

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 460/GT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K.Singhal, Member

Shri A. S. Bakshi, Member

Dr. M. K. Iyer, Member

Date of Hearing: 22.09.2015

Date of Order: 10.05.2016

In the matter of

Revision of tariff for Omkareshwar Hydroelectric Project (520 MW) for the period from 1.4.2009 to 31.3.2014 after truing-up exercise

AND

In the matter of

NHDC Limited
(A JV of NHPC & GOMP)
NHDC Parisar,
Shyamla Hills
Bhopal - 462013 (M.P)

....**Petitioner**

Vs

1. Madhya Pradesh Power Management Company Ltd,
Shakti Bhawan, Vidyut Nagar
Jablapur (M.P)

2. Narmada Valley Development Department,
Govt. of Madhya Pradesh,
Mantralaya, Vallabh Bhawan,
Bhopal (M.P)

....**Respondents**

Parties Present:

Shri S. Sanyal, NHDC
Shri Ashish Jain, NHDC
Shri Y.N. Rao, NHDC
Shri V.K. Singh, NHDC
Shri Prabhakar Rai, NHDC
Shri Sarthak Lazarus, MPPMCL
Shri M.L. Agrawal, NVDD



ORDER

The petitioner, NHDC Limited has filed this petition for revision of tariff in respect of Omkareshwar Hydroelectric Project (8 x 65 MW) (hereinafter referred to as “the generating station”) for the period from 1.4.2009 to 31.3.2014 after truing-up exercise in terms of Regulation 6(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. This multi-purpose project was constructed by the petitioner, which is a joint venture between NHPC and the State Government of Madhya Pradesh. It comprises of 520 MW (8x65 MW) of generating capacity for providing annual energy generation of 1167 MUs in a 90% dependable year. Unit I consists of Dam and appurtenant works, Unit-II consists of irrigation system of canals and distributaries being executed by the Government of Madhya Pradesh, Unit-III includes Power house and water conductor system along with allied works in power generation. Thus, Units I and III are essentially for power generation, named as power component and Unit II for irrigation system named as irrigation component. Since Unit-I contributes for power generation as well as for irrigation purpose, its costs is apportioned for power generation and irrigation system depending upon the proportion of water utilization for two systems. The irrigation component is apportioned @16.75% of cost of Unit-I and the balance cost is accounted towards cost of power generation. The State of Madhya Pradesh is the only beneficiary of the project. The dates of commercial operation of all the machines are as under:

	Actual date of commissioning
Machine 1	20.8.2007
Machine 2	25.8.2007
Machine 3	11.9.2007
Machine 4	26.9.2007
Machine 5	19.10.2007
Machine 6	30.10.2007
Machine 7	10.11.2007
Machine 8	15.11.2007



3. The Commission by order dated 9.5.2013 in Petition No. 248/GT/2012 had determined the annual fixed charges of the generating station for the period from 1.4.2009 to 31.3.2014 based on the projected additional capital expenditure during the respective years of the tariff period. Accordingly, the annual fixed charges approved for the generating station for the period 2009-14 based on the opening capital cost of ₹204732.85 lakh (excluding un-discharged liability of ₹11406.94 lakh) as on 1.4.2009 towards the power component of the generating station, by order dated 9.5.2013 is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	10757.41	10822.46	10930.28	11223.47	11888.59
Interest on Loan	15433.25	14327.07	12538.45	11108.89	10155.05
Depreciation	10141.06	10202.38	10304.03	10412.48	10528.19
Interest on Working Capital	1003.18	996.82	978.78	973.08	986.10
O & M Expenses	4916.79	5198.03	5495.35	5809.69	6142.00
Total	42251.69	41546.76	40246.89	39527.62	39699.92

4. The present petition has been filed by the petitioner for truing-up of the tariff of the generating station for the period 2009-14, based on the admitted capital cost as on 31.3.2009 and the actual capital expenditure incurred during the period 2009-14 duly certified by auditors. Accordingly, the annual fixed charges claimed by the petitioner in the present petition are as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	11506.31	11997.91	12063.20	12331.22	14037.21
Interest on Loan	15453.96	14346.03	12402.85	11028.30	11121.09
Depreciation	10153.82	10173.45	10228.33	9497.81	10295.93
Interest on Working Capital	1019.48	1021.11	997.99	975.43	1046.17
O & M Expenses	4916.79	5198.03	5495.35	5809.69	6142.00
Total	43050.35	42736.53	41187.72	39642.45	42642.40

5. The respondents, MPPMCL and NVDD have filed their replies in the matter. The Commission after hearing the parties reserved orders in the petition after directing the petitioner to submit certain additional information. However, the petitioner vide letter dated 15.10.2015 prayed for grant of extension of time till 10.12.2015 to file the additional information which was



allowed by the Commission. Thereafter, the petitioner by affidavit dated 4.12.2015 has filed the additional information along with rejoinder to the replies filed by the respondents. Based on the submissions of the parties and the documents available on record, we proceed to revise the tariff of the generating station for the period 2009-14, on prudence check, as stated in the subsequent paragraphs.

Capital Cost

6. The petitioner has claimed the opening capital cost of ₹204732.85 lakh as on 1.4.2009 for the purpose of tariff for power component. The closing capital cost for the purpose of tariff as on 31.3.2009 is ₹204732.85 lakh (excluding un-discharged liability of ₹11406.94 lakh) as per Commission's order dated 14.3.2012 in Petition No.265/2010. This amount of ₹204732.85 lakh (excluding un-discharged liability of ₹11406.94 lakh) has been considered as the opening capital cost as on 1.4.2009 towards the power component of the generating station in order dated 9.5.2013 in Petition No.248/GT/2012. Accordingly, this amount has been considered as the opening capital cost as on 1.4.2009 for the purpose of revision of tariff of the generating station.

Additional Capital Expenditure

7. Regulation 9 (2) of the 2009 Tariff Regulations provides as under:

"9.(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.”

8. The projected additional capital expenditure allowed by the Commission vide order dated 9.5.2013 in Petition No.248/GT/2012 is detailed as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Additional Capital Expenditure allowed after adjustment of R&R subvention but before adjustment on account of un-discharged liabilities (1)	947.41	1089.48	50450.35	1403.82	2638.63
Un-discharged liabilities at the beginning of the year (2)	11406.94	11557.75	10963.17	58985.42	58429.97
Un-discharged liabilities as on 31 st March of the financial year (3)	11557.75	10963.17	58985.42	58429.97	58346.72
Un-discharged liabilities increased / (decreased) during the period (3-2)	150.81	(-) 594.58	48022.26	(-) 555.45	(-) 83.25
Additional Capital Expenditure allowed for the purpose of tariff	796.60	1684.06	2428.09	1959.27	2721.88

9. The actual additional capital expenditure claimed by the petitioner vide affidavit dated 24.10.2014 for the period 2009-14 for power component of the generating station, duly certified by auditor is as under:



(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Total additional capitalization claimed for power component (1)	1446.38	523.13	39558.32	(-) 9136.93	730.82
Un-discharged liabilities at the beginning of the financial year (2)	11406.94	11540.96	10960.74	49781.18	38876.06
Un-discharged liabilities at the end of the financial year (3)	11540.96	10960.74	49781.18	38876.06	10643.48
Un-discharged liabilities increased / decreased during the period 4=(3-2)	134.02	(-) 580.22	38820.44	(-) 10905.12	(-) 28232.58
Additional Capital Expenditure claimed for the purpose of tariff (1-4)	1312.36	1103.35	737.88	1768.19	28963.40

10. The summary of the actual additional capital expenditure duly certified by Auditor, prior to the adjustment of Irrigation component for Dam (Unit-I excluding R&R), R&R and Power house (Unit-III) during the respective years of the period 2009-14, under different categories of Regulation 9 of the 2009 Tariff Regulations as per affidavit dated 24.10.2014, are as under:

(Rs. in lakh)

Particulars	Regulations	2009-10	2010-11	2011-12	2012-13	2013-14
R&R expenditure under Liabilities to meet award of arbitration or for compliance of the order or decree of a court	9(2)(i)	2661.49	(-)748.54	143.40	3464.71	1238.14
CAMPA Fund & special package for R&R claimed under Change in Law	9(2)(ii)	-	-	47098.32	(-)13107.80	20750.00
Additional work which has become necessary for successful and efficient plant operation	9(2)(iv)	368.23	874.62	312.40	340.67	238.46
Minor Assets		7.88	9.03	26.88	6.86	44.64
Total additional capital expenditure incurred		3037.60	135.11	47581.00	(-) 9295.55	22271.23



Regulation 9(2)(i)-Liabilities to meet Award of Arbitration or for compliance of the order or decree of a court

11. The Commission vide order dated 9.5.2013 in Petition No. 248/GT/2012 had allowed the following year-wise gross R&R expenditure on projection basis, under Regulation 9(2)(i) of the 2009 Tariff Regulations on the ground that the said expenditure towards balance R&R works was in compliance with the order or decree of a court:

(Rs. in lakh)

2009-10	2010-11	2011-12	2012-13	2013-14	Total
1292.54	620.11	3000.00	2303.22	500.00	7715.87

12. The petitioner in the present petition has claimed gross expenditure of Rs 6759.20 lakh during 2009-14 towards balance R&R works under Regulation 9(2)(i) of the 2009 Tariff Regulations., i.e. Liabilities to meet award of arbitration or for compliance of order or decree of court. The petitioner, in justification of the said claim has submitted as under:

“In this regard, it is respectfully submitted that in order to harness the full capacity of 520 MW from OSP, the Petitioner as well as GOMP (Respondent No. 2) have been endeavoring for filling the reservoir above the existing permissible level of EL 189.0 M. In such endeavors, after due compliance to the verdict dated 11.5.2011 of Apex Court in respect of construction of Bridges at 5 locations, the Respondent No. 2 vide their order No. 2012/109 dated 01.8.2012 had allowed the raising of water level in Omkareshwar Reservoir beyond EL 189.0 M, in a gradual manner and the level of EL 190.50 M was attained as on 31.8.2012. However, consequent to acute agitation by the PAFs in the form of ‘Jal Satyagrah’, the Group of Ministers (GoM) of GoMP visited the agitation areas and recommended for receding of water level in Omkareshwar Reservoir back to EL 189.0 M. Accordingly, Respondent No. 2 vide letter No. 156/NVDA/R/LA/2012/944 dated 10-09-2012 directed to maintain the water level of Omkareshwar Reservoir at EL 189.0 M. Further, vide order No. F/19-77/2012/1/4 dated 10-09-2012, the Respondent No. 2 constituted a High Level Committee comprising of a group of three numbers Ministers of GoMP to hear and resolve the problems of PAFs.

On the recommendation of High Level Committee, the Respondent No. 2 vide order No. F31-3/2012/27-1 dated 07-06-2013 announced a Special Package of Rs. 224.52 crore. Despite the announcement of a Special Package by the Respondent No. 2 and the endeavors made by the Petitioner, presently the Reservoir Level is still being maintained at EL 189.0 M and the Capital Expenditure on account of R&R Works is still continuing. As such, including the said implication of Rs. 224.52 cr. on account of Special Package as announced by Respondent No. 2, the Completion Cost of R&R Works is now anticipated at Rs. 500.57 cr.

The Petitioner is funding the expenditure on such ongoing R&R Works being executed by Respondent No. 2 i.e. GoMP. As per Clause 4 of CCEA (GoI) Sanction dated 29-05-2003 of OSP, the cap of Rs. 117 Cr. was kept for the R&R Works. Any increase in the R&R Cost beyond this cap of Rs. 117 Cr. due to variation of numbers only, has to be borne equally by GoMP and NHDC. This Clause No. 4 of CCEA Clearance further stipulates that, “.....if the



Government of Madhya Pradesh liberalizes the R&R Package, they will bear the entire difference in R&R Cost.”

As per terms of CCEA Clearance, NHDC has to bear 50% of increased R&R Cost attributable to variation in number of PAFs and the balance 50% by GoMP, coming as ‘Subvention’. Accordingly, the 50% of increased R&R cost being borne by NHDC shall be booked to the Project towards the cost of Unit-I (Dam).

Further, the announcement of Special Package of Rs. 224.52 cr is a liberalization of R&R Package by the GoMP and as such, as per Clause 4 of CCEA Sanction dated 29-05-2003, the Respondent No. 2 has to bear the entire cost of Special Package i.e. Rs. 224.52 Cr. without having any impact on the Power Tariff of the Project. However, in endeavors of raising of Reservoir Level upto FRL, the Petitioner has made the requisite fund available on the demand of Respondent No. 2 in the Interest of the Project in particular and State of Madhya Pradesh in general. The amount towards this Special Package is recoverable from Respondent No. 2, being the 100% Subvention by GoMP. Upto 31-03-2014, a demand of Rs. 207.50 Cr. has been received from Respondent No. 2.

The permission of GoMP (Respondent No. 2) is awaited as on date, to raise the reservoir level from the existing level being maintained at EL 189.0 M and as such, the maximum capacity of OSP remains at 400 MW and the capital expenditure on account of R&R Works is still continuing beyond 31-03-2014.”

13. The year-wise actual gross expenditure claimed by the petitioner for R&R works under 9(2)(i), is as under:

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Unit-I (Dam)	2661.49	(-) 748.54	143.40	3464.71	1238.14	6759.20

14. Keeping in view the submissions of the petitioner and considering the fact that the said expenditure towards R&R works in compliance with the order or decree of the Court, we are inclined to allow the same under Regulation 9(2)(i) of the 2009 Tariff Regulations. Accordingly, the R&R expenses allowed for the purpose of tariff (power component) is as under:

	<i>(Rs. in lakh)</i>					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Gross Expenditure on R&R works (a)	2661.49	(-) 748.54	143.40	3464.71	1238.14	6759.20
Subvention to be paid by Govt. of MP @ 50% of R&R expenditure allowed (b)	1330.75	(-) 374.27	71.70	1732.36	619.07	3379.60
Irrigation component @ 16.75% after 'Subvention' Adjustment (c)	222.90	(-) 62.69	12.01	290.17	103.69	566.08
Expenditure of R&R towards power component (d)=(a)-(b)-(c)	1107.85	(-) 311.58	59.69	1442.19	515.38	2813.52



Change in law- Regulation 9(2)(ii)

15. The claim of the petitioner for additional capital expenditure of ₹47098.32 lakh booked to Unit-I (Dam) for 2011-12 under this head was disposed-off by the Commission by observing as under:

“16.....From the submissions of the parties, it is clear that the said amount (₹47098 or ₹34000 lakh as the case may be) is likely to remain un-discharged during the tariff period 2009-14. Hence, the same is to be deducted for the purpose of tariff as per provisions of the 2009 Tariff Regulations. In case, the petitioner discharges the said amount in full or in part, during the current tariff period, the same shall be dealt with during the truing up exercise in terms of Regulation 6 of the 2009 Tariff Regulations, on submission of required information. Keeping in view that the demand raised by the Government of MP towards NPV of forest lands is in the nature of change in law, we allow the projected expenditure on this count under Regulation 9(2)(ii) of the 2009 Tariff Regulations. However, since the said expenditure is yet to be discharged, we consider the same as un-discharged liability to be deducted for the purpose of tariff of the generating station. However, the amount incurred would be considered for capitalization as and when the petitioner discharges the same based on the decision of the Govt. of MP/respondent NVDD, in the matter.”

16. Thus, the Commission in its order dated 9.5.2013 had considered the expenditure as un-discharged liability and had deducted the same for the purpose of tariff of the generating station. The Commission however observed that the said amount would be considered for capitalisation as and when the same was discharged by the petitioner based on the decision of the Govt of MP/NVVD. The petitioner in this petition, has claimed the following expenditure towards CAMPA fund under Regulation 9(2)(ii)of the 2009 Tariff Regulations:

(Rs. in lakh)					
2009-10	2010-11	2011-12	2012-13	2013-14	Total
0.00	0.00	47098.32	(-) 13107.80	0.00	33990.52

17. The petitioner has submitted that Respondent No. 2 (NVDD, GoMP) vide its Letter dated 21.12.2012 raised the demand for deposition of an amount of Rs. 33990.52 lakh in CAMPA fund and accordingly, the petitioner had to discharge this un-discharged liability to the extent of Rs. 33990.52 lakh during the year 2013-14, out of the total un-discharged liability of Rs. 47098.32 lakh allowed by the Commission on projection basis. The matter has been examined. The Commission in order dated 9.5.2013 had observed that the expenditure towards CAMPA fund would be considered for capitalisation as and when the same is discharged by the petitioner based on the decision of the Govt of MP/NVVD. Since the amount of Rs 33990.52 lakh has been



discharged by the petitioner in 2013-14, the claim of the petitioner for CAMPA Fund has been allowed under Regulation 9 (2)(ii) of the 2009 Tariff Regulations, for the purpose of tariff as detailed under:

	(Rs. in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
CAMPA Fund	0.00	0.00	47098.32	(-) 13107.80	0.00
Less :Irrigation component @16.75 %	0.00	0.00	7888.97	(-) 2195.56	0.00
CAMPA Fund share towards Power component	0.00	0.00	39209.35	(-) 10912.24	0.00

18. The petitioner has claimed additional capital expenditure of ₹20750.00 lakh in 2013-14 on account of Special Package on R&R and has submitted as under:

“On the recommendation of High Level Committee, the Respondent No. 2 vide order No. F31-3/2012/27-1 dated 07-06-2013 announced a Special Package of Rs. 224.52 crore. Despite the announcement of a Special Package by the Respondent No. 2 and the endeavors made by the Petitioner, presently the Reservoir Level is still being maintained at EL 189.0 M and the Capital Expenditure on account of R&R Works is still continuing. As such, including the said implication of Rs. 224.52 cr. on account of Special Package as announced by Respondent No. 2, the Completion Cost of R&R Works is now anticipated at Rs. 500.57 cr.

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Further, the announcement of Special Package of Rs. 224.52 cr is a liberalization of R&R Package by the GoMP and as such, as per Clause 4 of CCEA Sanction dated 29-05-2003, the Respondent No. 2 has to bear the entire cost of Special Package i.e. Rs. 224.52 Cr. without having any impact on the Power Tariff of the Project. However, in endeavors of raising of Reservoir Level upto FRL, the Petitioner has made the requisite fund available on the demand of Respondent No. 2 in the Interest of the Project in particular and State of Madhya Pradesh in general. The amount towards this Special Package is recoverable from Respondent No. 2, being the 100% Subvention by GoMP. Upto 31-03-2014, a demand of Rs. 207.50 Cr. has been received from Respondent No. 2.”

19. In consideration of the submissions of the petitioner, we are of the considered view that the amount on account of Special Package, towards 100% Subvention by the GoMP is recoverable from Respondent No. 2 and has no impact on the power component of the project for the purpose of tariff. Accordingly, the expenditure of ₹20750.00 lakh has been excluded for the purpose of tariff.

Regulation 9 (2)(iv) – Additional Capital Expenditure for Successful & efficient operation

20. The Commission in its order dated 9.5.2013 in Petition No.248/GT/2012 had allowed projected additional capital expenditure on items/assets which were considered necessary for



successful & efficient operation of the generating station under Regulation 9(2)(iv) of the 2009 Tariff Regulations as detailed under:

<i>(Rs. in lakh)</i>				
2009-10	2010-11	2011-12	2012-13	2013-14
437.29	870.90	889.78	480.00	2700.00

21. The petitioner in this petition has submitted that it had projected such additional capital works for 2009-14 in the best endeavors for successful & efficient operation of the generating station. It has submitted that owing to pragmatic constraints, the actual capitalization against some of these admitted projected capital works have been shifted from the respective year of projection to the subsequent years within the tariff period 2009-14. It has added that the actual capitalization of some of the items have either been spilled over to the next tariff period or deferred for execution as per requirement. In addition to the above, the petitioner has submitted that the actual additional capitalization have been done against some capital works other than admitted items, which was warranted in order to ensure the successful & efficient operation of generating units. It has further submitted that these capital items have been claimed afresh with justification. Accordingly, based on audited accounts, the details of the additional capital expenditure claimed under Regulation 9(2)(iv) of the 2009 Tariff Regulations are as under:

<i>(Rs. in lakh)</i>						
Sl. No.		2009-10	2010-11	2011-12	2012-13	2013-14
A	Additions against works already approved by Commission	437.29	874.62	181.94	216.94	102.92
B	Capital expenditure not projected/not allowed by Commission earlier but incurred and claimed	55.71	0.00	135.96	123.73	135.54
C	Minor Assets (not claimed)	7.88	9.03	26.88	6.86	44.64
D	Deletions	(-) 124.77	0.00	(-) 5.49	0.00	0.00
	Actual additional capital expenditure claimed (A+B-D)	368.23	874.62	312.40	340.67	238.46

22. The respondent MPPMCL has submitted that the petitioner without the prior approval of the Commission has incurred many additional capital expenditure other than the admitted items under Regulation 9(2) (iv) of the 2009 Tariff Regulations. It has further submitted that that on bare



perusal it could be noticed that not a single expenditure incurred is of urgent nature and necessary for successful & efficient operation of the generating station. The respondent has also submitted that the 2009 Tariff Regulations do not permit the truing up of the capital expenditure which has not been admitted by the Commission. In response, the petitioner vide its rejoinder has pointed out that the truing up petition is based on the actual additional capital expenditure including works which were necessary for the successful operation of the generating station. It has further submitted that certain works/items have been excluded suo moto which were not felt necessary for successful & efficient operation and had categorised them as minor assets. Accordingly, it has submitted that the contentions of the respondent are not tenable.

23. We have examined the matter. The 2009 Tariff Regulations envisages determination of tariff of existing projects based on admitted capital cost up to 31.3.2009 and projected additional capital expenditure during the tariff period 2009-14. One mid-term truing-up and final truing-up of the capital expenditure, with suitable provision for payment of interest on the excess recovery or shortfall in recovery, has been provided to balance the interest of the generating companies as well as the beneficiaries. In terms of the proviso to Regulation 6(1) of the 2009 Tariff Regulations, the generating company has the discretion to approach the Commission one more time for truing up during the tariff period. In terms of Regulation 6 (1), the Commission shall carry out truing-up exercise along with the tariff petition filed for the next 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. With the provision for truing-up and the adjustment of excess recovery or shortfall as a result of such truing up at SBI PLR rate in terms of the Regulation 6 (6), the concerns of the respondent are duly taken care of. Thus, the objection of the respondent is disposed of as above. We now proceed to revise the tariff of the generating station for the period 2009-14 on prudence check, based on the submissions of the parties in the subsequent paragraphs.



24. It is noticed that some of the assets claimed under Sl. No. A & B of table at para 21 above had earlier been allowed /disallowed by the Commission on projected basis. However, after examining the asset-wise details and justification for additional capital expenditure claimed by the petitioner, the replies of the respondents and prudence check as carried out, the admissibility of the additional capital expenditure claimed under Sl. No. A& B has been discussed in detail as per Annexure I & II attached herewith.

25. The expenditure claimed on assets viz. Moisture in Oil Test Instrument, Dynamic Circuit Breaker Analyzer Kit, On-line Dissolved Gas Analyzer etc. are in the nature of Tools and Tackles including testing kits and the same has not been allowed in terms of the proviso to Regulation 9(2)(iv) of the 2009 Tariff Regulations. Though testing kits like other tools and tackles directly reduce the O&M expenses of the generating station, considering the fact that O&M expenses are allowed on normative basis, any saving in O&M expenses is retained by the generator. As such, the expenditure on procurement of tools and tackles including testing kits is required to be borne by the petitioner. In addition, the expenditure on assets which are not related to the direct operation of the generating station namely., the construction of view point, garden, helipad, etc., expenditure on assets of O&M nature like painting etc. and the expenditure on procurement of spares have not been allowed. Based on this discussion, the year wise amounts which have been found admissible for the purpose of tariff for 2009-14 under Regulation 9(2)(iv) of the 2009 Tariff Regulations, prior to the adjustment of Irrigation component, are as under:

(Rs. in lakh)

Year	Amount claimed			Amount allowed		
	Unit-I (DAM)	Unit-III (Power House)	Total	Unit-I (DAM)	Unit-III (Power House)	Total
2009-10	188.25	304.75	493.00	182.12	260.72	442.84
2010-11	238.28	636.34	874.62	238.28	635.40	873.68
2011-12	138.04	179.85	317.89	116.93	148.89	265.82
2012-13	45.04	295.63	340.67	45.04	108.87	153.91
2013-14	137.38	101.08	238.46	108.15	79.67	187.82



Minor Assets

26. The petitioner has not considered an amount of Rs. 95.29 lakh for the purpose of tariff under the head 'Minor assets' inclusive of capitalization and de-capitalization of minor assets during 2009-14. The petitioner has submitted that as per audited accounts of the respective years of the period 2009-14, there has been actual additional capital expenditure against some items which fall under the category of acquiring the 'Minor' items or assets like Tools & Tackles, furniture, air-conditioned etc., and accordingly, the capitalization against such minor assets has been excluded for the period 2009-14. As the expenditure incurred towards procurement /replacement of minor assets after the cut-off date is not permissible for the purpose of tariff in terms of the 2009 Tariff Regulations, the petitioner has considered these additions under exclusion category. In view of this, the exclusions of positive entries under the head is in order and are allowed.

27. The petitioner has also ignored/ excluded negative entries for the purpose of tariff as the corresponding positive entries for purchase of such assets are not being allowed for the purpose of tariff in terms of the provisions of the 2009 Tariff Regulations. In this regard, the observations of the Commission in order dated 7.9.2010 in Petition No.190/2009 as under:

"20. After careful consideration, we are of the view that the cost of minor assets originally included in the capital cost of the projects and replaced by new assets should not be reduced from the gross block, if the cost of the new assets is not considered on account of implication of the regulations. In other words, the value of the old assets would continue to form part of the gross block and at the same time the cost of new assets would not be taken into account. The generating station should not be debarred from servicing the capital originally deployed on account of procurement of minor assets, if the services of those assets are being rendered by similar assets which do not form part of the gross block."

28. The matter has been examined. The issue of exclusion of negative entries corresponding to deletion of minor assets for the purpose of tariff was dealt with by the Commissions in Petition No.230/GT/2014 (revision of tariff of Dhauliganga HEP for 2009-14) and the Commissions by order dated 24.2.2016 observed as under:

"31. The present case is distinguishable from the facts of the case which was decided in the said appeal. The minor assets are not considered as capital assets and are not permitted to be capitalised after the cut-off date. In our view, since the cost of new assets would not be



taken into account by implication of the regulations, the value of old assets should be permitted to continue to form part of the gross block. In other words, if the cost of the new assets is not considered on account of implication of the regulations, the cost of minor assets originally included in the capital cost of the projects and replaced by new assets should not be reduced from the gross block. The generating station should not be debarred from servicing the capital originally deployed on account of procurement of minor assets, if the services of these assets are being rendered by similar assets which do not form part of the gross block. In this background and in line with the decision of the Commission in order dated 7.9.2010, the negative entries corresponding to the deletion of minor assets are allowed to be excluded/ ignored for the purpose of tariff.”

29. The view taken by the Commission as above has been adopted in the present case. Accordingly, the negative entries corresponding to the deletion of minor assets are allowed to be excluded/ ignored for the purpose of tariff.

Deletions

30. The petitioner has claimed ‘deletions’ during 2009-14 on account of de-capitalization of assets not in use, exchange difference on carrying amount of liability of creditors towards capital assets, reversal of liability on carrying amount of creditors-service tax, and credit towards Infirm Power, etc, as stated below.

	<i>(Rs. in lakh)</i>		
	Unit-I	Unit-III	Amount
2009-10	(-) 10.95	(-) 113.82	(-) 124.77
2010-11	0.00	0.00	0.00
2011-12	0.00	(-) 5.49	(-) 5.49
2012-13	0.00	0.00	0.00
2013-14	0.00	0.00	0.00

31. As corresponding assets do not render any useful service in the operation of the generating station, the de-capitalization of assets not in use as effected in the books of accounts has been allowed for the purpose of tariff. Accordingly, the above said amounts have been deleted for the purpose of tariff.

32. Based on the above, the additional capital expenditure allowed prior to the adjustment of irrigation component and after considering the deletions under Regulation 9(2)(iv) for 2009-14 is summarized as under:



(Rs. in lakh)

Year	Amount claimed			Amount allowed		
	Unit-I (Dam)	Unit-III (Power House)	Total	Unit-I (Dam)	Unit-III (Power House)	Total
2009-10	188.25-10.95=177.30	304.75-113.82=190.93	368.23	182.12-10.95=171.17	260.72-113.82=146.90	318.07
2010-11	238.28	636.34	874.62	238.28	635.40	873.68
2011-12	138.04	179.85-5.49=174.36	312.40	116.93	148.89-5.49=143.40	260.33
2012-13	45.04	295.63	340.67	45.04	108.87	153.91
2013-14	137.38	101.08	238.46	108.15	79.67	187.82

33. In order to arrive at the admissible additional capital expenditure for power component, the additional capital expenditure allowed for Unit-I i.e. Dam is required to be reduced by Irrigation component @ of 16.75%. Accordingly, the admissible additional capital expenditure for Power Component against expenditure allowed on unit-I works out as under:

(Rs. in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Additional capital expenditure allowed under Regulation 9(2)(iv) for Unit-I (Dam) prior to adjustment of Irrigation component (a)	171.17	238.28	116.93	45.04	108.15
Less: Irrigation component @16.75 %of (a)	28.67	39.91	19.59	7.54	18.12
Unit-I Share of Power Component	142.50	198.37	97.34	37.50	90.03

34. The Unit-III component (power component) considered for the purpose of tariff under Regulation 9(2)(iv) of the 2009 Tariff Regulations, is as under:

(Rs. in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Unit-III share of the Power component	146.90	635.40	143.40	108.87	79.67	1114.24

35. Based on above deliberations, the total additional capital expenditure allowed for the purpose of tariff towards Power component of the project is as under:

(Rs. in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Additional capital expenditure against R&R expenditure allowed under Regulation 9(2)(i) (As per para 14 above)	1107.85	(-) 311.58	59.69	1442.19	515.38	2813.53
Additional capital expenditure against CAMPA expenditure allowed under Regulation 9(2)(ii) (As per para 17 above)	0.00	0.00	39209.35	(-) 10912.24	0.00	28297.11



Additional capital expenditure against Unit-I allowed under Regulation 9(2)(iv) (As per para 33 above)	142.50	198.37	97.34	37.50	90.03	565.74
Additional capital expenditure against Unit-III allowed under Regulation 9(2)(iv) (As per para 34 above)	146.90	635.40	143.40	108.87	79.67	1114.24
Total additional capital expenditure allowed for Power component prior to adjustment of un-discharged /discharged liabilities	1397.25	522.19	39509.78	(-) 9323.68	685.08	32790.62

Un-discharged liabilities

36. The petitioner has submitted the details of actual un-discharged liabilities in Power component as on the 31st March of the financial year of the tariff period 2009-14 as under:

(Rs. in lakh)				
31.3.2010	31.3.2011	31.3.2012	31.3.2013	31.3.2014
11540.96	10960.74	49781.18	38876.06	10643.48

37. The additional capital expenditure for power component, allowed after adjustment of un-discharged liabilities/discharge of liabilities is as under:

(Rs. in lakh)					
Year	2009-10	2010-11	2011-12	2012-13	2013-14
Additional Capital Expenditure (Power Component)	1397.25	522.19	39509.78	(-) 9323.68	685.08
Un-discharged liabilities at the beginning of the year	11406.94	11540.96	10960.74	49781.18	38876.06
Un-discharged liabilities at the ending of the year	11540.96	10960.74	49781.18	38876.06	10643.48
Un-discharged liabilities discharged	(-) 134.02	580.22	(-)38820.44	10905.12	28232.58
Additional Capital Expenditure (Power Component) allowed for tariff	1263.23	1102.41	689.34	1581.44	28917.66

Note: The liabilities pertain to power component only. In the absence of asset-wise details of liabilities, the position of overall liabilities has been considered.

Capital Cost

38. As stated in para 6 above, the amount of `204732.85 lakh (excluding un-discharged liability of `11406.94 lakh) has been considered as the opening capital cost as on 1.4.2009 towards the power component of the generating station for the purpose of revision of tariff of the generating station. Accordingly, the capital cost allowed for the purpose of tariff for 2009-14 is as under:



	(Rs. in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	204732.85	205996.08	207098.49	207787.83	209369.27
Additional Capitalization as above	1263.23	1102.41	689.34	1581.44	28917.66
Closing Capital Cost	205996.08	207098.49	207787.83	209369.27	238286.93

Debt- Equity Ratio

39. Regulation 12 of the 2009 Tariff Regulations provides as under:

“(1) For a project declared under commercial operation on or after 1.4.2009, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan.

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.- The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilized for meeting the capital expenditure of the generating station or the transmission system.

(2) In case of the generating station and the transmission system declared under commercial operation prior to 1.4.2009, debt-equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2009 shall be considered.

(3) Any expenditure incurred or projected to be incurred on or after 1.4.2009 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernization expenditure for life extension shall be serviced in the manner specified in clause (1) of this regulation.”

40. The petitioner has stated in the petition that funding of the additional capital expenditure has been made through internal resources and others. In terms of the above regulations, the debt equity ratio of 70:30 has been considered on the additional capital expenditure, after adjustment of the un-discharged liability for the purpose of tariff.

Return on Equity

41. Regulation 15 of the 2009 Tariff Regulations amended on 31.12.2012 provides as under:

“(1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 12.



(2) Return on Equity shall be computed on pre-tax basis at the base rate of 15.5% for thermal generating stations, transmission system and run of the river generating station, and 16.5% for the storage type generating stations including pumped storage hydro generating stations and run of river generating station with pondage and shall be grossed up as per clause (3) of this regulation

(3) The rate of return on equity shall be computed by grossing up the base rate with the Minimum Alternate/Corporate Income Tax Rate for the year 2008-09, as per the Income Tax Act, 1961, as applicable to the concerned generating company or the transmission licensee, as the case may be.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where *t* is the applicable tax rate in accordance with clause (3) of this regulation.

(5) The generating company or the transmission licensee, as the case may be, shall recover the shortfall or refund the excess Annual Fixed Charge on account of Return on Equity due to change in applicable Minimum Alternate/Corporate Income Tax Rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission:

Provided further that Annual Fixed Charge with respect to the tax rate applicable to the generating company or the transmission licensee, as the case may be, in line with the provisions of the relevant Finance Acts of the respective year during the tariff period shall be trued up in accordance with Regulation 6 of these regulations.”

42. The petitioner has considered the following rate of Return on Equity:

Year	2009-10	2010-11	2011-12	2012-13	2013-14
Base Rate	15.500%	15.500%	15.500%	#15.750%	16.500%
Applicable Tax Rate	16.995%	19.931%	20.008%	20.008%	20.961%
Rate of ROE (pre-tax)	18.674%	19.358%	19.377%	19.689%	20.876%

43. The Base Rate has been changed from 15.5% to 16.5% for the storage type generating stations including pumped storage hydro generating stations and run of river generating station with pondage vide the 2009 Tariff Regulations, amended on 31.12.2012. Therefore, base rate of 15.75% (15.50% x 9/12+16.50% x 3/12) has been considered for 2012-13. Accordingly, the return on equity has been computed as follows:

	(Rs. in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Equity	61419.86	61798.82	62129.55	62336.35	62810.78
Addition due to additional capital expenditure	378.97	330.72	206.80	474.43	8675.30
Closing Equity	61798.82	62129.55	62336.35	62810.78	71486.08
Average Equity	61609.34	61964.19	62232.95	62573.56	67148.43
Rate of ROE (pre-tax)	18.674%	19.358%	19.377%	19.689%	20.876%
Return on Equity	11504.93	11995.03	12058.88	12320.11	14017.91



Interest on loan

44. Regulation 16 of the 2009 Tariff Regulations provides as under:

(1) The loans arrived at in the manner indicated in regulation 12 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

3) The repayment for the year of the tariff period 2009-14 shall be deemed to be equal to the depreciation allowed for that year.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project.

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute.

Provided that the beneficiary or the transmission customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

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

(a) The opening gross normative loan as on 1.4.2009 has been arrived at in accordance with Regulation 16 of the 2009 Tariff Regulations.

(b) The weighted average rate of interest has been worked out on the basis of the actual loan portfolio of respective year applicable to the project.

(c) The repayment for the year of the tariff period 2009-14 has been considered equal to the depreciation allowed for that year.

(d) The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest. Weighted Average Rate of Interest for the year 2011-12 considered as 11.23% in order dated 9.5.2013 has been revised to 11.164% considering the time factor in the calculating the weighted



average rate of interest in terms of the judgment of APTEL dated 07.03.2014 in Appeal No. 30 of 2013.

46. Accordingly, Interest on loan is computed as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Normative Loan	143313.00	144197.26	144968.96	145451.48	146558.49
Cumulative Repayment	8721.02	18873.55	29044.52	39269.16	48758.21
Net Loan-Opening	134591.98	125323.71	115924.42	106182.32	97800.27
Repayment during the year	10152.53	10170.97	10224.64	9489.05	10281.76
Addition due to Additional Capitalization	884.26	771.69	482.54	1107.01	20242.36
Net Loan-Closing	125323.71	115924.42	106182.32	97800.27	107760.88
Average Loan	129957.84	120624.07	111053.37	101991.30	102780.58
Weighted Average Rate of Interest	11.890%	11.890%	11.164%	10.800%	10.800%
Interest on Loan	15451.99	14342.20	12397.62	11015.06	11100.30

Depreciation

47. Regulation 17 of the 2009 Tariff Regulations provides as under:

“(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

Provided that in case of hydro generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site.

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

(3) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-III to these regulations for the assets of the generating station and transmission system.

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(5) In case of the existing projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation including Advance against Depreciation as admitted by the Commission up to 31.3.2009 from the gross depreciable value of the assets.

(6) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.”



48. In terms of the above regulations, the weighted average rate of depreciation has been calculated in accordance with the above regulations. Accordingly, depreciation has been worked out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Gross Block	204732.85	205996.08	207098.52	207787.83	209369.27
Additional capital expenditure during the period	1263.23	1102.44	689.31	1581.44	28917.66
Closing gross block	205996.08	207098.52	207787.83	209369.27	238286.93
Average gross block	205364.47	206547.30	207443.17	208578.55	223828.10
Rate of Depreciation	4.944%	4.924%	4.929%	4.549%	4.594%
Depreciable Value	184828.02	185892.57	186698.86	187720.69	201445.29
Remaining Depreciable value	176107.00	167019.02	157654.33	148451.53	152687.08
Depreciation	10152.53	10170.97	10224.64	9489.05	10281.76

Operation & Maintenance Expenses

49. Regulation 19(f) of the 2009 Tariff Regulations provides for normative operation and maintenance expenses for hydro generating stations as under:

(i) Operation and maintenance expenses, for the existing generating stations which have been in operation for 5 years or more in the base year of 2007-08, shall be derived on the basis of actual operation and maintenance expenses for the years 2003-04 to 2007-08, based on the audited balance sheets, excluding abnormal operation and maintenance expenses, if any, after prudence check by the Commission.

(ii) The normalized operation and maintenance expenses after prudence check, for the years 2003-04 to 2007-08, shall be escalated at the rate of 5.17% to arrive at the normalized operation and maintenance expenses at the 2007-08 price level respectively and then averaged to arrive at normalized average operation and maintenance expenses for the 2003-04 to 2007-08 at 2007-08 price level. The average normalized operation and maintenance expenses at 2007-08 price level shall be escalated at the rate of 5.72% to arrive at the operation and maintenance expenses for year 2009-10:

Provided that operation and maintenance expenses for the year 2009-10 shall be further rationalized considering 50% increase in employee cost on account of pay revision of the employees of the Public Sector Undertakings to arrive at the permissible operation and maintenance expenses for the year 2009-10.

(iii) The operation and maintenance expenses for the year 2009-10 shall be escalated further at the rate of 5.72% per annum to arrive at permissible operation and maintenance expenses for the subsequent years of the tariff period.

(iv) In case of the hydro generating stations, which have not been in commercial operation for the period of five years as on 1.4.2009, operation and maintenance expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works). Further, in such case, operation and maintenance expenses in first year of commercial operation shall be escalated @ 5.17% per annum up to the year 2007-08 and then averaged to arrive at the O & M expenses in respective year of the tariff period. [The impact of pay revision on employee cost for arriving at the operation and maintenance expenses for the year 2009-10 shall be considered in accordance with the procedure given in proviso to sub-clause (ii) of clause (f) of this regulation.]



50. The Commission vide order dated 9.5.2013 in Petition No.248/GT/2012 had allowed the O&M expenses based on the following:

“45. In terms of Regulation 19(2)(f)(iv), 2% of the original capital cost as admitted by the Commission, as on cut-off date i.e 31.3.2009, is to be allowed as O&M expenses for the first year of operation which is to be escalated by 5.72% per annum to arrive at the permissible O&M expenditure for the year 2009-10 (without salary increase). Thereafter, increase in salary to the tune of 50% is allowed considering the employee cost percentage as arrived at, in order to work out the allowable O&M expenses for the year 2009-10 (with salary increase). The same shall be escalated @ 5.72% per year to arrive at the allowable O&M expenses during the respective years of the tariff period. Accordingly, the calculation for O&M expenses allowable for the period 2009-14 is as under.”

<i>(₹ in lakh)</i>	
Capital cost as on cut-off date i.e 31.3.2009 for the purpose of O&M	204732.85
R&R expenditure included in the above	13154.16
Capital cost for the purpose of O&M after excluding R&R cost	191578.69
O&M for the first year of operation i.e 2007-08 @ 2% of above	3831.57

51. Based on the above, the O&M expenses allowed for the tariff period 2009-14 by the said order dated 9.5.2013 is as under:

<i>(₹ in lakh)</i>				
2009-10	2010-11	2011-12	2012-13	2013-14
4916.79	5198.03	5495.35	5809.69	6142.00

52. The petitioner has claimed the O&M expenses as allowed vide Commission’s order dated 9.5.2013. Accordingly, the O&M expenses allowed as above vide order dated 9.5.2013 in Petition No.248/GT/2012 has been considered in this order.

Interest on Working Capital

53. Regulation 18(1)(c) of the 2009 Tariff Regulations provides that the working capital for hydro generating stations shall cover:

- (i) Receivables equivalent to two months of fixed cost;*
- (ii) Maintenance spares @ 15% of operation and maintenance expenses specified in regulation 19;*
- (iii) Operation and maintenance expenses for one month.*

54. 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 1st 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 1st 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.

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

Maintenance Spares in working capital

56. In terms of the above provisions, maintenance spares considered for the purpose of tariff is as under:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
737.52	779.70	824.30	871.45	921.30

Receivables

57. Receivable component of the working capital has been worked out on the basis of two months of fixed cost as under:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
7174.27	7121.19	6862.37	6601.44	7097.83

O&M Expenses

58. O & M expenses for 1 month for the purpose of working capital is as under:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
409.73	433.17	457.95	484.14	511.83

59. SBI PLR of 12.25% as on 1.4.2009 has been considered. Necessary computations in support of calculation of interest on working capital are as under as under:



(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Maintenance Spares	737.52	779.70	824.30	871.45	921.30
O & M expenses	409.73	433.17	457.95	484.14	511.83
Receivables	7174.27	7121.19	6862.37	6601.44	7097.83
Total	8321.52	8334.07	8144.62	7957.04	8530.97
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest on Working Capital	1019.39	1020.92	997.72	974.74	1045.04

Annual Fixed charges for 2009-14

60. The annual fixed charges for the period 2009-14 in respect of the generating station is summarized as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	11504.93	11995.03	12058.88	12320.11	14017.91
Interest on Loan	15451.99	14342.20	12397.62	11015.06	11100.30
Depreciation	10152.53	10170.97	10224.64	9489.05	10281.76
Interest on Working Capital	1019.39	1020.92	997.72	974.74	1045.04
O & M Expenses	4916.79	5198.03	5495.35	5809.69	6142.00
Total	43045.62	42727.16	41174.20	39608.65	42587.01

Design Energy (Stage-wise)

61. The Commission in para 60 of the order dated 9.5.2013 has observed as under:

“60. The figures of modified design energy, as calculated by the petitioner above have been verified and are found to be in order. The petitioner has not, in categorical terms submitted as to when the reservoir level will reach its FRL level of EL 196.60 M. From Form-2 annexed to the petition, it appears that full reservoir operation shall commence from the year 2012-13. However, in order to avoid any uncertainty in this regard, the following design energy corresponding to both reservoir levels and consumptive water requirement of 6.624 BM³ have been allowed, for billing purpose, as the base figures are to be trued-up depending upon the permitted level of reservoir filling and actual consumptive water utilization to be certified by Narmada Control Authority at the end of each year.

	Design energy corresponding to 189 M (MU)	Design energy corresponding to 196.6 M (MU)
2009-10 (stage-I of irrigation requirement)	896.44	1166.57
2010-14 (stage-II of irrigation requirement at 6.624 BM ³)	865.05	1124.61

62. The petitioner has submitted that the Govt. of Madhya Pradesh is executing the Unit-II (canal) of this multipurpose project. It has also submitted that depending upon the development of



canal network and the Irrigation command, the following three stages of the power generation for 90% dependable year has been defined in the Techno-Economic Clearance (TEC) of CEA for the Project, depending upon the water utilization by the State of Madhya Pradesh in the Narmada Basin.

Stage of Irrigation Development	Total Irrigation Utilization in Basin (BM ³) by MP	Firm Power (MW)
Stage-I	≤6.00	133.17
Stage-II	>6.00 ≤ 13.00	From 133.17 to 79.41
Stage-III	>13.00 ≤ 18.25	From 79.41 to 64.55
Final Stage	≥18.25	64.55

63. The petitioner has submitted that consequent upon the utilization of water in the Narmada Basin by the State of Madhya Pradesh by more than 6 BM³ during the year 2010-11 i.e. 6.624 BM³, as notified by Narmada Control Authority, the Commission in its order dated 9.5.2013 in Petition No. 248/GT/2012 had admitted the commencement of the Stage –II of this multipurpose Project from 2010-11. It has also submitted that Stage-II of power generation shall be continued till the utilization of water by the State of Madhya Pradesh attains 13 BM³ in the Narmada Basin depending upon the development of Irrigation command by the Respondent No.2 NVDD. Thereafter, Stage-III of the multipurpose project would commence. The petitioner has further stated that in order to work out the Reducing Power Benefit i.e. Firm Power during the respective periods of Stage –II, the Commission in Para 58 of the said order dated 9.5.2013 had adopted the formula for the determination of reduced firm power during the stage-II as submitted by the petitioner as under:

$$F.P \text{ (Stage-II)} = 133.17 - (133.17-79.41)*(Q-6.00)/(13-6.00)$$

$$\text{Or } F.P \text{ (Stage-II)} = 133.17-7.68(Q-6.00)$$

Where,

$FP_{(stage-II)}$ = Reducing power benefit i.e. Firm Power (in MW) on pro-rata basis during Stage–II period of Omkareshwar Multi-purpose Project.

Q^* = Actual water utilization (in BM³) for Irrigation by MP in the Narmada Basin to be notified by NCA for respective years.

Note: The value of Q shall be irreversible and shall not be reduced once attained.



64. The petitioner has submitted that the NCA has notified the Water Accounting for the years 2011-12 & 2012-13 and provided the value of utilization of water by the State of MP and based on the above formula has claimed the firm power corresponding to Restricted Reservoir Level at EL 189.0 M and Design Energy for the year 2011-12 and 2012-13 as under:

	Filling of Reservoir upto EL 189.0 M	
	FY 2011-12	FY 2012-13
Utilization of Water by GoMP as Notified by NCA (BM ³)	7.0567	8.09841
Firm Power (MW)	96.196	90.042

65. We have examined the matter and the figures of modified design energy, as calculated by the petitioner above are found to be in order. Accordingly, the details of month-wise design energy corresponding to the above two design energy, is approved as under:

Monthly Design Energy (MU)		
Month	2011-12	2012-13
April	69.26	64.83
May	71.57	66.99
June	69.26	64.83
July	71.57	66.99
August	71.57	66.99
September	69.26	64.83
October	71.57	66.99
November	69.26	64.83
December	71.57	66.99
January	71.57	66.99
February	64.64	60.51
March	71.57	66.99
Annual Design Energy	842.67	788.76

66. The modified design energy for the year 2012-13 i.e. 788.76 MUs as above is allowed for the year 2013-14 also, subject to adjustment based on actual consumptive water utilization as certified by Narmada Control Authority for the year 2013-14.

67. The tariff between the tariff determined by order dated 9.5.2013 and this order shall be adjusted in terms of the proviso to Regulation 6 (6) of the 2009 Tariff Regulations, amended on 21.6.2011.



68. This disposes of Petition No. 460/GT2014.

Sd/-

**(Dr. M.K.Iyer)
Member**

Sd/-

**(A.S Bakshi)
Member**

Sd/-

**(A.K.Singhal)
Member**

Sd/-

**(Gireesh B Pradhan)
Chairperson**



Add-Cap allowed vis-à-vis claimed
(Additions against works already approved by Commission)

Annexure-I
(₹ in lakh)

Sl. No.	Assets/works	Unit-I	Unit-III	Amount	Justification for admissibility
2009-10					
1	Cross Over Structure (VRB) over Canal	70.68	73.52	144.20	The assets/works claimed under this head were allowed on projection basis vide order dated 09.05.2013 in petition no. 248/GT/2012. Since the assets/works considered necessary which facilitate efficient & successful operation of plant, therefore, these assets/works have been allowed under Regulation 9(2)(iv), of Tariff Regulations,2009.
2	Construction of Protection Wall at Power House	0.00	1.01	1.01	
3	Construction of Storage Rack at Power House	0.00	3.39	3.39	
4	Construction of RR Masonry wall for prohibited area around Power House	0.00	27.49	27.49	
5	Flooring work of unloading bay	0.00	7.75	7.75	
6	Construction of Project store	16.87	17.55	34.43	
7	Construction of RR wall for prohibited area	5.11	5.31	10.42	
8	Construction of boundary wall for colony	7.54	7.84	15.38	
9	Construction of Security hut & barrier	2.72	2.83	5.55	
10	Construction of Parking for Heavy Machinery near Administrative Building	9.32	9.70	19.02	
11	Water distribution pipe line at Colony	4.77	4.96	9.73	
12	Dewatering pipeline at Dam Gallery	5.21	0.00	5.21	
13	Construction of RR wall for prohibited area	22.56	0.00	22.56	
14	Slope Protection work at Right bank	4.55	0.00	4.55	
15	Levelling and Development of Area near Switchyard / HRC	3.00	0.00	3.00	
16	Slope Protection work near Power House	2.58	0.00	2.58	
17	Panelling work at Power House	0.00	2.95	2.95	
18	Fixing of Steel railing at generator floor	0.00	25.41	25.41	
19	Current Transformer and its accessories.	0.00	3.00	3.00	
20	Oil purifier System for power house	0.00	10.56	10.56	
21	Electrostatic Liquid cleaner machine for Power House	0.00	27.97	27.97	
22	Installation of High Mast light at Project Area.	5.50	5.72	11.22	
23	Double Mounting Siren	0.22	0.23	0.46	



24	Energy Meter for Power House	0.00	1.33	1.33	
25	Public Address System with accessories	0.32	0.33	0.65	
26	Speakers at Assembly Area (Central Park) as per Disaster Management Plan of Project.	0.16	0.17	0.33	
27	Payment to Forest Department, Barwaha, towards Barwaha-Sidhwarkut Road	0.80	0.83	1.63	
28	Construction of Ghat at River Kavari	6.68	6.95	13.63	
29	Extension of Omkareshwar & Mampleswar Ghat & Drains	10.73	11.16	21.89	
	Total amount Claimed	179.32	257.97	437.29	
	Total amount allowed	179.32	257.97	437.29	
2010-11					
1	Construction of pipe culvert at Left Bank approach road near VRB	10.46	0.00	10.46	The assets/works claimed under this head were allowed on projection basis vide order dated 09.05.2013 in petition no. 248/GT/2012. Since the assets/works considered necessary which facilitate efficient & successful operation of plant, therefore, these assets/works have been allowed under Regulation 9(2)(iv), of Tariff Regulations,2009.
2	Fixing of aluminium composite panel at power house	0.00	7.75	7.75	
3	Fixing of Rail line at power house for movement of transformer	0.00	1.39	1.39	
4	Automatic shutter at power house	0.00	10.63	10.63	
5	Construction of HM office building	6.98	7.33	14.31	
6	Internal electrification of new stores building	0.20	0.21	0.41	
7	Chain link boundary wall of central stores	4.95	5.19	10.14	
8	Compound wall of stores shed	16.11	16.92	33.03	
9	Construction of New I Type quarter	56.75	59.61	116.35	
10	Construction of Vehicle Parking near administrative building	2.12	2.23	4.36	
11	Development Work near 11KV Sub Station	4.39	4.61	9.00	
12	Development Work near I-Type quarters	3.75	3.94	7.70	
13	Hump spike for road block at both sides of Dam	3.37	3.53	6.90	
14	Development Work along road R-3, R-4	6.52	6.85	13.38	
15	Procurement of Generator Step up Transformer	0.00	453.94	453.94	
16	Purchase of Dewatering Pump for Power House	0.00	9.11	9.11	



17	CC TV System for Power House	0.00	4.36	4.36	
18	Construction of approach near Memaleswar Setu	31.53	33.12	64.64	
19	Left Over Work of I - Type Quarters	4.45	4.67	9.12	
20	Deferred works of consortium contract	86.71	0.00	86.71	
21	Grinding machine & accessories for power house workshop	0.00	0.34	0.00	Since the assets are in the nature of tools and tackles/minor assets, hence have not been allowed .
22	Welding set for power house	0.00	0.60	0.00	
Total amount Claimed		238.28	636.34	874.62	
Total amount allowed		238.28	635.40	873.68	
2011-12					
1	Installation of Sliding door with glass partition with operating System & Accessories at Power House	0.00	3.00	3.00	The assets/works claimed under this head were allowed on projection basis vide order dated 09.05.2013 in petition no. 248/GT/2012. Since the assets/works considered necessary which facilitate efficient & successful operation of plant, therefore, these assets/works have been allowed under Regulation 9(2)(iv), of Tariff Regulations,2009.
2	Widening of passage to lift lobby at PH.	0.00	6.27	6.27	
3	Side slope development along PH and left bank road at OSPS.	0.00	13.13	13.13	
4	Construction of Security watch tower	0.00	4.27	4.27	
5	Custom duty on price variation.	0.00	25.43	25.43	
6	Installation of Sliding door with glass partition with operating System & Accessories at Administrative Block	1.71	1.27	2.98	
7	Left Over Work of I - Type Quarters	15.31	11.39	26.70	
8	Requirement for establishment of CISF & works related with project security as per recommendations of CISF.	37.56	27.96	65.51	
9	M.S. Telescopic sliding gate at Dam	13.05	0.00	13.05	
10	Purchase of Transformer Kiosk	0.00	0.69	0.69	
11	Compound wall of stores shed	0.00	0.00	0.01	
12	Moisture in Oil Test Instrument	0.00	4.87	4.87	



13	Supply of Dynamic circuit breaker analyzer kit	0.00	16.01	16.01	tools and tackles, hence have not been allowed.
Total amount Claimed		67.64	114.30	181.94	
Total amount allowed		67.64	93.42	161.06	
2012-13					
1	Establishment of office, parade ground, residential quarters, other infrastructure and equipment etc. as per requirement of CISF.	2.12	1.68	3.80	The assets/works claimed under this head were allowed on projection basis vide order dated 09.05.2013 in petition no. 248/GT/2012. Since the assets/works considered necessary which facilitate efficient & successful operation of plant, therefore, these assets/works have been allowed under Regulation 9(2)(iv), of Tariff Regulations,2009.
2	Solar power system for Admin building.	10.36	8.22	18.58	
3	Supply of 220 KV CT for transmission line at 220 KV s/yard	0.00	26.02	26.02	
4	Purchase of Excitation Unit of generator (Simoreg-DC converters)	0.00	33.56	33.56	
5	Extension of 11KV supply from Switchyard to 415V SSB panel and vice versa (11KV VCB & switchgear panel)	0.00	8.02	8.02	
6	Widening of passage to lift lobby at PH.	0.00	0.03	0.03	
7	CCTV system-consisting of 36 cameras, one recording and monitoring server, three LCD panels & other accessories etc. CCTV System for PH, DAM & Switchyard area I/C software, installation and testing	30.44	24.15	54.59	
8	Construction of view point	0.00	25.91	25.91	
9	Multi function analyzer (dew point meter)	0.00	14.21	14.21	
10	Purchase of Multi function test kit.	0.00	32.21	32.21	
Total amount Claimed		42.93	174.01	216.94	
Total amount allowed		42.93	101.68	144.61	



2013-14					
1	Special package amounting to Rs. 207.50 Cr. as announced by GoMP in r/o R&R Works	20750.00	0.00	20750.00	Special package to be borne GoMP, hence not considered for the purpose of tariff.
2	Establishment of office, parade ground and residential quarters as per requirement of CISF.	21.59	14.97	36.56	The assets/works claimed under this head were allowed on projection basis vide order dated 09.05.2013 in petition no. 248/GT/2012. Since the assets/works considered necessary which facilitate efficient & successful operation of plant, therefore, these assets/works have been allowed under Regulation 9(2)(iv), of Tariff Regulations,2009.
3	Fire protection system of Administrative Building and other buildings.	29.64	20.55	50.19	
4	Purchase of Cooling water pump & its accessories	0.00	4.70	4.70	
5	CCTV system-consisting of 36 cameras, one recording and monitoring server, three LCD panels & other accessories etc. 11 additional cameras	6.78	4.70	11.47	
	Total amount claimed	58.01	44.91	102.92	
	Total amount allowed	58.01	44.91	102.92	



Add-Cap allowed vis-à-vis claimed
(Capital expenditure not projected/not allowed by Commission earlier but incurred and claimed)

Annexure-II

(₹ in lakh)

Sl. No.	Assets/works	Unit-I	Unit-III	Total	Justification for admissibility
2009-10					
1	Final Painting & Finishing work of Power House	0.00	2.40	2.40	Though the petitioner has submitted that, these deferred works were got executed for the completeness of the generating station and thus the capitalization has been considered after 'Cut-off Date' under Clause 9(2)(iv) of 2009 Regulation, the same have not been allowed since the assets are in the nature of O&M expense and tools and tackles.
2	Final Finishing work of Generator Floor of Power House	0.00	1.77	1.77	
3	Construction of Platform at Power House for Dedication Ceremony	0.00	3.30	3.30	
4	Construction of view point near unloading bay.	0.00	29.90	29.90	
5	Development of Garden.	1.53	1.59	3.13	
6	Construction of RR wall at helipad	3.16	3.29	6.45	
7	5KV insulation resistance tester with accessories	1.43	1.49	2.92	
8	Thermo Vision Camera accessories for power house	0.00	0.28	0.28	
9	Liability for balance hm supply	2.80	0.00	2.80	
10	Price Variation along with s/tax thereon VOITH-SIEMENS contract 4	0.00	2.75	2.75	



					for the discharge of liabilities pertaining to already allowed assets/works, capitalization the same have been allowed.
	Total amount Claimed	8.93	46.78	55.71	
	Total amount allowed	2.80	2.75	5.55	
2010-11					
	Total amount Claimed	0.00	0.00	0.00	
	Total amount allowed	0.00	0.00	0.00	
2011-12					
1	ERV loss as on 31.03.2012 (EURO @69.05 & USD @51.53)	0.00	15.89	15.89	The petitioner has submitted that, the adjustment of subsequent liabilities pertaining to Main Turnkey Contract, which materialized after 'Cut-Off Date is now accounted under Clause i.e. 9(2)(iv) of 2009 Regulation, hence the same have been allowed.
2	Payment of service tax on price variation	0.00	0.12	0.12	
3	ERV loss as on 31.03.2012 (EURO @69.05 & USD @51.53)	0.00	2.77	2.77	
4	WBM road at left bank	33.27	24.76	58.03	The petitioner has submitted that, the construction of this WBM Road was possible only after completion of Canal Head Regulator Works being executed by GoMP (Respondent No. 2). As such, it is a deferred works of original scope which got executed for the



					completeness of the generating station and thus its Capitalization has been considered under relevant after 'Cut-off Date' i.e. Clause 9(2)(iv) of 2009 Regulation. Since, the asset/work is considered necessary for successful & efficient operation of the plant, the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations,2009.
5	Stores Building	6.30	4.69	10.99	The asset/work is considered necessary for successful & efficient operation of the plant, hence the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations,2009.
6	fencing of residential quarters- fencing of H type qtr	4.99	3.71	8.70	The asset/work is considered necessary for the safety of the plant which will facilitate
7	High Mast	4.75	3.53	8.28	successful & efficient operation of the plant, hence, the same have been allowed under Regulation 9(2)(iv) of Tariff



					Regulations,2009.
8	Partition and miscellaneous development at LO	1.68	1.25	2.93	The petitioner has submitted that, work is within Original Scope of Works executed after Project COD. Since, the assets/works are of O&M in nature, the capitalizations of the same have not been allowed.
9	Development Work in front of Administrative Office	4.00	2.98	6.98	
10	Final Finishing work at Dam Control Room	3.01	0.00	3.01	
11	RR masonry wall	2.78	2.07	4.86	The assets/works are of O&M in nature, hence capitalization has not been allowed.
12	SOLAR PANEL ROOM	0.22	0.16	0.38	
13	DEVELOPMENT OF PARK ALONG TRC	4.85	3.61	8.46	The assets/works are of O&M in nature, hence capitalization has not been allowed.
14	DAM CIVIL WORKS-RR MASONRY WALL	4.57	0.00	4.57	
	Total amount Claimed	70.41	65.55	135.96	
	Total amount allowed	49.30	55.47	104.77	
2012-13					
1	Final bill c/o RR masonry wall - Verma Engg.	0.10	0.07	0.17	The petitioner has submitted that, balance Sheet Adjustments is claimed under relevant clauses of 2009 Regulation. Since the expenditure is for balance payment of already allowed work, hence, the same has been allowed.



2	Online dissolved gas analysis monitoring equipment with necessary fibre optic cable, converter/coupling device and laptop/pc for remote monitoring and data analysis of result	0.00	114.44	114.44	The petitioner has submitted that, recommended best Practices for efficient operation of generating station have been implemented for the monitoring of healthiness of equipment and thereby enhancing the availability of generating units. However, since the asset/work is considered to be in the nature of tools & tackles, the same have not been allowed.
3	Liabilities on diff. edu. cess & custom duty VOITH SIEMENS Hydro PVT.LTD. (contract ""4"")	0.00	5.50	5.50	The petitioner has submitted that, the adjustment of subsequent liabilities pertaining to Main Turnkey Contract, which materialized after 'Cut-Off Date is now accounted under Clause i.e. 9(2)(iv) of 2009 Regulation. Since the expenditure is for balance payment of already allowed work, hence, the same have been allowed.
4	Exchange difference on carrying amount of liability of creditors towards capital assets	2.02	1.60	3.61	
	Total amount Claimed	2.11	121.62	123.73	
	Total amount allowed	2.11	7.17	9.28	



2013-14

1	Development of road at central park	22.58	15.65	38.22	The petitioner has submitted that, in order to develop safe recreational facilities for the families of Staff residing at a remote location. Since the asset/work is for the benefit of the employees working in the plant which in turn, will facilitate successful & efficient operation of the plant, hence the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations, 2009.
2	33/ $\sqrt{3}$ /0.110/ $\sqrt{3}$ KV potential transformer single core, oil filled outdoor type burden 50VA, accuracy class 0.5-	0.32	0.22	0.54	The petitioner has submitted that, PT Procured for ensuring the redundancy of the system as per requirement for the efficient and successful operation of Generating Station. Since, the asset/work



					is of spares in nature, hence capitalization has not been allowed.
3	Thermal Imaging Camera	3.76	2.61	6.37	The petitioner has submitted that, recommended Best Practices for efficient operation of generating station have been implemented for the monitoring of healthiness of equipment and thereby enhancing the availability of generating units. Since, the assets/works are of O&M in nature, hence capitalizations have not been allowed.
4	Telephoto Infrared Lens	0.60	0.42	1.02	
5	220 KV Current Transformer Ratio: 800/500-1-1-1-1, 2500/1-1-	2.42	1.68	4.10	
6	Air Compressor 48068010- Elgi make model no - TS05120HN capacity 17.7 cfm	0.00	0.67	0.67	
7	Industrial oven for removal of moisture of Silica gel-	0.00	0.34	0.34	
8	Mobile Trolley-for air compressor	0.00	0.14	0.14	
9	Industrial Vacuum Cleaner-model cd 930 Eureka Forbes	0.07	0.05	0.13	tools & tackles and O&M exp. in nature, capitalization of



10	High Torque Sander, Polishing Sponge Dia- 160mm, Rubber Backing Pads Dia- 180mm-	0.05	0.03	0.08	these assets/works is not allowed after the cut off date. Hence capitalizations have not been allowed .
11	Submersible Pump 1HP-	0.06	0.04	0.11	
12	Street Light Tubular Pole (Single Arm)-	1.00	0.70	1.70	
13	Street Light Tubular Pole (Double Arm)-	1.74	1.20	2.94	
14	Pump Motor Station Unit Including - Axial Piston Pump-	3.07	2.13	5.19	
15	Automatic Hematology Analyzer	3.52	2.44	5.96	The petitioner has submitted that, in order to develop in-house facility at Project Hospital located at remote location. Since, the asset/work is for the benefit of the employees working in the plant which will facilitate successful & efficient operation of the plant, the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations, 2009.
16	Commercial Treadmill	2.88	2.00	4.88	Though the petitioner has submitted that as per demand of operating staff staying at a remote location, these facilities have been developed within the Project, but



					since, the asset/work is of minor nature, capitalization has not been allowed.
17	MS Office STD 2013	10.50	7.28	17.77	The petitioner has submitted that, as per IT Policies, these Software's were procured. But since, the asset/work is of minor nature, capitalization has not been allowed.
18	MS Office PROF 2013	0.75	0.52	1.28	
19	5KV Insulating Resistance Tester, Model- S1-554/2-EN-	2.00	1.38	3.38	The petitioner has submitted that, asset procured for ensuring the efficient and successful operation of Generating Station. But, since, the asset/work is of Tools & Tackles in nature, capitalization has not been allowed.
20	25 KVA On Line Double Conversion IGBT Based PWM Type Ups System.	9.93	6.88	16.81	The petitioner has submitted that, asset procured for ensuring the efficient and successful operation of Generating Station. The asset/work is considered necessary for successful & efficient operation of the



					plant, hence the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations, 2009.
21	Exchange Difference On Carrying Amount Of Liability Of Creditors Towards Capital Assets	14.12	9.78	23.90	The petitioner has submitted that, the adjustment of subsequent liabilities pertaining to Main Turnkey Contract, which materialized after 'Cut-Off Date' is now accounted under Clause i.e. 9(2)(iv) of 2009 Regulation. Since the expenditure is for discharge of liabilities of allowed assets/works, hence capitalization of the same has been allowed under Regulation 9(2)(iv) of Tariff Regulations, 2009.
	Total amount Claimed	79.37	56.17	135.54	
	Total amount allowed	50.13	34.76	84.89	

