

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 20/RP/2017**  
in  
**Petition No. 172/GT/2015**

**Coram:**

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

**Date of Order: 5.12.2017**

**In the matter of**

Review of Commission's order dated 20.3.2017 regarding approval of generation tariff of Tehri Hydroelectric Power Project, Stage-I (1000 MW) for the period from 1.4.2009 to 31.3.2014.

**In the matter of**

THDC India Limited  
Pragatipuram, Bypass Road,  
Rishikesh-249201  
Uttarakhand

.....**Petitioner**

**Vs**

1. Punjab State Power Corporation Limited  
The Mall, Patiala- 147001
2. Haryana Power Utilities  
Shakti Bhawan, Sector-6, Panchkula-134109
3. Uttar Pradesh Power Corporation Limited  
Shakti Bhawan, 14 Ashok Marg,  
Lucknow- 226001
4. BSES Rajdhani Power Limited  
BSES Bhawan, Nehru Place,  
Behind Nehru Place Bus Terminal,  
New Delhi- 110019
5. BSES Yamuna Power Limited  
3<sup>rd</sup> Floor, Shakti Kiran Building,  
Karkardooma, Near Court, New Delhi- 110092
6. Tata Power Delhi Distribution Limited  
33 kV Grid Substation Building,  
Hudson Lane, Kingsway Camp, Delhi-110009



7. Engineering Department,  
Chandigarh Administration,  
1<sup>st</sup> Floor, UT Secretariat,  
Sector- 9-D, Chandigarh- 160009

8. Uttarakhand Power Corporation Limited  
Urja Bhawan, Kanwali Road,  
Dehradun- 248001

9. HPSEB Limited,  
VidyutBhawan, Shimla- 171004

10. Jaipur Vidyut Vitaran Nigam Limited  
Vidyut Bhawan, Janpath,  
Jyotinagar, Jaipur- 302005

11. Ajmer Vidyut Vitran Nigam Limited  
Old Power House, Hatthi Bhata,  
Jaipur Road, Ajmer- 305001

12. Jodhpur Vidyut Vitran Nigam Limited  
New Power House, Industrial Area  
Jodhpur- 342003

13. Power Development Department  
Govt. of J & K, Civil Secretariat,  
Jammu- 180001

....Respondents

**Parties present:**

Shri M.G. Ramachandran, Advocate, THDC  
Ms. Ranjitha Ramachandran, Advocate, THDC  
Ms. Anushree Bardhan, Advocate, THDC  
Shri Rajiv Dhall, THDC  
Shri Rajeev Jain, THDC

**ORDER**

This petition has been filed by the petitioner, THDC India Ltd seeking review of order dated 20.3.2017 in Petition No. 172/GT/2015, whereby the Commission had revised the tariff of Tehri Hydroelectric Power Project, Stage-I (4 x 250 MW) (hereinafter the generating station) after trying up exercise for the period from 1.4.2009 to 31.3.2014 in terms of the Regulation 6 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter



referred to as ‘the 2009 Tariff Regulations’). The annual fixed charges determined by the said order dated 20.3.2017 is summarized as under:

|                             | (₹ in lakh)      |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|                             | 2009-10          | 2010-11          | 2011-12          | 2012-13          | 2013-14          |
| Return on equity            | 47507.18         | 49247.30         | 49295.63         | 50089.37         | 53109.13         |
| Interest on Loan            | 41464.65         | 38238.32         | 34532.51         | 30943.53         | 27946.07         |
| Depreciation                | 35930.58         | 36107.51         | 36334.31         | 36589.25         | 36734.02         |
| O&M Expenses                | 19509.92         | 20625.88         | 21805.68         | 23052.97         | 24371.60         |
| Interest on Working Capital | 3579.15          | 3607.68          | 3595.20          | 3604.64          | 3674.08          |
| <b>Total</b>                | <b>147991.48</b> | <b>147826.70</b> | <b>145563.33</b> | <b>144279.76</b> | <b>145834.90</b> |

2. Aggrieved by the said order dated 20.3.2017, the petitioner has prayed for the following:

*“(i) Consideration of the amount of ₹3174.67 lakh related to capital work in progress and capitalization of the same during the period 2009-14 and apportionment of reduction of the said amount only in the debt and not by way of debt and equity in the ratio of 62.78:37.22;*

*“(ii) Depreciation rate may be considered as claimed in the petition (5.30%) instead as allowed by the Commission (5.25%).”*

3. The Commission by interim order dated 28.7.2017 admitted the review petition on the above issues and issued notice to the respondents. The Commission by the said order also directed the petitioner to file information on the following:

*“(i) Reconciliation of year wise Additional Capital Expenditure (ACE) claimed during 2009-14 with additions as per books of account, duly certified by the Auditor indicating the ACE already claimed and further ACE being claimed in the review petition; and*

*“(ii) Details of ACE along with justification and relevant provision of regulation under which the expenditure is claimed.”*

4. In compliance with the above directions, the petitioner has filed the additional information vide affidavit dated 31.8.2017. Reply to the petition has been filed by the respondents, BRPL and UPPCL. Based on the submissions of the parties and the documents available on record, we now proceed to examine the reliefs prayed for by the petitioner as stated in the subsequent paragraphs.



## Analysis and decision

**Consideration of the amount of ₹3174.67 lakh related to capital work in progress and capitalization of the same during the period 2009-14 and apportionment of reduction of the said amount only in the debt and not by way of debt and equity in the ratio of 62.78:37.22**

5. The Commission in its order dated 20.3.2017 while determining the capital cost of the generating station had decided as under:

*“8. The Commission in order dated 27.1.2015 in Petition No. 195/GT/2013 had considered capital cost of ₹686483.57 lakh as on 31.3.2009 as the opening capital cost as on 1.4.2009 for the purpose of determination of tariff. In accordance with Clause 1 of Regulation 7 of the 2009 Tariff Regulations, the capital cost admitted by the Commission as on 31.3.2014 is to be considered as opening capital cost on 1.4.2014. It is noticed that the Commission had inadvertently considered CWIP amount in the closing capital cost as on 31.3.2009 vide order dated in Petition No. 250/2010. The petitioner has submitted Auditor Certificate towards reconciliation of closing balance as on 31.3.2009 stating the CWIP at ₹3174.67 lakh. Accordingly, the same amount has been adjusted from the opening capital cost as on 1.4.2009. Hence, the capital cost of ₹683308.90 lakh has been considered as the opening capital cost as on 1.4.2009 for revision of tariff in the present order for the period 2009-14.”*

6. In this regard, the petitioner in the petition has submitted the following:

(a) Consequent to reduction of ₹3174.67 lakh in the opening capital cost as on 31.3.2009 being CWIP and not being capitalized, the said amount was to be considered towards additional capitalization during the period 2009-14 as and when the said CWIP was capitalized.

(b) However, the Commission in the said order dated 20.3.2017 has inadvertently not considered the said amount of ₹3174.67 lakh for additional capitalization during the period 2009-14. Accordingly, the amount is required to be included in additional capitalization and the annual fixed charges may be revised in order dated 20.3.2017.

(c) While adjusting the reduction of ₹3174.67 lakh in the closing balance of 31.3.2009 and consequently in the opening balance of 1.4.2009, the said amount has been reduced proportionately in the ratio of 62.78: 37.22 as on cut-off date. The debt equity ratio of 60.70: 39.30 was frozen as on the COD of the generating station by the Commission in its order dated 5.6.2014 (in 7/RP/2013) based on substantial amount of higher equity invested by the participating governments.

(d) The Commission has however been considering all additional capitalization after the COD as funded by debt so long the debt equity ratio does not reach 70:30 in terms of Regulation 12 of the 2009 Tariff Regulations.

(e) Without prejudice to the contentions of the petitioner in Civil Appeal No. 5975 of 2015 pending before the Hon'ble Supreme Court, the amount of ₹3174.67 lakh



forming part of CWIP to be considered as additional capitalization during the period 2009-14 may be adjusted in the debt and not in equity on the basis that the debt equity ratio of 60.70 : 39.30 was frozen as on COD by order dated 5.6.2014.

(f) As a consequence of re-adjustment of CWIP amount as capitalization during the period 2009-14, the adjustment is required to be made in the debt portion of the project cost and not be apportioned between debt and equity. Thus, uniformity in the approach may be maintained in regard to both the reduction and adjustment as on 31.3.2009 and additional capitalization during the period 2009-14.

7. In response, BRPL vide affidavit dated 29.8.2017 has submitted as under:

(a) The petitioner has not even identified the amount of additional capitalization, work completed and the financial year when the work was completed amounting to ₹3174.67 lakh. In fact, the Commission has sought the information relating to admissibility of expenditure amounting to ₹26.65 crore (in lieu of CWIP amount deducted by Commission as on 31.3.2009) capitalized in books for period 2009-14. A review by no means is an appeal in disguise whereby an erroneous decision is reheard and corrected but lies only for patent error judgment of the Hon'ble Supreme Court in Parsion Devi & ors v/s Sumitra Devi & ors (1997) 8 SCC 715 was referred to].

(b) As regards apportionment of reduction of the CWIP amount only in debt and not by way of debt equity, the petitioner had filed appeal before the Tribunal (Appeal No. 103 of 2014) against the Commission's order dated 16.4.2013 on this ground. The Tribunal by judgment dated 29.5.2015 had dismissed the said appeal and hence the contention of the petitioner on this ground is without any basis.

8. The respondent, UPPCL has submitted that since an amount of ₹2662.87 lakh has been capitalized out of the CWIP amount of ₹3174.67 lakh, this amount needs to be adjusted for un-discharged liability to determine net capitalization for the purpose of tariff. It has also submitted that it may be examined whether the expenditure of ₹265.45 lakh incurred on construction of office building during 2010-11 would qualify for additional capitalization under the 2009 Tariff Regulations as the expenditure is in the nature of corporate expenses and not related to the project.

9. We have examined the matter. It is noticed that the Commission in order dated 16.4.2013 in Petition No. 250/2010 had inadvertently allowed the capitalization of the entire CWIP amount. However, as tariff on CWIP is not



permitted till its actual capitalization in books of accounts, the Commission rectified the position in order dated 20.3.2017 by deducting the entire CWIP amount from the capital cost as on 1.4.2009. While doing so, it is noticed that the Commission had inadvertently not considered the amount of ₹2665.07 lakh capitalized by the petitioner during the period 2009-14 out of the total CWIP amount. It is observed that the petitioner vide affidavit dated 8.9.2016 had submitted a reconciliation statement duly certified by chartered accountant, wherein it is evident that the petitioner had capitalized an amount of ₹2665.07 lakh during the period 2009-14 out of the total CWIP amount. The details of the reconciliation statement are as under:

|                                       | (₹ in lakh)    |                |               |                |
|---------------------------------------|----------------|----------------|---------------|----------------|
|                                       | TEHRI CWIP     | RKSH CWIP      | NCR CWIP      | TOTAL          |
| CWIP as on 1.4.2009                   | 1810.15        | 1100.84        | 265.86        | 3176.85        |
| Capitalization in 2009-10             | 1254.86        | 1100.84        | 0.00          | 2355.70        |
| Capitalization in 2010-11             | 22.38          | 0.00           | 265.86        | 288.25         |
| Capitalization in 2011-12             | 0.00           | 0.00           | 0.00          | 0.00           |
| Capitalization in 2012-13             | 19.76          | 0.00           | 0.00          | 19.76          |
| Capitalization in 2013-14             | 1.36           | 0.00           | 0.00          | 1.36           |
| <b>Total capitalization (2009-14)</b> | <b>1298.36</b> | <b>1100.84</b> | <b>265.86</b> | <b>2665.07</b> |
| <b>CWIP as on 31.3.2014</b>           | <b>511.78</b>  | <b>0.00</b>    | <b>0.00</b>   | <b>511.78</b>  |

10. The non-consideration of the affidavit dated 8.9.2016 wherein an amount of ₹2665.07 lakh has been capitalized by the petitioner (out of the total CWIP amount deducted by the Commission) in order dated 20.3.2017, in our view is an error apparent on the face of the record which is required to be corrected. Considering the fact that the said affidavit was inadvertently not considered, the Commission vide interim order dated 28.7.2017 had directed the petitioner to submit the additional information as stated in para 3 above, for prudence check. In response, the petitioner vide affidavit dated 31.8.2017 has submitted that an additional expenditure of ₹2662.87 lakh has been capitalized during the period 2009-14, out



of the CWIP amount. The details of the additional capital expenditure claimed under Regulation 9 (2) (iv) of the 2009 Tariff Regulations are as under:

|                        |        |   | (₹ in lakh)    |
|------------------------|--------|---|----------------|
| Year                   | Sl. no | Assets/Work   | Amount         |
| 2009-10                | 1      | CONST.OF MULTIPURPOSE HALL,B.PURAM  | 73.94          |
|                        | 2      | CONST. OF FIRE STATION BUILDING AT B.PURAM  | 30.00          |
|                        | 3      | ELECT OF MULTIPARPUSE HALL AT B.PURAM   | 6.02           |
|                        | 4      | CUNSTRUCTION OF BOTANICAL GARDEN AT KOTI  | 1.98           |
|                        | 5      | CONST. OF 03 NOS NISHAN SHED  | 26.73          |
|                        | 6      | ERE,TEST,COMM, OF S.E.E. UNIT-2   | 282.54         |
|                        | 7      | SWITCH GEAR SYSTEM FOR DAM GALLERIES  | 175.48         |
|                        | 8      | ENERGY MANAGEMENT SYSTEM(11NOS ITEAMS INCLUDED)                                     | 39.27          |
|                        | 9      | ELECTRIC PASSANGER ELEVATOR MACHINEROOMLESS (MONO SPACE)                            | 21.45          |
|                        | 10     | S/E/CONST.OF 33KV SWITCH YARD &RENO.33KV SUB STATION                                | 186.46         |
|                        | 11     | DEWATERING PUMPING SYSTEM AT DAN GALLERY  | 96.64          |
|                        | 12     | STOPLOG GATE & LIFTING BEAM FOR T3 &T4  | 86.06          |
|                        | 13     | ILLUMINATION SYSTEM   | 67.32          |
|                        | 14     | HISH MUST LIGHT DAM SITE  | 48.87          |
|                        | 15     | SUUPPLY & FIXING OF CCTV SYSTEM   | 39.47          |
|                        | 16     | BUS-UK-09 PA-0017   | 14.26          |
|                        | 17     | BUS NO UK09-PA0016  | 14.26          |
|                        | 18     | BUS NO UK09 PA- 0014  | 6.02           |
|                        | 19     | RAILWAY CROSSING BRIDGE RAIWALA   | 38.08          |
|                        | 20     | <b>SERVICE CENTRE CWIP AS ON 31.03.2009 SUBSEQUENTLY CAPITALISED DURING 2009-10</b> | <b>1099.04</b> |
| <b>Total (2009-10)</b> |        |   | <b>2353.90</b> |
| 2010-11                | 1      | INJECTO COMPACT 310 GROUTING UNIT CONSISTING OF MIXER 1HCM 100 1NO ETC.             | 14.16          |
|                        | 2      | MEGGER TEST KIT MPRT 8430   | 8.22           |
|                        | 3      | <b>SERVICE CENTRE CWIP AS ON 31.3.2009 SUBSEQUENTLY CAPITALISED DURING 2010-11</b>  | <b>265.47</b>  |
| <b>Total (2010-11)</b> |        |   | <b>287.85</b>  |
| <b>Total (2011-12)</b> |        |   | <b>0.00</b>    |
| 2012-13                | 1      | FENSING WORK OF 24 NOS. FILED HOSTEL,B.PURAM  | 0.65           |
|                        | 2      | WORK ON TUNNEL  | 19.11          |
| <b>Total (2012-13)</b> |        |   | <b>19.76</b>   |
| 2013-14                | 1      | ELECTRIFICATION OF DAM TOP  | 1.36           |
| <b>Total (2013-14)</b> |        |   | <b>1.36</b>    |
| <b>Grand Total</b>     |        |   | <b>2662.87</b> |

11. On prudence check of the additional capital expenditure claimed in respect of assets other than Energy Management System, Megger Test Kit and Service Centre CWIP had been allowed by the Commission vide order dated 27.1.2015 in Petition No. 195/GT/2013. Considering the fact that the additional capital



expenditure claimed is towards balance payment of the assets/works which had already been allowed, the necessary expenditure incurred is allowed.

12. As regards the capitalization of expenditure for ₹39.27 lakh in 2009-10 towards Energy Management System, the Commission vide order dated 27.1.2015 in Petition No.195/GT/2013 had disallowed the capitalization of the expenditure for this asset. The Appellate Tribunal for Electricity had also confirmed the findings of the Commission on this issue. Accordingly, the expenditure claimed on this asset is not allowed to be capitalized.

13. As regards the capitalization of expenditure of ₹8.22 lakh towards Megger Test Kit in 2009-10, the same is not allowed in terms of the provisions of the 2009 Tariff Regulations as the expenditure is in respect of asset which is in the nature of Tool & Tackle.

14. As regards the capitalization of expenditure of ₹1099.04 lakh towards Service Centre CWIP for Rishikesh Office in 2009-10 and ₹265.47 lakh towards NCR Office in 2011-12, it is observed that the said offices are constructed and used by the generating company to perform various activities such as (i) operations of the existing plants (ii) construction of new plants (iii) consultancy services, etc. In our view, the capital cost incurred on the creation of these offices cannot form part of the generating station. It is pointed out that the Commission in order dated 26.4.2006 in Petition No. 3/2006 had considered this issue and had disallowed the expenditure on creation of "Corporate office and other offices" in respect of the generating stations of NTPC. This decision was also followed by the Commission while determining the tariff of Nathpa Jhakri HEP of SJVNL in order dated 20.6.2014 in Petition No. 168/GT/2013 and tariff of Tanakpur HEP of NHPC in order dated 19.2.2016 in Petition No. 226/GT/2014 for the period 2009-14,





wherein the O&M expenses (including depreciation) incurred was allowed to be recovered by way of allocation of the corporate O&M expenses to various plants. In line with the said decisions and as the allowed O&M expenses takes care of expenditure on creation of 'corporate offices & other offices' in respect of THDC, the additional capital expenditure ₹1099.04 lakh during 2009-10 and ₹265.47 lakh during 2010-11 claimed by the petitioner has not been allowed for the purpose of tariff. Thus, the additional capital expenditure allowed for the purpose of tariff, in addition to the additional capital expenditure allowed by order dated 20.3.2017 is as under:

| (₹ in lakh) |         |         |         |         |         |
|-------------|---------|---------|---------|---------|---------|
| 2009-10     | 2010-11 | 2011-12 | 2012-13 | 2013-14 | Total   |
| 1215.59     | 14.16   | 0.00    | 19.76   | 1.36    | 1250.87 |

15. Based on the above, the year wise additional capital expenditure after considering the adjustment of liabilities allowed for the period 2009-14 in para 30 of the order dated 20.3.2017 is modified as under:

| (₹ in lakh)   |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
|   | 2009-10        | 2010-11        | 2011-12        | 2012-13        | 2013-14        |
| Additional capital expenditure                                    | 2613.00        | 4614.51        | 3344.39        | 3608.97        | 5227.78        |
| Less adjustment of Advance as on 31.3.2009 in subsequent year     | 7015.56*       | 0.00           | 0.00           | 0.00           | 0.00           |
| Add disbursement of liability as on 31.3.2009 in subsequent year  | 8675.35        | 1276.07        | 232.23         | 28.41          | 37.22          |
| Less: Un-discharged liability for 1.4.2009 & onward               | 518.95         | 1193.88        | 487.85         | 95.52          | 25.05          |
| Add subsequent disbursement of liability created after 31.03.2009 | 0.00           | 127.14         | 287.93         | 0.94           | 75.74          |
| Add CWIP capitalized  | 1215.59        | 14.16          | 0.00           | 19.76          | 1.36           |
| <b>Total</b>  | <b>4969.43</b> | <b>4838.00</b> | <b>3376.70</b> | <b>3562.56</b> | <b>5317.05</b> |

\*the entire advance amount of ₹7015.56 lakh as shown in auditor certificate vide affidavit dated 27.6.2015 has been adjusted in 2009-10 as against the amount of ₹5431.51 lakh

16. Accordingly, the capital cost considered for the purpose of tariff is modified as under:



(₹ in lakh)

|                                | 2009-10          | 2010-11          | 2011-12          | 2012-13          | 2013-14          |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| Opening Capital Cost           | 686483.57        | 688278.33        | 693116.33        | 696493.03        | 700055.59        |
| CWIP adjustment                | 3174.67          | 0.00             | 0.00             | 0.00             | 0.00             |
| Net opening capital cost       | 683308.90        | 688278.33        | 693116.33        | 696493.03        | 700055.59        |
| Additional capital expenditure | 4969.43          | 4838.00          | 3376.70          | 3562.56          | 5317.05          |
| <b>Closing Capital Cost</b>    | <b>688278.33</b> | <b>693116.33</b> | <b>696493.03</b> | <b>700055.59</b> | <b>705372.64</b> |

## Reduction in Equity

17. The petitioner has also submitted that while adjusting the reduction of ₹3174.67 lakh in the closing balance as on 31.3.2009 and consequently in the opening balance of 1.4.2009, the said amount has been reduced proportionately in the debt-equity ratio of 62.78: 37.22 as on the cut-off date. It has also stated that the debt equity ratio of 60.70: 39.30 was frozen as on COD of the generating station by order dated 5.6.2014 in Petition No. 250/2010, based on substantial amount of higher equity invested by the participating governments. Accordingly, it has prayed that uniformity in approach may be maintained with regard to both the reduction and adjustment as on 31.3.2009 and additional capitalization during 1.4.2009 and thereafter.

18. The matter has been examined. The Commission in order dated 5.6.2014 in Petition No. 250/2010 had decided as under:

*“8. As on the date of commercial operation the normative equity considering the debt equity ratio of 60.70:39.30 works out to `255850.47 lakh as against the actual equity deployment of ₹255863.00 lakh as on COD. However, with the reduction of share capital, on account of transfer of transmission system to PGCIL for `278.00 lakh as on 31.3.2009, the actual equity shall be reduced to `255850.00 lakh as against the normative equity of ₹255850.47 lakh. Thus, the normative equity of `255850.47 lakh has been restricted to ₹255850.00 lakh as on 31.3.2009 with reduction in capital cost.*

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*10. As regards the servicing of additional capital expenditure, the Commission in its order dated 7.1.2014 had observed that in line with the methodology adopted in respect of tariff orders pertaining to some of the hydro generating stations of NHPC for the period 2004-09, the entire amount of additional capitalization should be treated as loan in order to bring overall debt equity ratio closer to the debt equity of 70:30 during the period 2004-09. In accordance with this finding, there is no change in the debt equity ratio in respect of the servicing of additional loan so far as Debt Equity Ratio on add cap is concerned.”*



19. In line with the above decision, the Commission in order dated 20.3.2017 had allowed Return on equity in terms of Regulation 15(3) of the 2009 Tariff Regulations. There is merit in the submissions of the petitioner that uniformity in approach should be maintained in both reduction and adjustment of the CWIP amount as on 31.3.2009 and additional capitalization on 1.4.2009. In our view, any subsequent additional capitalization should be continued to be treated as loan, so as to bring the overall debt equity ratio of 70.30. Hence, the relief sought by the petitioner for review of order on this ground is allowed. Accordingly, the amount of CWIP for ₹3174.67 lakh deducted from capital cost has been adjusted towards debt and not from equity, since the equity position as on COD (9.7.2007) has been frozen at ₹255585.00 lakh. Based on this, return on equity has been worked out as under:

|   | (₹ in Lakh) |           |           |           |           |
|---|-------------|-----------|-----------|-----------|-----------|
|   | 2009-10     | 2010-11   | 2011-12   | 2012-13   | 2013-14   |
| Notional Equity- Opening                  | 255585.00   | 255585.00 | 255585.00 | 255585.00 | 255585.00 |
| Addition due to Additional Capitalization | 0.00        | 0.00      | 0.00      | 0.00      | 0.00      |
| Normative Equity-Closing                  | 255585.00   | 255585.00 | 255585.00 | 255585.00 | 255585.00 |
| Average Normative Equity                  | 255585.00   | 255585.00 | 255585.00 | 255585.00 | 255585.00 |
| Return on Equity                          | 15.500%     | 15.500%   | 15.500%   | 15.750%   | 16.500%   |
| Tax Rate for the year (%)                 | 16.995%     | 19.931%   | 20.008%   | 20.008%   | 20.961%   |
| Rate of Return on Equity (Pre Tax) (%)    | 18.674%     | 19.358%   | 19.377%   | 19.689%   | 20.876%   |
| <b>Return on Equity</b>                   | 47727.94    | 49476.14  | 49524.71  | 50322.13  | 53355.92  |

**Depreciation rate may be considered as claimed in the petition (5.3%) instead as allowed by the Commission (5.254%)**

20. The petitioner in the petition has submitted that while it had claimed the weighted average depreciation rate of 5.30% in Form-11 of the original petition, the Commission in its order dated 20.3.2017 had considered the depreciation rate of 5.25% only. The petitioner has submitted that since no statement of the computation of the depreciation rate was made available to it, the Commission may modify the depreciation rate as claimed by the petitioner, in case of any error



in the computation. The respondent, BRPL has submitted that since necessary calculation in support of depreciation has been provided in para 37 of order dated 20.3.2017, the error is not self- evident and hence does not fall within the scope of review.

21. The matter has been examined. It is noticed in Form-11 of the petition that there are multiple errors in the calculation of depreciation by the petitioner. It is further noticed that the figures submitted by the petitioner in the excel sheet is without application of the depreciation rate. However, while calculating the weighted average rate of depreciation, the gross block position as indicated by the petitioner in Form-11 was considered by the Commission along with the appropriate rate of depreciation in terms of the provisions of the 2009 Tariff Regulations for respective assets. These rates of depreciation have been applied while calculating the depreciation in order dated 20.3.2017. In view of this, we find no error apparent on the face of record. Accordingly, the prayer of the petitioner for review of order dated 20.3.2017 on this ground is not allowed.

22. It is noticed that the Commission in order dated 20.3.2017 had inadvertently deducted the value of land from the average capital cost. This error has been corrected in this order. Accordingly, the components of tariff for the period 2009-14 in respect of the generating station are revised as under:

23. Interest on Loan allowed in para 36 of order dated 24.2.2017 is revised as under:

|   | <i>(₹ in lakh)</i> |                |                |                |                |
|---|--------------------|----------------|----------------|----------------|----------------|
|   | <b>2009-10</b>     | <b>2010-11</b> | <b>2011-12</b> | <b>2012-13</b> | <b>2013-14</b> |
| Gross Normative Loan                      | 427723.90          | 432693.33      | 437531.33      | 440908.03      | 444470.59      |
| Cumulative Repayment                      | 53866.97           | 89898.57       | 126139.23      | 162607.11      | 199330.71      |
| Net Loan-Opening                          | 373856.93          | 342794.76      | 311392.10      | 278300.92      | 245139.88      |
| Repayment during the year                 | 36031.60           | 36240.66       | 36467.88       | 36723.60       | 36868.60       |
| Addition due to Additional Capitalization | 4969.43            | 4838.00        | 3376.70        | 3562.56        | 5317.05        |



|                                   |                 |                 |                 |                 |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net Loan-Closing                  | 342794.76       | 311392.10       | 278300.92       | 245139.88       | 213588.32       |
| Average Loan                      | 358325.85       | 327093.43       | 294846.51       | 261720.40       | 229364.10       |
| Weighted Average Rate of Interest | 11.552%         | 11.686%         | 11.702%         | 11.806%         | 12.158%         |
| <b>Interest on Loan</b>           | <b>41392.47</b> | <b>38223.47</b> | <b>34502.85</b> | <b>30898.97</b> | <b>27885.11</b> |

24. Depreciation computed in para 37 is modified as under:

|                                | (₹ in lakh)     |                 |                 |                 |                 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                | 2009-10         | 2010-11         | 2011-12         | 2012-13         | 2013-14         |
| Opening Gross Block            | 683308.90       | 688278.33       | 693116.33       | 696493.03       | 700055.59       |
| Additional capital expenditure | 4969.43         | 4838.00         | 3376.70         | 3562.56         | 5317.05         |
| Closing gross block            | 688278.33       | 693116.33       | 696493.03       | 700055.59       | 705372.64       |
| Average gross block            | 685793.62       | 690697.33       | 694804.68       | 698274.31       | 702714.12       |
| Rate of Depreciation           | 5.2540%         | 5.2470%         | 5.2487%         | 5.2592%         | 5.2466%         |
| Depreciable Value              | 616030.72       | 620444.06       | 624140.68       | 627263.34       | 631259.17       |
| Remaining Depreciable Value    | 583434.38       | 551703.19       | 519115.84       | 485766.57       | 453034.27       |
| <b>Depreciation</b>            | <b>36031.60</b> | <b>36240.66</b> | <b>36467.88</b> | <b>36723.60</b> | <b>36868.60</b> |

25. Interest on Working Capital allowed in order dated 24.2.2017 stands revised as under:

|                             | (₹ in lakh) |          |          |          |          |
|-----------------------------|-------------|----------|----------|----------|----------|
|                             | 2009-10     | 2010-11  | 2011-12  | 2012-13  | 2013-14  |
| Maintenance Spares          | 2926.49     | 3093.88  | 3270.85  | 3457.95  | 3655.74  |
| O & M expenses              | 1625.83     | 1718.82  | 1817.14  | 1921.08  | 2030.97  |
| Receivables                 | 24707.71    | 24696.85 | 24317.21 | 24101.51 | 24360.33 |
| Total                       | 29260.03    | 29509.55 | 29405.20 | 29480.53 | 30047.04 |
| Rate of Interest            | 12.25%      | 12.25%   | 12.25%   | 12.25%   | 12.25%   |
| Interest on Working Capital | 3584.35     | 3614.92  | 3602.14  | 3611.37  | 3680.76  |

26. Accordingly, the annual fixed charges approved in order dated 24.2.2017 is modified as under:

|                             | (₹ in lakh)      |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|                             | 2009-10          | 2010-11          | 2011-12          | 2012-13          | 2013-14          |
| Return on Equity            | 47727.94         | 49476.14         | 49524.71         | 50322.13         | 53355.92         |
| Interest on Loan            | 41392.47         | 38223.47         | 34502.85         | 30898.97         | 27885.11         |
| Depreciation                | 36031.60         | 36240.66         | 36467.88         | 36723.60         | 36868.60         |
| Interest on Working Capital | 3584.35          | 3614.92          | 3602.14          | 3611.37          | 3680.76          |
| O & M Expenses              | 19509.92         | 20625.88         | 21805.68         | 23052.97         | 24371.60         |
| <b>Total</b>                | <b>148246.29</b> | <b>148181.07</b> | <b>145903.25</b> | <b>144609.04</b> | <b>146162.00</b> |



## Revision of Annual fixed charges for the period 2014-19

27. The Commission in order dated 29.3.2017 in Petition No. 178/GT/2015 had determined the tariff of the generating station for the period 2014-19. Consequent upon the revision of capital cost of the generating station for period 2009-14 as above, the capital cost and the annual fixed charges approved by the Commission, by order dated 29.3.2017 in Petition No. 178/GT/2015 is required to be modified. Accordingly, by this order, the capital cost approved in order dated 29.3.2017 for the period 2014-19 shall stand revised as under:

|   | (₹ in lakh) |           |           |           |           |
|---|-------------|-----------|-----------|-----------|-----------|
|   | 2014-15     | 2015-16   | 2016-17   | 2017-18   | 2018-19   |
| Opening Capital Cost  | 705372.64   | 706052.34 | 707686.88 | 709193.68 | 711182.69 |
| Add: Additional capital expenditure allowed                   | 679.70      | 1634.54   | 1506.80   | 1989.01   | 3823.96   |
| Closing Capital Cost as on 31 <sup>st</sup> March of the year | 706052.34   | 707686.88 | 709193.68 | 711182.69 | 715006.65 |

28. Based on the above, the annual fixed charges determined vide order dated 29.3.2017 is modified as under:

|                             | (₹ in lakh)      |                  |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|                             | 2014-15          | 2015-16          | 2016-17          | 2017-18          | 2018-19          |
| Return on Equity            | 53355.92         | 53614.07         | 53614.07         | 53614.07         | 53614.07         |
| Interest on Loan            | 24260.10         | 20038.02         | 15623.89         | 11177.81         | 6866.07          |
| Depreciation                | 37063.58         | 37080.85         | 37156.14         | 37210.21         | 37315.63         |
| Interest on Working Capital | 3818.61          | 3806.05          | 3789.66          | 3777.58          | 3775.70          |
| O & M Expenses              | 21340.78         | 22757.81         | 24268.93         | 25880.39         | 27598.84         |
| <b>Total</b>                | <b>139839.00</b> | <b>137296.80</b> | <b>134452.68</b> | <b>131660.05</b> | <b>129170.31</b> |

29. All other terms of order dated 20.3.2017 shall remain unchanged.

30. Review Petition No. 20/RP/2017 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**

