

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R.Krishnamoorthy, Member**

Petition No. 28/2007

In the matter of

Approval of revised fixed charges after considering the impact of additional capital expenditure incurred during 2004-05 and 2005-06 for Simhadri Super Thermal Power Station (1000 MW) -Corrigendum to the order dated 18.6.2008

And in the matter of

NTPC Limited, New Delhi

...Petitioner

Vs

1. Transmission Corporation of Andhra Pradesh, Hyderabad
2. A.P. Eastern Power Distribution Company Ltd., Hyderabad
3. A.P. Southern Power Distribution Company Ltd., Vishakhapatnam
4. A.P. Northern Power Distribution Company Ltd., Tirupathi
5. A.P. Central Power Distribution Company Ltd., Hyderabad

..Respondents

ORDER

The petitioner had made this application for approval of the revised fixed charges for the period 2004-09, after considering the impact of additional capital expenditure incurred during 2004-05 and 2005-06, in respect of Simhadri Super Thermal Power Station (1000 MW), (hereinafter referred to as “the generating station”) based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”).

2. The Commission by its order dated 18.6.2008 determined the revised annual fixed charges for the generating station for the period from 1.4.2004 to 31.3.2009 as under after accounting for additional capital expenditure for the years 2004-05 and 2005-06, found admissible:

(Rs. in lakh)					
Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Interest on Loan	7484	7156	6797	6422	6045
Interest on Working Capital	2921	2949	2976	3009	3034
Depreciation	11535	11592	11607	11607	11607
Advance Against Depreciation	0	0	0	0	0
Return on Equity	14551	14622	14642	14642	14642
O & M Expenses	9360	9730	10120	10520	10950
TOTAL	45851	46049	46142	46200	46278

3. In sub-para (a) of para 27 of the order, concerning computation of interest on loan component, it was observed as under:

“27. Interest on loan has been worked out as mentioned below:
 (a) The outstanding normative loan as per tariff order dated 22.9.2006 is Rs.241645 lakh. After addition of the notional loan arising due to additional capital expenditure amounting to Rs.1728.81 lakh for the year 2004-05, the total outstanding notional loan as on 1.4.2004 works out to Rs. 242510 lakh.”

4. Interest on loan computed in the said order dated 18.6.2008 is given hereunder:

(Rs in lakh)					
Details	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Loan Opening	242510	243704	244035	244035	244035
Cumulative repayment of deemed loan upto previous year	0	11535	23127	34734	46341
Net loan opening	242510	232169	220908	209301	197693
Repayment of loan during the year	11535	11592	11607	11607	11607
Net loan Closing	230975	220578	209301	197693	186086
Average Loan	236742	226374	215104	203497	191890
Wt.Average Rate of Interest	3.1611%	3.1611%	3.1598%	3.1557%	3.1501%
Interest on Loan	7484	7156	6797	6422	6045

5. It has been noticed that there is a ministerial error in the said order dated 18.6.2008, inasmuch as the normative loan on account of additional capitalization for the years 2004-05 and 2005-06 should not have been added to the opening loan as on 1st April of those years. For the purpose of tariff, only the average loan during these years was to be considered. This has necessitated correction of calculations of the interest on loan component of the fixed charges approved. Accordingly, the Commission in exercise of its powers under Regulation 92 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 hereby revises the calculation of interest on loan, issued vide order dated 18.6.2008 after rectifying the errors noticed in the said order dated 18.6.2008 as under:

(Rs in lakh)

Details	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Loan Opening	241645	243374	244035	244035	244035
Cumulative repayment of deemed loan upto previous year	0	11535	23127	34734	46341
Net loan opening	241645	231839	220908	209301	197693
Addition of loan due to additional capital expenditure	1729	661			
Repayment of loan during the year	11535	11592	11607	11607	11607
Net loan Closing	231839	220908	209301	197693	186086
Average Loan	236742	226374	215104	203497	191890
Wt. Average Rate of Interest	3.1611%	3.1611%	3.1598%	3.1557%	3.1501%
Interest on Loan	7484	7156	6797	6422	6045

6. Accordingly, the gross loan opening and the net loan opening for the years 2004-05 and 2005-06 are being corrected. Sub-para (a) of para 36 of the said order dated 18.6.2008, shall be substituted as under:

“36. (a) The outstanding normative loan as on 1.4.2004 as per tariff order dated 22.9.2006 is Rs.241645 lakh corresponding to gross loan of Rs.241645 lakh. The notional loan arising on account of additional capital expenditure for the year 2004-05 is Rs.1729 lakh and for 2005-06 is Rs.661 lakh. Hence, the total notional loan outstanding during 2005-06 and 2006-07 was Rs.243374 lakh and Rs.244035 lakh respectively.”

7. As there is no change in the interest on loan already approved vide order dated 18.6.2008, there is no requirement to revise the interest on working capital or the annual fixed charges.

**Sd/-
(R. KRISHNAMOORTHY)
MEMBER**

**sd/-
(BHANU BHUSHAN)
MEMBER**

New Delhi dated the 24th December, 2008