

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Petition No. 29/2007**

**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 Ramagundam Super Thermal Power Station, Stage-I and Stage II(2100 MW) -Corrigendum to the order dated 30.7.2008

**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., Tirupati
5. A.P. Central Power Distribution Company Ltd., Hyderabad
6. Tamil Nadu Electricity Board, Chennai
7. Karnataka Power Transmission Corporation Ltd., Bangalore
8. Bangalore Electricity Supply Company Ltd., Bangalore
9. Mangalore Electricity Supply Company Ltd, Mangalore
10. Chamundeswari Electricity Supply Company Ltd., Mysore
11. Gulbarga Electricity Supply Company Ltd, Gulbarga
12. Hubli Electricity Supply Company Ltd, Hubli
13. Kerala State Electricity Board, Thiruvananthapuram
14. Electricity Department, Govt. of Puducherry
15. Electricity Department, Govt. of Goa, Goa

**..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 Ramagundam

Super Thermal Power Station, Stage-I and Stage II (2100 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 30.7.2008 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	622	208	0	0	0
Interest on Working Capital	4754	4791	4736	4793	4833
Depreciation	8172	8197	2658	2658	2658
Advance Against Depreciation	0	0	0	0	0
Return on Equity	15798	15828	15835	15835	15835
O & M Expenses	20280	21087	21930	22800	23727
<b>TOTAL</b>	<b>49626</b>	<b>50110</b>	<b>45159</b>	<b>46085</b>	<b>47053</b>

3. In sub-para (b) of para 39 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) *x x x x x*  
 (b) *The revised normative loan outstanding as on 1.4.2004 was Rs.14940 lakh and the notional loan arising out of additional capitalization for the year 2004-05 is Rs.751.13 lakh. Hence, the total notional loan outstanding as on 1.4.2004 is Rs.15691 lakh.*”

4. Interest on loan computed in the said order dated 30.7.2008 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	112681	113432	113670	113670	113670	113670
Cumulative repayment of deemed loan upto previous year	97741	97741	105913	113670	113670	113670
Net loan opening	14940	15691	7757	0	0	0
Repayment of loan during the year		8172	7757	0	0	0
Net loan Closing		7519	0	0	0	0
Average Loan		11605	3878	0	0	0
Wt.Average Rate of Interest	11605.1599	5.3600%	5.3600%	5.3600%	5.3600%	5.3600%
<b>Interest on Loan</b>		<b>622.04</b>	<b>207.88</b>	<b>0</b>	<b>0</b>	<b>0</b>

5. It has been noticed that there is a ministerial error in the said order dated 30.7.2008, 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 1<sup>st</sup> 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 30.7.2008 after rectifying the errors noticed in the said order dated 30.7.2008. Accordingly, the gross loan opening and the net loan opening for the years 2004-05 and 2005-06 are being corrected. Sub-para (b) of para 39 of the said order dated 30.7.2008, shall be substituted as under:

“ 38. (a) x x x x x

(b) The normative loan outstanding as on 1.4.2004 is Rs.14940 lakh corresponding to gross loan of Rs.112681 lakh. The notional loan arising on account of additional capital expenditure for the year 2004-05 is Rs.751 lakh and for 2005-06 is Rs.237 lakh. Hence, the total notional loan outstanding during 2005-06 and 2006-07 was Rs.113432 lakh and Rs.113670 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	112681	112681	113432	113670	113670	113670
Cumulative repayment of deemed loan upto previous year	97741	97741	105913	113670	113670	113670
Net loan opening	14940	14940	7519	0	0	0
Addition of loan due to additional capital expenditure		751	237	0	0	0
Repayment of loan during the year		8172	7757	0	0	0
Net loan Closing		7519	0	0	0	0
Average Loan		11230	3760	0	0	0
Wt.Average Rate of Interest		5.3600%	5.3600%	5.3600%	5.3600%	5.3600%
<b>Interest on Loan</b>		<b>601.91</b>	<b>201.52</b>	<b>0</b>	<b>0</b>	<b>0</b>

7. As a consequence of revision of interest on loan as above, the interest on working capital arrived at in para 44 of the said order dated 30.7.2008 also needs revision. However, as noticed from the table given hereinunder, there is no impact of revision of interest on loan, on the interest on working capital:

(Rs in lakh)					
	2004-05	2005-06	2006-07	2007-08	2008-09
Coal Stock -1.1/2 months	13452	13452	13452	13489	13452
Oil Stock – 2 months	772	772	772	774	772
O & M expenses	1690	1757	1828	1900	1977
Maintenance spares	3488	3698	3919	4155	4404
Receivables	26975	27058	26234	26440	26550
Total Working Capital	46377	46737	46205	46757	47154
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
<b>Interest on Working Capital</b>	<b>4754</b>	<b>4791</b>	<b>4736</b>	<b>4793</b>	<b>4833</b>

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

(Rs in lakh)

<b>Particulars</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>
Interest on Loan	602	202	0	0	0
Interest on Working Capital	4754	4791	4736	4793	4833
Depreciation	8172	8197	2658	2658	2658
Advance Against Depreciation	0	0	0	0	0
Return on Equity	15798	15828	15835	15835	15835
O & M Expenses	20280	21087	21930	22800	23727
<b>TOTAL</b>	<b>49605</b>	<b>50104</b>	<b>45159</b>	<b>46085</b>	<b>47053</b>

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 24<sup>th</sup> December, 2008**