

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

1. **Shri Ashok Basu, Chairman**
2. **Shri G.S. Rajamani, Member**
3. **Shri K.N.Sinha, Member**

**Review Petition No.2/2003  
in Petition No.77/2001**

**And in the matter of**

Application seeking clarification and/or reconsideration and/or review and/or modification of the order dated June 28, 2002 in Petition No. 77/2001 – approval of tariff of Tanda Thermal Power Station

**And in the matter of**

National Thermal Power Corporation Ltd.	...	<b>Petitioner</b>
<b>Vs</b>		
Uttar Pradesh Power Corporation Ltd.	....	<b>Respondent</b>

The following were present:

1. Shri Amit Kapur, Advocate, NTPC
2. Shri Vishnu Sudarshan, Advocate, NTPC
3. Shri K.K. Garg, GM(Comml.), NTPC
4. Shri M.S. Chawla, AGM(Comml.), NTPC
5. Shri Robin Majumdar, NTPC
6. Ms Ranjana Gupta, NTPC
7. Shri B. Arya, NTPC
8. Ms. Alka Saigal, NTPC
9. Shri Ajay Sardana, NTPC
10. Shri R. Singhal, NTPC
11. Shri Ajay Dua, Manager (Comml.), NTPC
12. Shri D.D. Chopra, Advocate, UPPCL
13. Shri T.K. Srivastava, EE, UPPCL

**ORDER  
(DATE OF HEARING 11.3.2003)**

The petitioner, NTPC filed an application praying the Commission to “clarify and/or reconsider and/or review and/or modify the specific observations and findings of the order dated 28.6.2002 passed in Petition No. 77/2001 in terms of the present application”. The Commission treated this as an application for review. Although the petitioner had raised a host of issues, the application for review was admitted only on

one ground, namely, mistake in computation of interest on working capital. All other issues raised by the petitioner in the application were disposed of as not maintainable, being outside the scope of review of an order as prescribed under Section 114 read with Order 47 of the Code of Civil Procedure .

2. Petition No. 77/2001 was filed by the petitioner for approval of generation tariff for Tanda Thermal Power Station for the period from 15.1.2000 to 31.3.2004. The tariff was finally determined by the Commission vide its order dated 28.6.2002. Interest on working capital is one of the components of tariff approved by the Commission. It covers:

- (i) Fuel cost for one month and reasonable fuel stocks as actually maintained but limited to fifteen days for pit head stations and thirty days for non pit-head stations, corresponding to the "Target Availability",
- (ii) Sixty days stock of secondary fuel oil, corresponding to the "Target Availability",
- (iii) Operation and Maintenance expenses (cash) for one month,
- (iv) Maintenance spares at actuals subject to a maximum of one per cent of the capital cost but not exceeding one year's requirements less value of one fifth of initial spares already capitalised for first five years, and
- (v) Receivables equivalent to two months' average billing for sale of electricity calculated on "Target Availability".

3. Thus "receivables" equivalent of two months of average billing for sale of electricity calculated at target availability, on account of both, the fixed charges as also the variable charges payable by the respondent to the petitioner, are to be considered as a component of working capital. It was pointed out on behalf of the petitioner that while computing working capital for the purpose of tariff, "receivables" equivalent to two

months' average billing on account of variable charges had not been considered by the Commission in its order of 28.6.2002 as "receivables" equivalent to two months' average billing on account of fixed charges only were allowed. In view of this contention, the application was admitted for hearing.

4. The respondent in its reply has stated that since the details in support of calculation of working capital and interest on working capital were not incorporated in the order of 28.6.2002, presently sought to be reviewed, it was unable to verify the correctness or otherwise of the contention raised on behalf of the petitioner. Hence, the respondent has sought dismissal of the application for review. The respondent has not disputed the entitlement to two months' variable charges as a part of "receivables".

5. We find that the detailed break-up of different components of working capital was not incorporated in the order dated 28.6.2002. However, the detailed calculations in this regard form part of the judicial record. A perusal of these calculations unequivocally reveals that variable charges for two months were not added as a part of the "receivables". The respondent could verify the fact either through its own calculations or by inspection of judicial record. The issue may rather fall within the realm of correction of a clerical mistake, than correction through the elaborate process of review. In view of this, we allow recalculation of interest on working capital by adding two months' variable charges to "receivables". The interest on working capital shall accordingly be computed as under:

## CALCULATION OF INTEREST ON WORKING CAPITAL

(Rs. in Crores)

	1999-2000 (w.e.f. 15.1.2000)	2000-01	2001-02	2002-03	2003-04
(1)	(2)	(3)	(4)	(5)	(6)
Fuel Cost - 1 month	15.05	13.24	15.10	19.03	22.33
Coal Stock - 30 days	12.75	11.25	13.15	17.32	20.95
Oil stock - 60 days	4.11	3.63	3.48	2.90	2.03
O & M expenses - 1 month	2.82	3.10	3.29	3.48	3.69
Spares	6.07	6.07	6.07	6.07	6.07
Receivables- 2 months	60.30	55.99	57.12	64.63	70.87
Total Working Capital	101.10	93.28	98.21	113.43	125.94
Rate of Interest (Average Annual SBI PLR)	<b>12.00%</b>	<b>11.50%</b>	<b>11.50%</b>	<b>11.50%</b>	<b>11.50%</b>
Interest on Working Capital	12.13	10.73	11.29	13.04	14.48

6. As a result of above decision, the year-wise fixed charges payable by the respondent shall be as under:

## CALCULATION OF ANNUAL FIXED CHARGES

(Rs. in Crores)

S.No.	Particulars	1999-2000 (15.1.2000 to 31.3.2000)	2000-01	2001-02	2002-03	2003-04
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Depreciation	47.59	47.59	21.85	21.85	21.85
2	Interest on Loan	58.53	52.37	46.21	40.05	33.89
3	Return on Equity	29.14	29.14	29.14	29.14	29.14
4	Advance against Depreciation	0.00	0.00	13.56	13.56	13.56
5	Interest on Working Capital	12.13	10.73	11.29	13.04	14.48
6	O & M Expenses	33.81	37.20	39.44	41.81	44.31
	Total	181.20*	177.03	161.49	159.45	157.23

\* The amount relates to full year. For part of the year, pro-rata payments shall be made.

7. In the light of above, the fixed charges approved vide order dated 28.6.2002 shall be substituted by those indicated in the preceding para.

8. With the above directions, the review petition gets disposed of.

**Sd/-**  
**(K.N. SINHA)**  
**MEMBER**

**Sd/-**  
**(G.S. RAJAMANI)**  
**MEMBER**

**Sd/-**  
**(ASHOK BASU)**  
**CHAIRMAN**

New Delhi dated the 9<sup>th</sup> April, 2003