

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 3/RP/2017

In

Petition No. 306/GT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Dr. M.K. Iyer, Member

Date of Order: 17.10.2017

In the matter of

Review of order dated 5.12.2016 in Petition No. 306/GT/2014 pertaining to revision of tariff of Vindhyachal Super Thermal Power Station, Stage-I (1260 MW) after true-up exercise for the 2009-14.

And

In the matter of

NTPC Ltd
NTPC Bhawan,
Core-7, SCOPE Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110003)

.....Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited
Shakti Bhavan, Vidyut Nagar, Jabalpur-482 008

2. Maharashtra State Electricity Distribution Company Limited
'Prakashgard', Bandra(East)
Mumbai-400 051

3. Gujarat Urja Vikas Nigam Limited
Sardar Patel Vidyut Bhawan
Race Course, Baroda – 390007

4. Chhattisgarh State Power Distribution Company Ltd
Dhagania, Raipur-492 013

5. Electricity Department, Govt. of Goa,
Vidyut Bhavan, Panaji, Goa

6. Electricity Department
Administration of Daman & Diu (DD), Daman-396 210



7. Electricity Department
Administration of Dadra and Nagar Haveli (DNH)
Silvassa

...Respondents

Parties present:

Shri Ajay Dua, NTPC
Shri Nishant Gupta, NTPC
Shri Rajeev Choudhary, NTPC
Shri Rajni Kant Gupta, NTPC
Shri Parimal Piyush, NTPC
Shri Sachin Jain, NTPC

ORDER

The petition has been filed by NTPC Limited, for review of Commission's order dated 5.12.2016 in Petition No. 306/GT/2014, wherein the Commission had revised the tariff of Vindhyachal Super Thermal Power Station, Stage-I (1260 MW) for the period from 1.4.2009 to 31.3.2014 after truing up exercise, in the terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter 'the 2009 Tariff Regulations'). Accordingly, the annual fixed charges determined by the order dated 5.12.2016 is summarized as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	369.48	379.02	383.27	483.97	541.64
Interest on Loan	241.56	196.75	169.99	165.12	166.24
Return on Equity	17278.11	17069.61	16863.28	16889.62	17302.75
Interest on Working Capital	5895.54	5965.52	6052.93	6128.19	6225.24
O&M Expenses	22932.00	24242.40	25628.40	27102.60	28652.40
Secondary fuel oil cost	2132.38	2132.38	2138.23	2132.38	2132.38
Compensation Allowance	567.00	630.00	756.00	819.00	819.00
Total	49416.08	50615.67	51992.09	53720.89	55839.65

2. Aggrieved by the said order, the Petitioner has sought review on the following issues:
- i. Reimbursement of expenditure beginning from January, 2017 in respect of the scheme "Supply of electricity in 5 km radius"; and*
 - ii. Calculation of weighted average rate of Interest.*
3. During the hearing of the review petition at the admission stage, the representative of the Petitioner submitted that there are apparent errors in the impugned order in respect of the above two issues on which review has been sought. The learned counsel for the Respondent, Madhya



Pradesh Power Management Company Ltd. (MPPMCL) submitted that only inadvertent mistakes or errors in the order may be corrected by the Commission. Accordingly, the Commission reserved orders in the matter.

4. Based on the submissions of the parties and the documents available on record, we proceed to examine the issues raised on the review petition as stated in the subsequent paragraphs:

Reimbursement of expenditure beginning from January, 2017 in respect of the scheme “Supply of electricity in 5 km radius”

Submissions of the Petitioner

5. The Petitioner has submitted that the Commission in para 34 of the order dated 5.12.2016 had allowed the expenditure against the scheme of ‘Supply of electricity in 5 km radius’ as reimbursement by the beneficiaries in proportion to their share, in the remaining three years of the tariff period 2014-19, in equal monthly installments beginning from October, 2016, along with regular bills, with the weighted average of interest on loan applicable for the relevant years till the date of capitalization of the asset. The petitioner has submitted that as the order was passed on 5.12.2016, the billing against the above head could not be raised from October, 2016 as directed by the Commission in the said order. On account of this, the Petitioner has stated that it may be allowed to charge the expenditure from the beneficiaries, in the remaining three years of the tariff period 2014-19, in equal monthly installments beginning from January, 2017, along with regular bills, with the weighted average of interest on loan applicable for the relevant years till the date of capitalization of the asset and revise the order accordingly.

Analysis and decision

6. We have examined the matter. The Commission in para 34 of the order dated 5.12.2016 had allowed the claim of the Petitioner and directed as under:

“34. In line with the above decision of the Commission and since the expenditure has been incurred and capitalized by the petitioner for creation of the infrastructure, we are of the view that the said expenditure should be reimbursed by the beneficiaries in proportion to their share, in the remaining three years of the tariff period 2014-19, in equal monthly installments beginning from October, 2016, along with regular bills, with the weighted average rate of interest on loan applicable for the relevant



years as indicated in the table under Para 52 of this order, till the date of capitalization of asset. The reimbursement directed as above is in relaxation of Regulation 9 (2) (ix) of the 2009 Tariff Regulations and shall not be cited as precedent in future.”

7. It is evident that the Commission had directed the reimbursement of the expenditure towards ‘Supply of electricity in 5 km radius’ by the beneficiaries in equal monthly instalments beginning from October, 2016, though the order determining tariff of the generating station was passed on 5.12.2016. This according to us is an error apparent on the face of the order, which is required to be rectified. Accordingly, the prayer of the Petitioner for review of order on this ground is allowed. In view of this, para 34 of the order dated 5.12.2016 stands modified as under:

“34. In line with the above decision of the Commission and since the expenditure has been incurred and capitalized by the petitioner for creation of the infrastructure, we are of the view that the said expenditure should be reimbursed by the beneficiaries in proportion to their share, in the remaining three years of the tariff period 2014-19, in equal monthly instalments beginning from January,2017 along with regular bills, with the weighted average rate of interest on loan applicable for the relevant years as indicated in the table under Para 52 of this order. The reimbursement directed as above is in relaxation of Regulation 9 (2) (ix) of the 2009 Tariff Regulations and shall not be cited as precedent in future”

Weighted Average Rate of Interest on Loan

8. The petitioner has submitted that the Commission in order dated 5.12.2016 had allowed the interest on loan amounting to ₹939.66 lakh in 2009-14 considering the Weighted average rate of interest of 5.7244% in 2009-10, 5.0208% in 2010-11, 4.7922% in 2011-12, 4.7251% in 2012-13 and 4.8904% in 2013-14. It has further submitted that in Petition No. 306/GT/2014, the weighted average rate of interest on loan furnished by the Petitioner was 5.7380% in 2009-10, 5.0347% in 2010-11, 4.8519% in 2011-12, 4.8372% in 2012-13 and 6.4732% in 2013-14. Accordingly, the Petitioner has submitted that it is unable to know the considerations on the basis of which lower rate of interest on loan has been used for computation of interest on loan and has prayed for review of the said rate of interest based on the details furnished in the Petition.

9. We have examined the matter. It is noticed that the Commission while calculating the Interest on loan component in order dated 5.12.2016 had inadvertently not considered the weighted average rate of interest of loan furnished by the Petitioner. The non-consideration of the said



weighted average rate of interest of loan as furnished by the Petitioner in the affidavit, is in our view, an inadvertent clerical/arithmetical error and the same is required to be corrected. In view of this, the prayer of the Petitioner for review of order dated 5.12.2016 on this ground is allowed. Accordingly, the weighted average rate of interest of loan as furnished by the Petitioner has been considered for working out the Interest on loan for the period 2009-14. Based on this, table under para 52 of the order dated 5.12.2016 stands modified as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross opening loan	74447.13	74391.81	74264.27	74174.17	74800.08
Cumulative repayment of loan upto previous year	70110.06	70289.41	70529.39	70814.67	71170.34
Net Loan Opening	4337.07	4102.40	3734.88	3359.50	3629.74
Addition due to additional capital expenditure	(-)55.32	(-)127.54	(-)90.10	625.91	(-)271.57
Repayment of loan during the year	369.48	379.02	383.27	483.97	541.64
Less: Repayment adjustment on account of de-capitalization	203.07	144.63	100.70	137.87	352.24
Add: Repayment adjustment on account of discharges corresponding to un-discharged liabilities deducted as on 1.4.2009	12.93	5.60	2.71	9.57	0.00
Net Repayment	179.34	239.99	285.28	355.67	189.39
Net Loan Closing	4102.40	3734.88	3359.50	3629.74	3168.78
Average Loan	4219.73	3918.64	3547.19	3494.62	3399.26
Weighted Average Rate of Interest of loan (%)	5.7380	5.0347	4.8519	4.8372	6.4732
Interest on Loan	242.13	197.29	172.11	169.04	220.04

10. The Receivable component of the working capital allowed in the table under para 59 of the order dated 5.12.2016 stands modified as under: -

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Variable Charges (two months)	18878.90	18878.90	18930.62	18878.90	18878.90
Fixed Charges (two months)	8236.11	8436.04	8665.71	8954.15	9315.76
Total	27115.01	27314.93	27596.33	27833.04	28194.66



Interest on Working Capital

11. Based on the above, the Interest on working capital allowed in the table under para 61 is revised as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Coal Stock- 1.5 months	14159.17	14159.17	14197.96	14159.17	14159.17
Oil stock-2 Months	355.40	355.40	356.37	355.40	355.40
O & M expenses- 1 Month	1911.00	2020.20	2135.70	2258.55	2387.70
Maintenance Spares	4586.40	4848.48	5125.68	5420.52	5730.48
Receivables- 2 months	27115.01	27314.93	27596.33	27833.04	28194.66
Total Working Capital	48126.98	48698.18	49412.04	50026.68	50827.41
Rate of Interest	12.25	12.25	12.25	12.25	12.25
Interest on Working Capital	5895.55	5965.53	6052.98	6128.27	6226.36

Annual Fixed Charges

12. Accordingly, the annual fixed charges allowed in the table under para 63 of the order dated 5.12.2016 stands revised as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	369.48	379.02	383.27	483.97	541.64
Interest on Loan	242.13	197.29	172.11	169.04	220.04
Return on Equity	17278.11	17069.61	16863.28	16889.62	17302.75
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O&M Expenses	22932.00	24242.40	25628.40	27102.60	28652.40
Secondary fuel oil cost	2132.38	2132.38	2138.23	2132.38	2132.38
Compensation Allowance	567.00	630.00	756.00	819.00	819.00
Total	49416.66	50616.23	51994.26	53724.89	55894.57

13. All other terms of the order dated 5.12.2016 shall remain unchanged.

14. Petition No. 3/RP/2017 is disposed of at the admission stage.

Sd/-
(Dr. M.K.Iyer)
Member

Sd/-
(A.K.Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

