CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No.309/GT/2015

Coram:

Shri P.K.Pujari, Chairperson
Dr. M.K.Iyer, Member
Shri I.S.Jha, Member

Date of Order: 19th November, 2019

In the matter of

Revision of tariff of Pragati-III Combined Cycle Power Station (1371.2 MW) for the period from COD of GT-1 to 31.3.2014 after truing up exercise

And

In the matter of

Pragati Power Corporation Limited
Himadri, Corporate Office,
Rajghat Power House Complex,
New Delhi- 110002 …..**Petitioner**

Vs

1. BSES Yamuna Power Ltd
Shakti Kiran Building, Karkardooma,
Delhi- 110092

2. New Delhi Municipal Council
Regd. Office: Palika Kendra,
Sansad Marg,
New Delhi- 110001

3. Tata Power Delhi Distribution Ltd
33 kV Substation, Hudson Line,
Kingsway Camp, Delhi-110009

4. BSES Rajdhani Power Ltd
BSES Bhawan, Nehru Place,
New Delhi- 110019

5. Punjab State Power Corporation Limited
The Mall, Patiala-147 001

6. Haryana Power Purchase Centre
Shakti Bhawan, Sector-VI,
Panchkula, Haryana-134109

7. Garison Engineer
Military Engineering Services,
Gopi Nath Market,
Delhi Cantonment- 110010 **.....Respondents**

Parties present:

Shri M.G.Ramachandran, Senior Advocate, PPCL
Ms. Poorva Saigal, Advocate, PPCL
Ms. Anushree Bardhan, Advocate, PPCL
Ms. Tanya Sareen, Advocate, PPCL
Shri Surendra Kumar, PPCL
Shri S. Prakash, PPCL
Shri R.K.Yadav, PPCL
Shri Buddy A. Ranganadhan, Advocate, BRPL & BYPL
Shri Rahul Kinra, Advocate, BRPL, BYPL & TPDDL
Shri Anivesh Bharadwaj, Advocate, BRPL, BYPL & TPDDL
Shri Sanjay Srivastava, BRPL
Shri Kanishk, BRPL
Shri Gurmeet Singh, BRPL
Ms. Vasudha Sen, TPDDL
Shri Chaitanya Mathur, TPDDL

ORDER

This Petition has been filed by the Petitioner, Pragati Power Corporation Limited for revision of tariff of Pragati-III Combined Cycle Power Project (1371.2 MW) (referred to as 'the generating station') for the period from date of commercial operation of Block-I and Block-II (First and Second Block) till 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").

Background

2. The generating station has been commissioned in stages and was declared under commercial operation on 27.3.2014. The capacity configuration of the different blocks of the generating station along with their scheduled date of commercial operation is as under:

	Unit	Capacity	Scheduled date of commercial operation
Block-I	GT -I	216 MW	27.12.2011
	GT -II	216 MW	16.7.2012
	GT-I with HRSG-I (ST-I)		1.4.2012
	GT I & II with HRSG-I & II (ST-I)	253.6 MW	14.12.2012
	Total	685.6 MW	
Block-II	GT -III	216 MW	28.10.2013
	GT -IV	216 MW	27.2.2014
	ST -II	253.6 MW	27.3.2014
	Total	685.6 MW	
	Grand Total	1371.2 MW	

3. Petition No. 257/2010 was filed by the Petitioner for determination of tariff from the date of commercial operation of Block-I and Block-II (First and Second Block) of the generating station till 31.3.2014, in terms of the 2009 Tariff Regulations and the Commission vide its order dated 26.5.2015 had approved the tariff of the generating station as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Return on Equity	1385.40	2343.45	4677.57	3628.79	7175.68	5052.05	1351.36	301.35
Interest on Loan	1945.23	3248.38	6389.54	4855.27	8989.30	6231.71	1662.28	376.20
Depreciation	1470.46	1991.48	3846.28	3152.44	6025.30	4336.58	1538.98	343.19
Interest on Working Capital	581.29	813.58	1355.52	1611.35	3442.61	1245.59	276.34	86.43
O&M Expenses	1494.82	2358.70	4922.92	4177.24	8516.86	6282.82	1748.33	376.44
Annual fixed charges	**6877.21**	**10755.59**	**21191.83**	**17425.09**	**34149.75**	**23148.75**	**6577.29**	**1483.60**

4. Aggrieved by the said order dated 26.5.2015, the Petitioner had filed Appeal No. 175/2015 before the Appellate Tribunal for Electricity ('the Tribunal') on the issues namely, disallowance of time overrun with corresponding Interest During Construction (IDC), Incidental Expenses During Construction (IEDC), Foreign Exchange Rate Variations (FERV), non-consideration of IDC on normative debt-equity ratio, claim for additional water charges and municipal taxes payable by the Petitioner. The Tribunal vide its judgment dated 12.7.2018

upheld the Commission's order dated 26.5.2015, thereby rejecting the contentions of the Petitioner.

5. During the pendency of the above appeal, the Respondents, BRPL & BYPL filed Petition No. 89/MP/2016 before the Commission, seeking adjudication of disputes with the Petitioner on the issue of wrongful declaration of availability by the generating station. Accordingly, the Commission decided to hear these tariff petitions after disposal of the aforesaid Petition filed by the Respondents. Thereafter, the Commission vide its order dated 2.11.2017 dismissed the prayers of BRPL & BYPL as under:

> *"42. PPCL is required to declare its requirement of gas in advance as per the agreements with the Gas suppliers for capacity declaration as per the Tariff Regulations. It may be appreciated that due to shortage in domestic gas there is no single source which can supply required gas on long term basis. Therefore, the Petitioner has to arrange gas from different sources in different terms & conditions to cater to the requirement of gas. In view of above, we are of the view that the respondent has made adequate arrangements of gas for the station as per the requirement.*
>
> *49. In view of the above, we are unable to accept the argument of the Petitioners that the fixed cost payable to the respondent should be reduced based on the actual generation. The fixed cost is payable on the basis of the availability of units/station which is dependent on the declared capacity and the availability achieved during 2012-13 to 2014-15 is more than Normative Availability of 85%. Therefore we do not find any merit in the allegation made by the Petitioners and accordingly, the prayers of the Petitioners are rejected."*

6. Against the above order, the Respondents, BRPL & BYPL filed Review Petition (R.P.No.17/2018) on the issue *"whether PPCL has made arrangements for supply of gas to the station to declare capacity as per normative target availability"*. However, the Commission vide its order dated 5.2.2019 rejected the Review Petition on the ground of limitation. Thereafter, on 20.3.2019, the Commission after hearing the parties reserved its order in these tariff petitions.

Analysis & Decision

7. In compliance with the directions of the Commission, the Petitioner has filed the additional information and has served copies of the same on the Respondents. Reply to the Petition has been filed by the Respondents BRPL, BYPL & TPDDL and the Petitioner has filed its rejoinder to the said replies. Based on the submissions of the parties and documents available on record, we proceed to revise the tariff of the generating station, on prudence check, as stated in subsequent paragraphs.

8. Clause (1) of Regulation 6 of the 2009 Tariff Regulations provides as under:

> *"6. Truing up of Capital Expenditure and Tariff-*
>
> *(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff 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.*
>
> *Provided that the generating company or the transmission licensee, as the case may be, may in its discretion make an application before the Commission one more time prior to 2013-14 for revision of tariff."*

9. The Petitioner has claimed revision of tariff for the period from COD of GT-I (27.12.2011) to 31.3.2014 based on the actual additional capital expenditure incurred during the said period in accordance with the 2009 Tariff Regulations. Accordingly, the annual fixed charges claimed by the Petitioner are as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Return on Equity	1387.48	2348.05	4684.13	3633.64	7185.55	5057.78	1352.67	301.62
Interest on Loan	1948.15	3254.79	6398.44	4861.704	9001.565	6241.98	1664.71	376.72
Depreciation	1472.67	1995.40	3851.68	3156.656	6033.584	4341.50	1540.48	343.50
Interest on Working Capital	684.19	989.87	1642.06	1945.292	3802.44	1592.56	593.75	187.83
O & M Expenses	1494.82	2358.70	4922.92	4177.24	8516.859	6282.82	1748.34	376.44
Annual fixed charges	**6987.32**	**10946.81**	**21499.24**	**17774.53**	**34540.00**	**23516.63**	**6899.95**	**1586.11**

Capital Cost

10. Regulation 7 (1) (a) of the 2009 Tariff Regulations provides as under:

> *"7. Capital Cost. (1) Capital cost for a project shall include: (a) the expenditure incurred or projected to be incurred, including interest during construction and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan - (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;"*

11. The capital cost claimed by the Petitioner vide Form 1(A) is as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Opening Capital Cost	89346.14	139087.99	194777.34	210221.76	212286.30	257206.18	299720.49	368726.35
Additional capital expenditure / discharge of liability	3303.30	0.00	0.00	2064.53	0.00	0.00	0.00	11071.71
Closing Capital cost	92649.44	139087.99	194777.34	212286.30	212286.30	257206.18	299720.49	379798.06

12. The capital cost claimed by the Petitioner as above, with break-up of the additional capital expenditure claimed is as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
1. Opening Capital cost	89346.14	139087.99	194777.34	210221.76	212286.30	257206.18	299720.49	368726.35
Add: Additional capital expenditure	3030.33	0.00	0.00	215.70	0.00	0.00	0.00	10102.65
Add: Discharge of liabilities	0.00	0.00	0.00	1830.40	0.00	0.00	0.00	869.46
Add: additional expenditure left out in P. No. 257/2010 and claimed now	272.97	0.00	0.00	18.43	0.00	0.00	0.00	99.60
2. Total additional capital expenditure	**3303.30**	**0.00**	**0.00**	**2064.53**	**0.00**	**0.00**	**0.00**	**11071.71**
Closing Capital Cost (1+2)	**92649.44**	**139087.99**	**194777.34**	**212286.30**	**212286.30**	**257206.18**	**299720.49**	**379798.06**

13. The Commission vide order dated 26.5.2015 in Petition No. 257/2010 has determined the tariff of the generating station for the period from COD of Unit-I to 31.3.2014 at capital cost as under:

(₹ in lakh)

	2011-12		2012-13		2013-14			
	27.12.2011 (COD of GT-1 to 31.3.2012)	1.4.2012 (COD of STG-I & HRSG-I) to 15.7.2012	16.7.2012 (COD of GT-II) to 13.12.2012	14.12.2012 (Block-I to 31.3.2013)	1.4.2013 to 27.10.2013	28.10.2013 (COD of GT-III) to 26.2.2014	27.2.2014 (COD of GT-IV) to 26.3.2014	27.3.14 COD of STG-II) / Project to 31.3.2014
Opening capital cost as on COD/ 1st April excluding IDC	96552.71	147012.01	203979.51	219405.59	218761.45	266633.69	309386.22	377974.64
Less: Exchange variation disallowed	283.47	431.61	598.85	644.14	-	782.80	908.31	1109.68
Add: Cumulative IDC	403.90	662.16	989.97	1114.16	1114.16	1578.30	1983.75	2709.40
Less: Un-discharged labilités (cumulative)	7327.01	8427.54	9866.26	9926.81	9926.81	10514.42	11032.57	11139.42
Opening capital cost including IDC and excluding un-discharged liabilities	**89346.14**	**138815.02**	**194504.37**	**209948.79**	**209948.79**	**256914.77**	**299429.08**	**368434.94**
Additional capitalization allowed	3030.33	-	-	215.70	-	-	-	10102.65
Add: Discharge of liability	-	-	-	1830.40	-	-	-	869.46
Closing capital cost	**92376.47**	**138815.02**	**194504.37**	**211994.89**	**211994.89**	**256914.77**	**299429.08**	**379407.05**

14. The Petitioner has submitted that all the figures indicated in Petition No. 257/2010 were as per actuals and hence, there is no further truing-up of parameters like IDC, IEDC, FERV etc. It has however submitted that certain common expenditure allocated to the generating station, amounting to ₹272.91 lakh in 2011-12, ₹18.43 lakh in 2012-13 and ₹99.60 lakh in 2013-14, which were inadvertently left out in the capital cost claimed in Petition No. 257/2010, has been claimed in this Petition.

Capital expenditure left out in Petition No. 257/2010

15. The Petitioner has also submitted that expenditure on certain items like communication equipment, EDP, WP machines, furniture & fixtures, office equipment, safety & security equipment, computer software and purchase of vehicles for official use amounting to ₹27297367, ₹1843268 and ₹9960460 were made during the years 2011-12, 2012-13 and 2013-14 respectively. In justification of the same, the Petitioner has submitted that these items were procured to meet the requirements at the Headquarters, HR, Finance department of the Petitioner's Company and the same has been apportioned to the generating station @ 61.79% of total expenditure. It has further submitted that there has been expenditure on the above amounts prior to the year 2012-13 and the same was apportioned and included and claimed in the capital expenditure of the generating station. The Petitioner while pointing out that the total net book value at the opening as on 31.3.2011 is ₹27297367, has however submitted that the capital expenditure on the headquarter portion was inadvertently left out in Petition No. 257/2010 and has accordingly prayed for inclusion of these capital additions on account of headquarter share during the years 2011-12, 2012-13 and 2013-14, as detailed under:

(Amount in ₹)

Sl. No.	Description	Opening as on 31.3.2012	Additions during 2012-13	Additions during 2013-14	Closing as on 31.3.2014
1.	EDP, WP machines	19710110	1702877	3763720	25176707
2.	Furniture and fixture	3541157	-	156691	3697848
3.	Lab & Workshop Equipment	1232065	-	-	1232065
4.	Other Office Equipment	415187	213412	70666	699265
5.	Safety & Security Equipment	-	308678	-	308678
6.	Software	19279127	258150	9577369	29114646
7.	Vehicles	-	500000	500000	1000000
	Total	**44177645**	**298377**	**14068446**	**61229208**
	Apportionment of fixed assets for the generating station	**27297367**	**1843268**	**9960460**	**39101095**

16. The Commission vide ROP dated 2.8.2016 had directed the Petitioner to furnish the following additional information:

> a*) As per the submissions, certain expenditure has been incurred during the years 2011-12, 2012-13 and 2013-14 and part of that got inadvertently left out in claimed capital cost in Petition No. 257/2010. In this regard furnish the statement showing reconciliation between these left out expenditure with the additional capital expenditure claimed and project balance sheet; and*
>
> *b) Basis of allocation of expenditure incurred on the items procured to meet out the requirements at Headquarters, HR & Finance department of the Petitioner's company and the same being apportioned @ 61.79% of total expenditure of the generating station.*

17. In compliance of the above, the Petitioner vide its affidavit 24.8.2016 has submitted that since the zero date of the project, there has been various expenditure in Finance, HR and Headquarter for creation of additional facility for execution of the generating station. It has been submitted that these expenditures are related to purchase of computers (software and hardware), creation of office space, providing ERP system for project management for project monitoring and management etc. The Petitioner has however submitted that while filing its submissions in Petition No. 257/2010, the aforesaid expenditures were inadvertently left out to be included as part of the capital cost. The Petitioner has furnished the capital addition of the generating station including Headquarters for the year ending 31.3.2012, 31.3.2013 and 31.3.2014 as under:

(₹ in crore)

Year ending	PPS-I	PPS-III	Headquarter	Total
31.3.2012	1033.10	1052.40	13.73	2099.23
31.3.2013	1049.19	2380.20	14.03	3443.42
31.3.2014	1048.99	4355.19	15.44	5419.62

18. The Petitioner has further submitted that there is no separate balance sheet for the generating station and the same is prepared for the Company as a whole. However, the Petitioner has submitted auditor's certificate with respect to the above expenditure. As regards the apportionment of the fixed assets of

the Petitioner Company, it is stated that apart from this generating station, there is one more Combined Cycle Gas Turbine Power Plant, namely, PPS-I which has an installed capacity of 330 MW. According to the Petitioner, the total installed capacity of the Petitioner Company is 1701.2 MW including the installed capacity of this generating station which is 533.59 MW. The Petitioner has clarified that the allocation of headquarter share of assets have been done in the ratio of installed MW capacity of PPS-I and this generating station (PPS-III) which works out to 38.21% and 61.79% respectively.

19. The Respondents BRPL & BYPL vide their reply affidavit dated 11.11.2016 has submitted that the Petitioner can seek additional capitalization either in terms of Regulations 9(1) or 9(2) of the 2009 Tariff Regulations. They have however submitted that the said claims do not fall under any of the provisions of these Regulations and hence the same may be rejected. The Respondents have contended that since the Petitioner has admitted that the capital expenditure was inadvertently left out in Petition No. 257/2010, the same cannot be taken up in truing-up exercise to cover up the act of omission and commission by the Petitioner. In response, the Petitioner has clarified that the Commission has the power to consider the expenditure at actuals at the time of truing-up, including any correction of arithmetical or inadvertent errors earlier made, without making any change in the methodology or principles adopted.

20. We have examined the matter. The Petitioner has submitted the auditor's certificate in respect of this expenditure pertaining to this generating station, including apportionment of headquarters share of assets. Considering the fact that the expenditure has been incurred by the Petitioner in respect of the aforesaid items, we are inclined to allow the capitalization of the expenditure

for the years 2011-12, 2012-13 and 2013-14 in this order, based on the certificate of the Auditor.

Un-discharged Liabilities

21. The un-discharged liabilities (cumulative) allowed by the Commission in order dated 26.5.2015 in Petition No. 257/2010 is as under:

(₹ in lakh)

	GT-I	STG-1 & HRSG-I	GT-II	Block-I	GT-III	GT-IV	STG-II (Project)
	27.12.2011	**1.4.2012**	**16.7.2012**	**14.12.2012**	**28.10.2013**	**27.2.2014**	**27.3.2014**
Un-discharged liabilities	7327.01	1100.53	1438.72	60.55	587.61	518.15	106.85
Cumulative Un-discharged liabilities	7327.01	8427.54	9866.26	9926.81	10514.42	11032.57	11139.42

22. The Commission had directed the Petitioner to furnish the statement showing asset/ party-wise details of un-discharged liability as on COD and at the end of each year along with the details of discharge of liabilities, duly certified by Auditor. In response, the Petitioner vide affidavit dated 24.8.2016 has submitted the statement of un-discharged liabilities (cumulative), duly certified by the Auditor which is as under:

(₹ in lakh)

	GT-I	STG-1 &HRSG-I	GT-II	Block-I	GT-III	GT-IV	STG-II (Project)
	27.12.2011	**1.4.2012**	**16.7.2012**	**14.12.2012**	**28.10.2013**	**27.2.2014**	**27.3.2014**
Un-discharged liabilities	6584.01	1100.53	1438.72	60.55	587.61	518.15	106.85
Cumulative Un-discharged liabilities	6584.01	7684.54	9123.26	9183.81	9771.42	10289.57	10396.42

23. Accordingly, un-discharged liabilities as above, duly certified by the Auditor, has been considered for revision of tariff.

Interest during Construction (IDC)

24. The Commission vide its order dated 26.5.2015 had allowed IDC (cumulative) as under:

(₹ in lakh)

GT-I	STG-1 & HRSG-I	GT-II	Block-I	GT-III	GT-IV	STG-II (Project)	GT-I
27.12.2011	**1.4.2012**	**16.7.2012**	**14.12.2012**	**28.10.2013**	**27.2.2014**	**27.3.2014**	**27.12.2011**
403.90	662.16	989.97	1114.16	1114.16	1578.30	1983.75	2709.40

25. The Petitioner was directed to furnish the detailed calculations for unit-wise allocation of the total IDC. In response, the Petitioner vide its affidavit dated 24.8.2016 has submitted the statement showing the allocation of the calculated IDC to gross block and revenue. The Commission vide its order dated 26.5.2015 had allowed IDC on the basis of ratio of gross block to CWIP (as per Forms 9A & 9B) which is based on the capitalization as furnished by the Petitioner vide its affidavit dated 29.8.2016.

26. As regards the IDC allowed by the Commission vide order dated 26.5.2015, the Petitioner has submitted that the Commission has wrongly computed interest on loan since the Petitioner had invested more equity during the commissioning period and had drawn the debt later. The Petitioner has referred to the Regulation 12 of the 2009 Tariff Regulations and has submitted that the actual debt-equity ratio was 69:31 which is very near to the normative debt-equity of 70:30 and the interest on loan should have been computed on the normative 70% debt at the very least. The Petitioner has thus furnished the computation of interest on such normative loan which is based on the premise that the total capital cost excluding claimed IDC of ₹392041.00 lakh (₹435519.00 lakh - ₹43478 lakh) as on 31.3.2014 is equally spread in all quarters up to the scheduled COD of Module-I & II and normative interest rate of 10.25% / 10.30% /10.50% is applied. Accordingly, the IDC on such normative loan as calculated by the Petitioner is ₹29973.00 lakh. The Petitioner has accordingly requested the Commission to allow this amount of ₹29973.00 lakh as normative IDC, for the duration prior to the scheduled date of commissioning of both modules of the generating station,

even if delay is not condoned and IDC beyond the scheduled COD is not allowed. The computation of such normative IDC as submitted by the Petitioner is as under:

	2008-09				**2009-10**				**2010-11**			**₹ in lakh**
	Qtr-1	Qtr-2	Qtr-3	Qtr-4	Qtr-1	Qtr-2	Qtr-3	Qtr-4	Qtr-1	Qtr-2	Qtr-3	Total
Apportionment of total capital (excluding capitalized IDC) Expenditure in 11 instalment	25634	25634	25634	25634	25634	25634	25634	25634	25634	80667	80667	**392041**
70 % of above as normative loan	17944	17944	17944	17944	17944	17944	17944	17944	17944	56467	56467	**274429**
Opening Balance of Normative Loan	-	17944	35888	53832	71776	89720	107664	125608	143552	161496	217962	-
Closing Balance of Normative Loan	17944	35888	53832	71776	89720	107664	125608	143552	161496	217962	274429	-
Average of Normative Loan	8972	26916	44860	62804	80748	98692	116636	134580	152524	189729	246195	-
Interest rate(%)	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.30	10.50	
IDC	230	690	1150	1609	2069	2529	2989	3449	3908	4887	6463	29973

The basis of calculation of above IDC is as under:	
Total Capital Cost as on 31.3.2014 is	435519.00
Total capitalized IDC	43478.00
Total Capital cost (excluding capitalized IDC)	392041.00
Module-I Capital Cost (excluding capitalized IDC)	230708.00
Module-II Capital Cost (excluding capitalized IDC)	161333.00
Apportionment of total Capital Cost	
a) Capital cost addition of Module-I in 9 instalment	25634.00
b) Capital cost addition of Module-II in 2 Instalment	80666.00

27. It is observed that the Petitioner has not claimed normative IDC in the tariff calculation as defined in Regulations 7(1)(a) of the 2014 tariff Regulations and the same is based on the capital cost without normative IDC. As regards the computation of normative IDC as submitted by the Petitioner, it is observed that the same is not based on the actual cash expenditure incurred. Instead, the Petitioner has considered the capital cost of ₹435519.00 lakh (excluding IDC of ₹43478.00 lakh) as on 31.3.2014 by spreading equally in all quarters up to the

scheduled COD. It is further noticed that the amount of ₹435519.00 lakh is not the cash expenditure and includes un-discharged liabilities of ₹7697.46 lakhs. The amount of ₹435519.00 lakh has been considered by the Petitioner as on quarter-3 of 2010-11, whereas, the same is the capital cost as on 31.3.2014. As stated, the Petitioner has submitted that the balance sheets for the generating station are not available since the same are prepared for the company as a whole. Hence, in absence of audited station balance sheets, no prudence check of the actual cash expenditure and allowance of normative IDC thereon could be undertaken. Further, the Petitioner has not furnished the details with respect to quarterly infusion of funds in support of the computation. It is further observed that in Appeal No. 175/2015 filed by the Petitioner before the Tribunal, wherein the issue of "Disallowance of normative IDC" was raised, the tribunal had rejected the prayer of the Petitioner as under:

> *"c) Now we let us take the question of law related to second issue regarding normative debt: equity ratio for the purpose of IDC until SCOD. On Question No. 6. c) i.e. Whether the Central Commission in computing the interest on loan has acted in violation of Regulation 12 of the Tariff Regulations 2009 which provides for normative debt : equity ratio of 70:30?, we consider as below:*
>
> *i. To address this issue let us first analyse the provisions of the Tariff Regulations 2009 relied upon by the Appellant. The relevant extract is reproduced below:*
>
> *"12. Debt-Equity Ratio. (1) For a project declared under commercial operation on or after1.4.2009, 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:*
>
> *From the above it can be seen that for projects where COD is on or after 1.4.2009 if equity deployed is more than 30% of the capital cost then the equity in excess of 30% shall be treated as normative loan andwhere equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of tariff.*
>
> *"16. Interest on loan capital. (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."*
>
> *From the above it can be seen that the Interest on Loan (IOL) component of the fixed charges is calculated based on the loans arrived in accordance with Regulation 12 of the Tariff Regulations, 2009.*

ii. We note that the above provisions of the determination of tariff on normative basis comes into picture from the COD of the unit/ station for year on year tariff purpose. In the present case, the Appellant has applied this principle of normative debt: equity ratio during the construction period. The Respondent Nos. 4 & 5 are relating the issue from the COD of GT(s)/ Block (s) of Pragati-III, which in our view seems to be correct. We are proceeding to analyse the issue in light of the said contention of the parties.

iii. Now let us examine the findings of the Central Commission in the Impugned Order. The relevant extract is reproduced below:

"Interest During Construction

36. The Petitioner has submitted that the tariff filing forms filed earlier have been revised considering IDC on actuals, on payment basis, as on the dates of COD of the individual blocks. The Petitioner has also submitted that it had earlier signed a loan agreement with PFC for 70% of the project cost and the loan drawl schedule was to commence from the fourth quarter of financial year 2009-10. It has also submitted that due to the delay in supplies and services, the overall project has been delayed and accordingly the loan drawl schedule was revised on several occasions. The Petitioner has further stated that during the intervening period the Petitioner had utilized its own Reserves & Surplus for the release of initial advance to the EPC contractor, payment of running bills for supply and services for a considerable period and that the payment has been totally on equity expenditure. Accordingly, it has submitted that no IDC is payable for the said period. The Petitioner has therefore requested the Commission to allow IDC as per actuals, without deduction of the LD retained by the Petitioner, since the issue of LD has not been settled between Petitioner and M/s. BHEL. Therefore, while finalizing the book of accounts, the LD amount has been shown as retained amount in book of accounts though deducted from the EPC contractor and the same has not been adjusted while working out final amount for IDC and Capital cost.

37. The Petitioner has raised debt from Power Finance Corporation (PFC) and PFC vide letter dated 9.4.2009 has sanctioned debt amounting to `3637.00 crore. The Petitioner has also availed loan amounting to `500.00 crore from the Govt. of NCT of Delhi. The details regarding the debt raised by the Petitioner is as follows:

38. As stated, the total time overrun involved in the commissioning of the project has not been allowed and accordingly the cost overrun due to time overrun has not been allowed. Therefore, IDC has not been allowed for the time over run period of 21 months, 26 months, 28½ months, 39 months, 41 months, 40 months in the commissioning of GT-I, GT-II, Block-I, GT-III, GT-IV and Block-II respectively. Despite directions of the Commission, the Petitioner has not furnished the detailed calculations for unit-wise allocation of the total IDC. Therefore, the interest amount of `4941 lakh worked up to 30.11.2010 (scheduled COD of the generating station) has been apportioned between capital and revenue, based on the same proportion as considered by the Petitioner vide affidavit dated 5.12.2014.The Petitioner is however directed to furnish the detailed calculations for unit-wise allocation of the total IDC at the time of revision of tariff based on truing- up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations.

39. On the basis of the above, out of total interest of `4941 lakh, an amount of `2709.40 lakh has been treated as IDC and the same has been allocated to the various units based on the total IDC vis-a vis the unit- wise IDC claimed by the Petitioner. Accordingly, the unit- wise IDC has been worked out and allowed as under:

From the above it can be seen that the Central Commission has held that the Appellant in the tariff filing prescribed forms has considered IDC on actuals, on payment basis, as on the dates of COD of the GT(s)/Blocks(s). The Central Commission has further held that the Appellant initially had made payments to the EPC Contractor from the equity as loan drawdown was rescheduled due to delay in the project and hence submitted that no IDC is payable to it for the said period. No IDC has been allowed for the time overrun period. The Appellant has not furnished the detailed calculations for unit-wise allocation of the total IDC. In absence of the same the Central Commission has worked out IDC as Rs. 49.41 Cr. until SCOD and apportioned it between capital and revenue based on proportion submitted on the affidavit dated 5.12.2014 by the Appellant. The Central Commission has also directed the Appellant to furnish the detailed calculations for unit-wise allocation of the total IDC at the time of revision of tariff based on truing-up exercise in terms of Regulation 6(1) of the Tariff Regulations 2009. Thereafter the Central Commission has proceeded to A. No. 175 of calculate IDC, which according to the Central Commission works out to Rs. 27.09 Cr.

iv. We observe that the Regulation 12 and 16 of the Tariff Regulations 2009 relied by the Appellant provides for consideration of equity invested beyond 30% as normative debt from COD for the purpose of tariff determination. The Appellant has contended to apply the same principle during the construction period also, which in our opinion is flawed. However, from the submissions of the Appellant it is clear that the Appellant has been deploying only equity since 2008-09 before first drawal of loan on 5.2.2010. However, it is observed that the Central Commission has taken actual interest on loan on payment basis during construction for the purpose of capitalisation as on COD of GT(s)/ Block(s) based on the claim of the Appellant vide revised forms submitted by it on affidavit dated 5.12.2014. Further, in absence of details of IDC apportionment as on COD of GT(s)/ Block (s) which are not provided by the Appellant the Central Commission has arrived at the figure of Rs. 27.09 Cr. as allowable IDC, which in any case would be adjusted as and when the Appellant provides the details as directed by the Central Commission during truing up exercise.

v. The Appellant has relied on the MSPGCL Judgement of this Tribunal on this issue. The relevant extract from the judgement of this Tribunal is reproduced below:

"8.5. As regards IDC, the Appellant has submitted that the loan amount has reduced due to lower approved capital cost, on the other hand the State Commission has considered a normative pattern for draw-downs of loans and upfront infusion of certain part of the overall equity funding instead of actual pattern for working out the normative IDC............................

8.6. The State Commission has computed the IDC considering the original schedule and original phasing of expenditure. Regarding drawdown of loans and equity infusion the State Commission in the impugned order has recorded as under:

"79. As per the prudent industry practice, any project is funded in the following pattern:

• Certain proportion of Upfront Equity (30% or 50%) • Similar proportion of Upfront Debt • Debt and Equity in proportion to Debt:Equity Ratio In case the project is initially funded with debt and equity is infused at later stage to repay the debt, the IDC component will increase as compared to proportionate debt and equity funding". We agree with the State Commission that the infusion of debt & equity has to be more or less on paripassu basis as per normative debt

equity ratio. However, the increase in IDC due to time over run has to be allowed only according to the principles laid down in para 7.4 above. Accordingly, the State Commission is directed to re-determine the IDC for the actual period of commissioning of the project and then work out the excess IDC for the period of time over run on a pro- rata basis and limit the disallowance to 50% of the same on account of excess IDC. This question is answered accordingly."

From the above it can be seen that this Tribunal has agreed to the decision of the MERC that the infusion of the debt and equity during project construction has to be on parripassu basis as per the normative debt: equity ratio.

We observe that the said case was related to infusion of debt prior to infusion of equity and infusing equity at a later stage to repay the debt. This has resulted in higher IDC if compared with IDC worked out based on normative debt: equity ratio and accordingly MERC had considered IDC based on original phasing of the expenditure. The instant case is different from that of the MSPGCL Judgement on this issue as the Central Commission has allowed the IDC based on the claim of the Appellant.

vi. In view of the above and facts and circumstances of the case we are of the considered opinion that there is no legal infirmity in the decision of the Central Commission on this issue.

vii. Accordingly, this issue is decided against the Appellant."

28. In terms of the decision of the Tribunal as above, the submission of the Petitioner for allowance of normative IDC has not been considered. Accordingly, there is no revision in the IDC allowed by the Commission's order dated 26.5.2015.

Foreign Exchange Rate Variation (FERV) due to cost overrun

29. The Commission vide its order dated 26.5.2015 had disallowed FERV amounting to ₹1109.68 lakh claimed by the Petitioner towards cost overrun, as time overrun was not condoned, as under:

(₹ in lakh)

27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
283.47	431.61	598.85	644.14	616.38	782.80	908.31	1109.68

Accordingly, no FERV has been allowed.

Additional capital expenditure

30. The additional capital expenditure as per form 1(A) claimed by the Petitioner is as under:

(₹ in lakh)

27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
3303.30	0.00	0.00	2064.53	0.00	0.00	0.00	11071.71

31. The break-up of the additional capital expenditure claimed is as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Additional capitalisation	3030.33	0.00	0.00	215.70	0.00	0.00	0.00	10102.65
Discharge of liabilities	0.00	0.00	0.00	1830.40	0.00	0.00	0.00	869.46
Additional expenditure left out in P. No. 257/2010 and claimed now	272.97	0.00	0.00	18.43	0.00	0.00	0.00	99.60
Total	**3303.30**	**0.00**	**0.00**	**2064.53**	**0.00**	**0.00**	**0.00**	**11071.71**

32. The Petitioner has submitted that no additional capital expenditure has been incurred for the period from 27.3.2014 (COD of the generating station) till 31.3.2014 and hence no claim has been made in this Petition. The Petitioner vide affidavit dated 24.8.2016 has stated that all assets of the gross block as on 31.3.2009, 31.3.2010, 31.3.2011, 31.3.2012, 31.3.2013 and 31.3.2014 are in use. It is noticed that the Commission vide its order dated 26.5.2015 in Petition no. 257/2010 had allowed the additional capitalization of ₹10102.65 lakh in 2013-14 based on the actual audited accounts which the Petitioner had capitalized prior to the COD of the STG-II/ the generating station in 2013-14. In view of the above submissions, the additional capitalization as allowed by the Commission vide order dated 26.5.2015 remain unaltered.

Discharge of liabilities

33. The discharge of liabilities as allowed by the Commission vide order dated 26.5.2015 has been claimed by the Petitioner in this Petition. In response to the

Commission's direction vide ROP dated 2.8.2016, the Petitioner vide affidavit dated 24.8.2016 has furnished the Auditor's certificate confirming the amounts claimed towards discharge of liabilities. Accordingly, the same has been considered in this order for revision of tariff.

Capital cost allowed for tariff

34. Based on the above discussions, the capital cost allowed for the purpose of tariff is as under:

(₹ in lakh)

	27.12.2011 (COD of GT-1 to 31.3.2012)	1.4.2012 (COD of STG-I & HRSG-I) to 15.7.2012	16.7.2012 (COD of GT-II) to 13.12.2012	14.12.2012 (Block-I to 31.3.2013)	1.4.2013 to 27.10.2013	28.10.2013 (COD of GT-III) to 26.2.2014	27.2.2014 (COD of GT-IV) to 26.3.2014	27.3.2014 COD of STG-II) / Project to 31.3.2014
Opening capital cost as on COD / 1st April excluding IDC	96552.71	147012.01	203979.51	219405.59	218761.45	266633.69	309386.22	377974.64
Less: Exchange variation disallowed	283.47	431.61	598.85	644.14	0	782.80	908.31	1109.68
Add: Cumulative IDC	403.9	662.16	989.97	1114.16	1114.16	1578.3	1983.75	2709.40
Less: Un-discharged liabilities (cumulative)	6584.01	7684.54	9123.26	9183.81	9183.81	9771.42	10289.57	10396.42
Opening capital cost including IDC and excluding un-discharged liabilities	90089.13	139558.02	195247.37	210691.8	210691.8	257657.77	300172.09	369177.94
Additional capitalization allowed	3030.33	0	0	215.70	0	0	0	10102.65
Add: Discharge of liability	0	0	0	1830.40	0	0	0	869.46
Add: Additional expenditure left out in P. No. 257/2010, and considered in this petition	272.97	0.00	0.00	18.43	0.00	0.00	0.00	99.60
Closing capital cost	**93392.43**	**139558.02**	**195247.37**	**212756.33**	**210691.80**	**257657.77**	**300172.09**	**380249.65**

Debt Equity Ratio

35. The debt-equity ratio of 70:30 for capital cost as on COD and the additional capital expenditure as allowed by the Commission vide order dated 26.5.2015 has been considered for the purpose of tariff.

Return on Equity

36. Regulation 15 of the 2009 tariff Regulations stipulates as follows:

> *"15. **Return on Equity**. (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% to be grossed up as per clause (3) of this regulation:*
>
> *Provided that in case of projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such projects are completed within the timeline specified in Appendix-II:*
>
> *Provided further that the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever.*
>
> *(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 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:*
>
> *Rate of pre-tax return on equity = 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 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.*
>
> *Illustration-*
>
> *(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 11.33% including surcharge and cess:*
> *Rate of return on equity = 15.50/ (1-0.1133) = 17.481%*
>
> *(ii) In case of generating company or the transmission licensee paying normal corporate tax @ 33.99% including surcharge and cess:*
> *Rate of return on equity = 15.50/ (1-0.3399) = 23.481%*

37. Based on the above regulation, the base rate of 15.50% has been grossed up with the MAT rate of the respective financial year. Accordingly, Return on Equity has been computed as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Gross Notional Equity	27026.74	41867.41	58574.21	63207.54	63207.54	77297.33	90051.63	110753.38
Addition due to Additional capitalization	990.99	0.00	0.00	619.36	0.00	0.00	0.00	3321.51
Closing Equity	28017.73	41867.41	58574.21	63826.90	63207.54	77297.33	90051.63	114074.90
Average Equity	27522.23	41867.41	58574.21	63517.22	63207.54	77297.33	90051.63	112414.14
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%	15.500%	15.500%	15.500%
Tax rate (MAT)	20.008%	20.008%	20.008%	20.008%	20.961%	20.961%	20.961%	20.961%
Rate of Return on Equity (Pre Tax)	19.377%	19.377%	19.377%	19.377%	19.611%	19.611%	19.611%	19.611%
Return on Equity (Pre Tax)	**1398.81**	**2355.99**	**4695.43**	**3641.73**	**7131.58**	**5066.66**	**1354.71**	**301.99**

Interest on Loan

38. Regulations 16 of the 2009 Tariff Regulation 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) xxxxx"

39. The salient features of computation of interest on loan allowed in tariff are summarized as under:

i) The weighted average rate of interest is worked out on the basis of the actual loan portfolio of the respective year applicable to the project, as had been considered by the Commission in order dated 26.5.2015.

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

iii) The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest.

40. Based on the above, the interest on loan considered for the purpose of tariff is as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	**1.4.2012 to 15.7.2012**	**16.7.2012 to 13.12.2012**	**14.12.2012 to 31.3.2013**	**1.4.2013 to 27.10.2013**	**28.10.2013 to 26.2.2014**	**27.2.2014 to 26.3.2014**	**27.3.2014 to 31.3.2014**
Gross Notional Loan	63062.39	97690.61	136673.16	147484.26	147484.26	180360.44	210120.46	258424.56
Cumulative Repayment of loan upto previous year	0.00	1190.89	3199.95	7287.04	10464.14	16611.80	20995.62	22174.60
Net Opening Loan	63062.39	96499.72	133473.21	140197.22	137020.12	163748.64	189124.84	236249.96
Addition due to Additional Capitalization	2312.31	0.00	0.00	1445.17	0.00	0.00	0.00	7750.20
Repayment of Loan during the period	1190.89	2009.05	4087.09	3177.10	6147.66	4383.82	1178.98	262.81
Net Closing Loan	64183.81	94490.67	129386.12	138465.29	130872.46	159364.82	187945.86	243737.34
Average Loan	63623.10	95495.19	131429.66	139331.25	133946.29	161556.73	188535.35	239993.65
Weighted Average Rate of Interest on Loan	11.796%	11.811%	11.811%	11.822%	11.580%	11.567%	11.526%	11.480%
Interest on Loan	**1968.60**	**3275.51**	**6421.87**	**4874.00**	**8924.22**	**6246.04**	**1666.94**	**377.43**

Depreciation

41. Regulation 17 of the 2009 Tariff Regulation 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 3[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."

42. The rate of depreciation considered by the Commission subject to truing-up, vide order dated 26.5.2015 and claimed by the Petitioner is as under:

27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
6.17%	4.94%	4.78%	5.05%	4.94%	5.05%	6.70%	6.70%

43. The above rates have been re-worked, based on the detailed unit wise workings submitted by the Petitioner. Accordingly, the depreciation has been calculated on the basis of the weighted average rates of depreciation reworked as under:

(₹ in lakh)

	2011-12	2012-13			2013-14			
	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Opening Gross Block	90089.13	139558.02	195247.37	210691.80	210691.80	257657.77	300172.09	369177.94
Addition during 2009-14 due to Actual/ Projected Additional Capitalisation	3303.30	-	-	2064.53	-	-	-	11071.71
Closing Gross Block	93392.43	139558.02	195247.37	212756.33	210691.80	257657.77	300172.09	380249.65
Average Gross Block	91740.78	139558.02	195247.37	211724.07	210691.80	257657.77	300172.09	374713.80
Rate of Depreciation	4.949%	4.957%	5.060%	5.071%	5.071%	5.090%	5.120%	5.120%

Depreciable Value	82566.70	125602.22	175722.63	190551.66	189622.62	231891.99	270154.88	337242.42
Depreciation (for the period)	**1190.89**	**2009.05**	**4087.09**	**3177.10**	**6147.66**	**4383.82**	**1178.98**	**262.81**
Cumulative Depreciation (at the end of the year)	1190.89	3199.95	7287.04	10464.14	16611.80	20995.62	22174.60	22437.41

O&M Expenses

44. The O&M expenses allowed by Commission's order dated 26.5.2015 in Petition No. 257/2010 as under, has been considered for revision of tariff:

(₹ in lakh)

27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
1494.82	2358.70	4922.92	4177.24	8516.86	6282.82	1748.33	376.44

Interest on Working Capital

45. Regulation 18(1) (a) of the 2009 Tariff Regulations provides that the working capital for Open-cycle Gas Turbine/Combined Cycle thermal generating stations shall cover:

(i) Fuel cost for one month corresponding to the normative annual plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel;

(ii) Liquid fuel stock for ½ month corresponding to the normative annual plant availability factor, duly taking in to account mode of operation of the generating stations of gas fuel and liquid fuel and in case of use of more than one liquid fuel, cost of main liquid fuel;

(iii)Maintenance Spares @ 30% of operation and maintenance expenses specified in Regulation 19;

(iv) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor, duly taking into account mode of operation of the generating station on gas fuel and liquid fuel, and

(v) Operation and maintenance expenses for one month

46. There is no change in the working capital components as allowed vide order dated 26.5.2015, except for the change in the fixed charges (2 months) in the receivable component due to revision of the capital cost by this order. Accordingly, interest on working capital is calculated and allowed as below:

(₹in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
O&M expenses	474.92	676.83	991.65	1176.46	1233.59	1566.41	1899.23	2289.99
Receivables (fixed charges)	1105.53	1802.20	3580.93	2913.63	5693.85	3870.92	1037.45	234.18
Receivables (Variable charges)	5176.78	5281.91	5392.48	10674.38	10985.57	5722.61	5819.02	12339.11
Maintenance Spares	1709.70	2436.58	3569.93	4235.25	4440.93	5639.09	6837.24	8243.96
Fuel Stock	10353.56	10563.82	10784.96	21348.76	21971.14	11445.22	11638.04	24678.22
Total Working Capital	**18820.49**	**20761.34**	**24319.95**	**40348.48**	**44325.09**	**28244.24**	**27230.98**	**47785.45**
Rate of Interest	11.75%	13.50%	13.50%	13.50%	13.50%	13.20%	13.20%	13.20%
Interest on Working Capital	**580.04**	**813.96**	**1358.25**	**1611.73**	**3442.78**	**1246.15**	**275.74**	**86.41**

Annual Fixed Charges

47. Based on the above discussions, the annual fixed charges approved for the generating station is summarized as under:

(₹ in lakh)

	27.12.2011 to 31.3.2012	1.4.2012 to 15.7.2012	16.7.2012 to 13.12.2012	14.12.2012 to 31.3.2013	1.4.2013 to 27.10.2013	28.10.2013 to 26.2.2014	27.2.2014 to 26.3.2014	27.3.2014 to 31.3.2014
Return on Equity	1398.81	2355.99	4695.43	3641.73	7131.58	5066.66	1354.71	301.99
Interest on Loan	1968.60	3275.51	6421.87	4874.00	8924.22	6246.04	1666.94	377.43
Depreciation	1190.89	2009.05	4087.09	3177.10	6147.66	4383.82	1178.98	262.81
Interest on Working Capital	580.04	813.96	1358.25	1611.73	3442.78	1246.15	275.74	86.41
O&M Expenses	1494.82	2358.70	4922.92	4177.24	8516.86	6282.82	1748.33	376.44
Annual fixed charges	**6633.17**	**10813.21**	**21485.57**	**17481.79**	**34163.10**	**23225.49**	**6224.70**	**1405.07**

48. The difference in the annual fixed charges determined by the Commission's order dated 26.5.2015 and those determined by this order shall be adjusted in accordance with Regulation 6(6) of the 2009 Tariff Regulations.

49. Petition No. 309/GT/2015 is disposed of in terms of the above.

Sd/-	***Sd/-***	***Sd/-***
(I.S.Jha)	**(Dr. M.K. Iyer)**	**(P.K.Pujari)**
Member	**Member**	**Chairperson**