

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 289/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 Order: 24.5.2017

In the matter of

Corrigendum to order dated 31.3.2017 in Petition No. 289/GT/2014

And

In the matter of

Approval of tariff of Feroze Gandhi Unchahar Thermal Power Station, Stage- II (420 MW) for the period from 1.4.2014 to 31.3.2019

And

In the matter of

NTPC Ltd
NTPC Bhawan,
Core-7, SCOPE Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110003

.....Petitioner

Vs

1. Uttar Pradesh Power Corporation Ltd.
Shakti Bhawan, 14, Ashok Marg
Lucknow- 226001

2. Jaipur Vidyut Vitran Nigam Limited,
Vidyut Bhawan, Janpath,
Jaipur- 302005

3. Ajmer Vidyut Vitran Nigam Limited,
Old Power House, HathiBhata,
Jaipur Road, Ajmer

4. Jodhpur Vidyut Vitran Nigam Limited,
New Power House, Industrial Area,
Jodhpur

5. Tata Power Delhi Distribution Limited,
Grid sub-station, Hudson Road,
Kingsway Camp, Delhi-110009

6. BSES Rajdhani Power Limited,
BSES Bhawan, Nehru Place,
New Delhi -110019.

7. BSES Yamuna Power Limited,
Shakti Kiran Building,
Karkardooma, Delhi-110092
8. Haryana Power Purchase Centre,
Shakti Bhawan, Sector -VI,
Panchkula, Haryana-134109
9. Punjab State Power Corporation Limited,
The Mall, Patiala-147001
10. Himachal Pradesh State Electricity Board Limited,
Kumar Housing Complex Building-II,
Vidyut Bhawan, Shimla-171004
11. Power Development Department,
Govt of J & K, Civil Secretariat,
Srinagar
12. Electricity Department, Chandigarh,
Union Territory of Chandigarh,
Addl. Office Building, Sector 9 D,
Chandigarh
13. Uttarakhand Power Corporation Limited,
Urja Bhavan, Kanwali Road,
Dehradun-248001

.....Respondents

ORDER

The petitioner, NTPC had filed the said petition for approval of tariff of Feroze Gandhi Unchahar Thermal Power Station, Stage- II (420 MW) ("the generating station) for the period from 1.4.2014 to 31.3.2019 and the Commission by order dated 31.3.2017 had determined the annual fixed charges for the period 2014-19 as under:

(₹ in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Depreciation | 3407.47 | 3481.50 | 3556.58 | 3564.41 | 3573.31 |
| Interest on Loan | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Return on Equity | 7680.65 | 7760.78 | 7805.73 | 7810.02 | 7814.31 |
| Interest on Working Capital | 892.97 | 935.67 | 980.19 | 1024.85 | 1072.40 |
| O&M Expenses | 10261.58 | 10891.58 | 11563.58 | 12277.58 | 13037.78 |
| Compensation Allowance | 84.00 | 147.00 | 210.00 | 210.00 | 210.00 |
| Total | 22326.67 | 23216.52 | 24116.08 | 24886.85 | 25707.78 |

2. It is noticed that in the said order dated 31.3.2017, the expenditure on account of secondary fuel oil has inadvertently not been considered while computing the Interest on Working capital component. Accordingly, in exercise of the power under Regulation 103A of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 as

amended, the error is rectified and the order dated 31.3.2017 is modified by considering the secondary fuel oil for computation of Interest on working capital as stated under:

Cost of Secondary fuel oil

3. The petitioner has claimed cost of secondary fuel oil for the period 2014-19 in the working capital based on price and GCV of the preceding three months of January, 2014, February, 2014 and March, 2014 as under:

| (₹ in lakh) | | | | |
|-------------|---------|---------|---------|---------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 141.97 | 142.36 | 141.97 | 141.97 | 141.97 |

4. The cost of secondary fuel oil in working capital have been computed at 83% NAPAF for the year 2014-15, 2015-16 and 2016-17 and at 85% NAPAF for the year 2017-18 and 2018-19 and based on GCV and price of secondary fuel oil for the preceding three months from January 2014 to March 2014 as given below:

| (₹ in lakh) | | | | |
|-------------|---------|---------|---------|---------|
| 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 141.97 | 142.36 | 141.97 | 145.39 | 145.39 |

5. Based on the above, the receivable component of the working capital in the table under para-84 of order dated 31.3.2017 stands modified as under:

| (₹ in lakh) | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Variable charges- for two months | 143.58 | 143.97 | 143.58 | 147.04 | 147.04 |
| Fixed Charges- for two months | 3713.68 | 3851.51 | 3990.92 | 4119.54 | 4256.36 |
| Total | 3857.26 | 3995.48 | 4134.50 | 4266.58 | 4403.40 |

Interest on working capital

6. Accordingly, the Interest on working capital in table under para-88 of the order dated 31.3.2017 is modified as under:

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Fuel Cost | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Liquid Fuel | 141.97 | 142.36 | 141.97 | 145.39 | 145.39 |
| O & M expenses - 1 months | 855.13 | 907.63 | 963.63 | 1023.13 | 1086.48 |
| Maintenance Spares | 2052.32 | 2178.32 | 2312.72 | 2455.52 | 2607.56 |
| Receivables - 2 months | 3857.26 | 3995.48 | 4134.50 | 4266.58 | 4403.40 |
| Total Working Capital | 6906.68 | 7223.79 | 7552.82 | 7890.62 | 8242.83 |
| Rate of interest | 13.5000% | 13.5000% | 13.5000% | 13.5000% | 13.5000% |
| Interest on Working Capital | 932.40 | 975.21 | 1019.63 | 1065.23 | 1112.78 |

Annual Fixed Charges

7. In terms of the above, the Annual Fixed Charges in the table under para-93 of the said order dated 31.3.2017 is revised as under:

(₹ in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Depreciation | 3407.47 | 3481.50 | 3556.58 | 3564.41 | 3573.31 |
| Interest on Loan | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Return on Equity | 7680.65 | 7760.78 | 7805.73 | 7810.02 | 7814.31 |
| Interest on Working Capital | 932.40 | 975.21 | 1019.63 | 1065.23 | 1112.78 |
| O&M Expenses | 10261.58 | 10891.58 | 11563.58 | 12277.58 | 13037.78 |
| Compensation Allowance | 84.00 | 147.00 | 210.00 | 210.00 | 210.00 |
| Total | 22366.10 | 23256.07 | 24155.52 | 24927.24 | 25748.17 |

8. All other terms of the order dated 31.3.2017 shall remain unchanged.

Sd/-
(Dr. M.K.Iyer)
Member

Sd/-
(A. S. Bakshi)
Member

Sd/-
(A. K. Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson