COD of the Unit-I till 31.3.2012 (prior to the COD of the generating station). As per methodology consistently adopted, the Commission had adjusted the IDC corresponding to the admitted additional capital expenditure allowed, while calculating the weighted Average Rate of Interest, in the order dated 2.11.2015. In view of this, there is no error apparent on the face of the record and review sought on this ground fails.

**Pre-payment of SBI Loan**

8. The petitioner has pointed out that the Pre-payment of SBI-V loan for ₹1142.86 lakh has been considered by the Commission in the order from 31.3.2011 instead of 30.9.2011 as per Form-8 of the petition. Accordingly, the petitioner has prayed that the same may be rectified.



9. We have examined the matter. It is observed that the Pre-payment of SBI-V loan for ₹1142.86 lakh considered from 31.3.2011 in the order dated 2.11.2015 is on account of certain linkage error which had crept in while passing the said order This in our view is an error apparent on the face of the record and the same is sought to be rectified. Accordingly, in terms of Regulation 103A of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended on 12.11.2013, the inadvertent clerical/arithmetical error is rectified and the Pre-payment of SBI-V loan for Rs 1142.86 lakh has been considered from 30.9.2011 as per Form-8 submitted by the petitioner in the original petition. The prayer of the petitioner for review of order dated 2.11.2015 on this ground is allowed.

### **Typographical errors**

10. In addition to the above, the petitioner has pointed out to certain errors in the order dated 2.11.2015 as detailed under and has prayed for rectification of the said errors.

Page No. of order	Para No	Error	Corrections prayed for
13	27(c) line1	₹572.26 lakh	₹510.42 lakh
13	27(c)line 4	₹371.10 lakh	₹572.26 lakh
14	32 line 2	31.3.2014	31.3.2015
15	32 line 7	30.9.2012	31.3.2015

11. We have examined the matter. It is noticed that the errors pointed out by the petitioner as above in paras 27 and 32 of the order dated 2.11.2015 are inadvertent clerical errors and in terms of Regulation 103A of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended on 12.11.2013, these inadvertent clerical/arithmetical errors are rectified. The prayer of the petitioner for review of order dated 2.11.2015 on this ground is allowed. However, the correction of these errors do not have any impact on the annual fixed charges approved vide order dated 2.11.2015.

12. Consequent upon the prayer of the petitioner being allowed on the issues raised in para 2(i) and 2 (iii) above, the relevant paragraphs of the order dated 2.11.2015 shall stand revised as detailed under:



**IDC & FC [Paragraph No. 20(a)]**

13. The petitioner's claim under this head has been scrutinized and after rectifying minor errors, the allowable IDC & FC works out to ₹33073.43 lakh as on COD of Unit-I. Accordingly, the IDC & FC deducted as on COD of Unit-I works out to ₹50.47 lakh.

**Notional IDC [Paragraph No. 20(c)]**

14. The petitioner's claim for Notional IDC of ₹525.27 lakh has not been allowed as the provisions of the 2009 Tariff Regulations do not provide for the same. However, in terms of clause (a) of Regulation 7 of the 2009 Tariff Regulations, the Normative IDC over and above the actual IDC has been worked out as ₹324.46 lakh, considering the quarterly debt-equity position corresponding to actual cash expenditure. This has been allowed for the purpose of tariff.

**Paragraph No. 21**

15. In view of above, the admissible capital cost as on COD of Unit-I works out to ₹238859.31 lakh.

**IDC & FC [Paragraph No. 27(a)]**

16. The petitioner's claim under this head has been scrutinized and after rectifying minor errors, the allowable IDC & FC works out to ₹34506.02 lakh as on COD of Unit-II. Accordingly, the IDC & FC to be deducted as on COD of Unit-II works out to ₹75.35 lakh.

**Notional IDC [Paragraph No. 27(c)]**

17. The petitioner's claim for Notional IDC amounting to ₹510.42 lakh has not been allowed as the provisions of the 2009 Tariff Regulations do not provide for the same. However, in terms of clause (a) of Regulation 7 of the 2009 Tariff Regulations, the Normative IDC over and above the actual IDC has been worked out as ₹472.41 lakh, considering the quarterly debt-equity position corresponding to actual cash expenditure. This has been allowed for the purpose of tariff.

**Paragraph No. 28**

18. In view of above, the admitted capital cost as on 30.9.2012 (COD of Unit-II) works out to ₹195607.71 lakh.



### Paragraph No. 32

19. The cut-off date of generating station in terms of the 2009 Tariff Regulations shall be read as 31.3.2015 in place of 31.3.2014.

### Paragraph No. 43

20. Accordingly, the capital cost allowed for the purpose of tariff is as under:

	(₹ in lakh)			
	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Opening Capital Cost	238859.31	254420.24	459693.02	485408.45
Add: Additional capital expenditure	15560.92	9665.07	25715.43	18476.41
<b>Closing Capital Cost</b>	<b>254420.24</b>	<b>264085.31</b>	<b>485408.45</b>	<b>503884.86</b>
<b>Average Capital Cost</b>	<b>246639.78</b>	<b>259252.77</b>	<b>472550.74</b>	<b>494646.66</b>

### Debt-Equity Ratio [Paragraph No. 45]

21. Considering the details of the cumulative cash expenditure as submitted at Form-14A of the petition along with net loan position as on COD of the units of the generating station, the debt-equity ratio as on the COD of Units-I & II works out to 68.44:31.56 and 68.10:31.90 respectively. As such, the debt-equity ratio of 70:30 has been considered for the purpose of tariff as on the COD of the units till 31.3.2014 in terms of Regulation 12 of the 2009 Tariff Regulations.

### Return on Equity [Paragraph No. 46]

22. The table under paragraph 46 of the order dated 2.110.2015 shall stand revised as under:

	(₹ in lakh)			
	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Normative Equity - Opening	71657.79	76326.07	137907.91	145622.54
Addition due to ACE	4668.28	2899.52	7714.63	5542.92
Normative Equity – Closing	76326.07	79225.59	145622.54	151165.46
Normative Equity – Average	73991.93	77775.83	141765.22	148394.00
Base Rate for return on equity	15.500%	15.500%	15.500%	15.500%
Applicable Tax Rate	32.445%	32.445%	32.445%	33.990%
Rate of Return on Equity (Pre-tax)	22.944%	22.944%	22.944%	23.481%
<b>Return on Equity</b>	<b>16976.71</b>	<b>17844.89</b>	<b>32526.61</b>	<b>34844.39</b>

### Interest on Loan [Paragraph No. 47(a)]

23. The gross normative loan corresponding to 70% of admissible capital cost is ₹167201.52 lakh as on 16.9.2011 (COD of unit-I) and ₹321785.11 lakh as on 30.9.2012 (COD of Unit-II).



**[Paragraph No. 48]**

24. Accordingly, the table under paragraph 48 of the order dated 2.11.2015 shall stand revised as under:

	(₹ in lakh)			
	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Gross Normative Loan	167201.52	178094.17	321785.11	339785.92
Cumulative Repayment of loan up to previous year	0.00	6832.48	13458.67	25514.82
Net Loan Opening	167201.52	171261.69	308326.44	314271.09
Addition due to Additional capitalization	10892.65	6765.55	18000.80	12933.49
Repayment of loan during the year	6832.48	6626.19	12148.25	25342.73
Less: Repayment adjustment on account of de-capitalization	0.00	0.00	92.10	339.33
Net Repayment	6832.48	6626.19	12056.15	25003.40
Net Loan Closing	171261.69	171401.04	314271.09	302201.18
Average Loan	169231.60	171331.36	311298.77	308236.14
Weighted Average Rate of Interest on Loan	9.1220%	9.4896%	9.2946%	9.2388%
<b>Interest on Loan</b>	<b>15437.37</b>	<b>16258.66</b>	<b>28934.11</b>	<b>28477.34</b>

**Depreciation [Paragraph No. 49]**

25. Accordingly, the table under paragraph 49 of the order dated 2.11.2015 shall stand revised as under:

	(₹ in lakh)			
	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Average Capital Cost	246639.78	259252.77	472550.74	494646.66
Weighted Average Rate of Depreciation	5.1207%	5.1258%	5.1275%	5.1234%
Depreciable Value	221975.80	233327.50	425295.66	445181.99
Remaining Depreciable Value	221975.80	226495.01	411836.99	419577.29
Depreciation for the period (pro rata)	6832.48	6626.19	12148.25	25342.73
<b>Depreciation (annualized)</b>	<b>12629.74</b>	<b>13288.79</b>	<b>24230.11</b>	<b>25342.73</b>
Cumulative depreciation at the end	6832.48	13458.67	25606.92	50947.43
Less: Cumulative depreciation adjustment on account of de-capitalization	0.00	0.00	2.22	15.64
Cumulative depreciation at the end	6832.48	13458.67	25604.70	50931.80

**Receivables [Paragraph No. 53]**

26. Accordingly, the receivable component of the working capital is revised and the table under paragraph 53 of the order dated 2.11.2015 shall stand revised as under:





(₹ in lakh)

	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Variable Charges - 2 months	12604.61	12570.17	19378.41	19378.41
Fixed Charges- 2 months	9707.60	10177.62	18850.45	19513.24
<b>Total</b>	<b>22312.21</b>	<b>22747.79</b>	<b>38228.86</b>	<b>38891.66</b>

### Interest on Working Capital [Paragraph No. 55]

27. Accordingly, the table under paragraph 55 of the order dated 2.11.2015 shall stand revised as under

(₹ in lakh)

	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Cost of Coal for 2 months	12604.61	12570.17	19378.41	19378.41
Cost of Secondary Fuel Oil for 2 months	260.27	259.56	601.04	601.04
Maintenance Spares	1453.00	1536.00	3072.00	3248.00
O&M expenses for 1 month	605.42	640.00	1280.00	1353.33
Receivables for 2 months	22312.21	22747.79	38228.86	38891.66
<b>Total Working Capital</b>	<b>37235.51</b>	<b>37753.52</b>	<b>62560.31</b>	<b>63472.44</b>
Rate of interest	11.7500%	11.7500%	13.5000%	13.5000%
<b>Interest on working capital</b>	<b>4375.17</b>	<b>4436.04</b>	<b>8445.64</b>	<b>8568.78</b>

### Annual Fixed Charges [Paragraph No. 57]

28. Accordingly, the annual fixed charges allowed for the period from 16.9.2011 to 31.3.2014 in the order dated 2.11.2015 shall stand revised as under:

(₹ in lakh)

	2011-12 (16.9.2011 to 31.3.2012)	2012-13 (1.4.2012 to 29.9.2012)	2012-13 (30.9.2012 to 31.3.2013)	2013-14
Depreciation	12629.74	13288.79	24230.11	25342.73
Interest on Loan	15437.37	16258.66	28934.11	28477.34
Return on Equity	16976.71	17844.89	32526.61	34844.39
Interest on Working Capital	4375.17	4436.04	8445.64	8568.78
O&M Expenses	7265.00	7680.00	15360.00	16240.00
Cost of Secondary Fuel Oil	1561.63	1557.37	3606.22	3606.22
<b>Total</b>	<b>58245.62</b>	<b>61065.74</b>	<b>113102.70</b>	<b>117079.47</b>

29. Except the above, all other terms contained in our order dated 2.11.2015 remains unchanged.

30. Review Petition No. 2/RP/2016 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

