

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 27/2007

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 Kahalgaon Super Thermal Power Station, Stage-I (840 MW)-Corrigendum to the order dated 29.9.2008

And in the matter of

NTPC Limited, New Delhi

...Petitioner

Vs

1. West Bengal State Electricity Board, Kolkata
2. Bihar State Electricity Board, Patna
3. Jharkhand State Electricity Board, Ranchi
4. Grid Corporation of Orissa Ltd., Bhubaneshwar
5. Damodar Valley Corporation, Kolkata
6. Power Department, Govt. of Sikkim, Gangtok
7. Tamil Nadu Electricity Board, Chennai
8. Union Territory of Pondicherry, Electricity Deptt, Pondicherry
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Power Development Department, Govt. of J&K, Srinagar
11. Power Deptt., Union Territory of Chandigarh , Chandigarh
12. Madhya Pradesh Power Trading Ltd., Jabalpur
13. Gujarat Urja Vikas Nigam Limited, Baroda
14. Electricity Deptt., Administration of Daman & Diu, Daman
15. Electricity Deptt., Administration of Dadra and Nagar Haveli, Silvassa
16. Delhi Transco Limited, New Delhi
17. Maharashtra State Electricity Distribution Company Ltd, Mumbai

..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 Kahalgaon Super Thermal Power Station, Stage-I (840 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 29.9.2008 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:

Particulars	(Rs. in lakh)				
	2004-05	2005-06	2006-07	2007-08	2008-09
Interest on Loan	632	63	0.00	0.00	0.00
Interest on Working Capital	2690	2708	2683	2718	2745
Depreciation	7476	7490	4489	4489	4489
Advance Against Depreciation	0.00	0.00	0.00	0.00	0.00
Return on Equity	14205	14221	14222	14222	14222
O & M Expenses	8736	9089	9450	9828	10223
TOTAL	33739	33571	30844	31257	31679

3. In sub-para (a) of para 38 of the order, concerning computation of interest on loan component, it was observed as under:

“38. Interest on loan has been worked out as mentioned below:
 (a) The normative loan outstanding as on 1.4.2004 is Rs.7862 lakh and the notional loan arising on account of additional capital expenditure for the year 2004-05 is Rs.516.36 lakh. Hence, the total outstanding notional loan as on 1.4.2004 is Rs.8378 lakh.

4. Interest on loan computed in the said order dated 29.9.2008 is given hereunder:

(Rs in lakh)

Details	Up to 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Loan Opening	101352	101869	101901	101901	101901	101901
Cumulative repayment of deemed loan upto previous year	93491	93491	100966	101901	101901	101901
Net loan opening	7862	8378	934	0	0	0
Repayment of loan during the year		7476	934	0	0	0
Net loan Closing		902	0	0	0	0
Average Loan		4640	467	0	0	0
Wt.Average Rate of Interest		13.6180%	13.4105%	13.0959%	12.4823%	10.5388%
Interest on Loan		632	63	0	0	0

5. It has been noticed that there is a ministerial error in the said order dated 29.9.2008, inasmuch as the normative loan on account of additional capitalization for the years 2004-05 and 2005-06 could not be 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 annual fixed charges for the generating station, issued vide order dated 29.9.2008 after rectifying the errors noticed in the said order dated 29.9.2008. 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 38 of the said order dated 29.9.2008, shall be substituted as under:

- (a) The normative loan outstanding as on 1.4.2004 is Rs.7862 lakh corresponding to gross loan of Rs.101325 lakh. The notional loan

arising on account of additional capital expenditure for the year 2004-05 is Rs.516.36 lakh and for 2005-06 is Rs.32 lakh. Hence, the total notional loan outstanding during 2005-06 and 2006-07 was Rs.101869 lakh and Rs.101901 lakh respectively.

6. Accordingly, the revised calculations of interest on loan computed are as under:

(Rs in lakh)						
Details	Up to 31.3.2004	2004-05	2005-06	2006-07	2007-08	2008-09
Gross Loan Opening	101352	101352	101869	101901	101901	101901
Cumulative repayment of deemed loan upto previous year	93491	93491	100966	101901	101901	101901
Net loan opening	7862	7862	902	0	0	0
Addition of loan due to additional capital expenditure		516	32		0	0
Repayment of loan during the year		7476	934	0	0	0
Net loan Closing		902	0	0	0	0
Average Loan		4382	451	0	0	0
Wt.Average Rate of Interest		13.6180%	13.4105%	13.0959%	12.4823%	10.5388%
Interest on Loan		597	60	0	0	0

7. As a consequence of revision of interest on loan as above, the interest on working capital arrived at in para 43 of the said order dated 29.9.2008 also needs revision and is accordingly revised as under:

(Rs in lakh)					
	2004-05	2005-06	2006-07	2007-08	2008-09
Coal Stock -1.1/2 months	7059	7059	7059	7079	7059
Oil Stock – 2 months	275	275	275	275	275
O & M expenses	728	757	788	819	852
Maintenance spares	2871	3043	3226	3419	3624
Receivables	15304	15282	14828	14923	14967
Total Working Capital	26237	26417	26175	26516	26777
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
Interest on Working Capital	2689	2708	2683	2718	2745

8. Based on the above, the annual fixed charges are revised as follows:

(Rs in lakh)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Interest on Loan	597	60	0	0	0
Interest on Working Capital	2689	2708	2683	2718	2745
Depreciation	7476	7490	4489	4489	4489
Advance Against Depreciation	0	0	0	0	0
Return on Equity	14205	14221	14222	14222	14222
O & M Expenses	8736	9089	9450	9828	10223
TOTAL	33703	33569	30844	31257	31679

9. The petitioner is directed to make necessary adjustments on account of revision of annual fixed charges being approved in this order.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 11th December, 2008