

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 32/2007

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 Farakka Super Thermal Power Station (1600 MW) -Corrigendum to the order dated 22.7.2008

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., Bhubaneswar
5. Damodar Valley Corporation, Kolkata
6. Power Department, Govt. of Sikkim, Gangtok
7. Tamil Nadu Electricity Board, Chennai
8. Union Territory of Puducherry, Electricity Deptt, Puducherry
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 Co. 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 Farakka Super

Thermal Power Station (1600 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 22.7.2008 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	599	194	0	0	0
Interest on Working Capital	4549	4586	4559	4614	4656
Depreciation	11400	11440	7455	7455	7455
Advance Against Depreciation	0	0	0	0	0
Return on Equity	21398	21442	21470	21470	21470
O & M Expenses	15600	16222	16870	17540	18252
TOTAL	53546	53884	50354	51079	51833

3. In sub-para (a) of para 36 of the order, concerning computation of interest on loan component, it was observed as under:

“36. Interest on loan has been worked out as mentioned below:
 (a) The normative loan outstanding as on 1.4.2004 is Rs.7740.26 lakh and the notional loan arising on account of additional capital expenditure for the year 2004-05 is Rs.562.52 lakh. Hence, the total outstanding notional loan as on 1.4.2004 is Rs.8302.78 lakh.”

4. Interest on loan computed in the said order dated 22.7.2008 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	152719	153282	154206	154206	154206	154206
Cumulative repayment of deemed loan upto previous year	133524	133514	144914	154206	154206	154206
Net loan opening	19204.67	19767	9291	0	0	0
Repayment of loan during the year		11400	9291	0	0	0
Net loan Closing		8367	0	0	0	0
Average Loan	9602.30	14067	4646	0	0	0
Wt.Average Rate of Interest		4.2611%	4.1745%	4.2592%	5.1411%	8.2190%
Interest on Loan		599	194	0	0	0

5. It has been noticed that there is a ministerial error in the said order dated 22.7.2008, 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 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 22.7.2008 after rectifying the errors noticed in the said order dated 22.7.2008. Accordingly, the gross loan opening and the net loan opening for the years 2004-05 and 2005-06 are being corrected. Sub-para (a) of para 36 of the said order dated 22.7.2008, shall be substituted as under:

- (a) The normative loan outstanding as on 1.4.2004 is Rs.19205 lakh corresponding to gross loan of Rs.152719 lakh. The notional loan

arising on account of additional capital expenditure for the year 2004-05 is Rs.563 lakh and for 2005-06 is Rs.924 lakh. Hence, the total notional loan outstanding during 2005-06 and 2006-07 was Rs.153282 lakh and Rs.154206 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	152719	152719	153282	154206	154206	154206
Cumulative repayment of deemed loan upto previous year	133514	133514	144914	154206	154206	154206
Net loan opening	19204.67	19205	8367	0	0	0
Addition of loan due to ACE		563	924	0	0	0
Repayment of loan during the year		11400	9291	0	0	0
Net loan Closing		8367	0	0	0	0
Average Loan		13786	4184	0	0	0
Wt.Average Rate of Interest		4.2611%	4.1745%	4.2592%	5.1411%	8.2190%
Interest on Loan		587	175	0	0	0

7. As a consequence of revision of interest on loan as above, the interest on working capital arrived at in para 41 of the said order dated 22.7.2008 also needs revision. However, as noticed from the table given hereinabove, 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	12392	12392	12392	12392	12392
Oil Stock – 2 months	504	504	504	506	504
O & M expenses	1300	1352	1406	1462	1521
Maintenance spares	4230	4484	4753	5038	5340
Receivables	25950	26005	25420	25587	25666
Total Working Capital	44376	44737	44475	45019	45424
Rate of Interest	10.25%	10.25%	10.25%	10.25%	10.25%
Interest on Working Capital	4549	4586	4559	4614	4656

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	587	175	0	0	0
Interest on Working Capital	4549	4586	4559	4614	4656
Depreciation	11400	11440	7455	7455	7455
Advance Against Depreciation	0	0	0	0	0
Return on Equity	21398	21442	21470	21470	21470
O & M Expenses	15600	16222	16870	17540	18252
TOTAL	53534	53864	50354	51079	51833

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 24th December, 2008