

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 343/GT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Dr. M.K. Iyer, Member

Date of Order : 06.02.2017

In the matter of

Revision of tariff of Vindhyachal Super Thermal Power Station, Stage-III (1000 MW) for the period from 1.4.2009 to 31.3.2014- Truing up of tariff determined by order dated 15.5.2014 in Petition No.148/GT/2013

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



Parties present:

For Petitioner: Shri Ajay Dua, NTPC
Shri Nishant Gupta, NTPC
Shri Bhupinder Kumar, NTPC
Shri Rajeev Choudhary, NTPC

For Respondents: Shri Rishabh Singh, Advocate, MPPMCL

ORDER

This petition has been filed by the petitioner, NTPC for revision of the annual fixed charges in respect of Vindhyachal Super Thermal Power Station, Stage-III (1000 MW) ('the generating station') for the period from 1.4.2009 to 31.3.2014 in terms of clause (1) of Regulation 6 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. The generating station with a capacity of 1000 MW comprises of two units of 500 MW each. The dates of commercial operation (COD) of the different units of the generating station are as under:

Unit	COD
Unit-I	1.12.2006
Unit-II	15.7.2007

3. Petition No. 260/2009 was filed by the petitioner for approval of tariff of the generating station for the period 2009-14 and the Commission by its order dated 28.5.2012 approved the annual fixed charges of the generating station based on the capital cost of ₹ 346665.81 lakh as on 1.4.2009, after removing the un-discharged liabilities amounting to ₹10609.92 lakh as on 1.4.2009. Thereafter, in Petition No. 148/GT/2013, the Commission vide order dated 15.5.2014 revised the annual fixed charges of the generating station based on the actual additional capital expenditure incurred for the years 2009-10, 2010-11, and



2011-12 and projected additional capital expenditure for the year 2012-13 and 2013-14, based on the latest estimates and status of works. Aggrieved by the said order dated 15.5.2014, the petitioner filed Review Petition (19/RP/2014) on various issues namely (a) 'disallowance of work adjustments pertaining to the payments of balance works/adjustments', (b) 'disallowance of the amount of electricity duty and cess' and (c) 'disallowance of capitalization of acoustic leak detection system' without considering the submissions made in affidavit dated 3.4.2013. The Commission, vide order dated 20.11.2014, while rejecting the prayer of the petitioner, at (c) above, allowed the review of order on issues (a) & (b) above and had directed the rectification of the errors at the time of truing up of tariff of the generating station. The annual fixed charges allowed vide order dated 15.5.2014 in Petition No. 148/GT/2013 is as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	18013.42	18189.40	18289.27	18316.93	18601.91
Interest on Loan	16324.97	15255.09	14379.46	12892.05	11606.43
Return on Equity	24553.98	24519.37	24372.56	24403.61	24783.29
Interest on Working Capital	5209.78	5232.07	5266.20	5274.23	5310.81
O&M Expenses	13000.00	13740.00	14530.00	15360.00	16240.00
Secondary fuel oil cost	1692.37	1692.37	1697.01	1692.37	1692.37
Total	78794.52	78628.30	78534.50	77939.19	78234.80

4. Regulation 6 of the 2009 Tariff Regulations provides as under:

"6. Truing up of Capital Expenditure and Tariff

(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2014, as admitted by the Commission after prudence check at the time of truing up.

Provided that the generating company or the transmission licensee, as the case may be, may in its discretion make an application before the Commission one more time prior to 2013-14 for revision of tariff."

5. The petitioner vide affidavit dated 8.8.2014 has submitted that the same Annual Fixed Charges claimed for the period for 2009-12 is same as approved vide order dated 15.5.2014 except for the minor change in the interest on loan. The petitioner has further sought revision of the annual fixed charges of the generating



station for the year 2012-14 based on the actual additional capital expenditure incurred for the same years in accordance with Regulation 6(1) of the 2009 Tariff Regulations. Accordingly, the capital cost and the annual fixed charges claimed by the petitioner for the said years are as under:

Capital Cost

	(₹ in lakh)	
	2012-13	2013-14
Opening Capital Cost	354363.81	355215.60
Add: Additional capital expenditure	851.79	1114.98
Closing Capital Cost	355215.60	356330.58
Average Capital Cost	354789.71	355773.09

Annual Fixed Charges

	(₹ in lakh)	
	2012-13	2013-14
Depreciation	18329.86	18380.31
Interest on Loan	12802.43	11352.53
Return on Equity	24420.88	25061.72
Interest on Working Capital	5272.99	5306.70
O&M Expenses	15360.00	16240.00
Secondary fuel oil cost	1692.37	1692.37
Total	77878.53	78033.63

6. In compliance with the directions of the Commission, the petitioner has filed additional information and has served copies on the respondents. The respondent MPPMCL has filed its reply to the said petition and the petitioner has filed its rejoinder to the same. Based on the submissions of the parties and the documents available on record, we now proceed to examine the claims of the petitioner as discussed in the subsequent paragraphs.

Capital Cost

7. The last proviso to Regulation 7 of the 2009 Tariff Regulations, as amended on 21.6.2011, provides as under:



“Provided also that in case of the existing projects, the capital cost admitted by the Commission prior to 1.4.2009 duly trued up by excluding un-discharged liability, if any, as on 1.4.2009 and the additional capital expenditure projected to be incurred for the respective year of the tariff period 2009-14, as may be admitted by the Commission, shall form the basis for determination of tariff.”

8. The petitioner has claimed annual fixed charges for the years 2012-13 and 2013-14 based on the admitted opening capital cost of ₹346665.81 lakh, as on 1.4.2009 in terms of the Commission’s order dated 28.5.2012 in Petition No. 260/2009. The opening capital cost as on 1.4.2009 has been worked out based on the admitted capital cost as on 31.3.2009 as approved in order dated 15.5.2014 in Petition No. 148/GT/2013 after adjustment of un-discharged liabilities in accordance with the 2009 Tariff Regulations. In terms of the last proviso to Regulation 7 of the 2009 Tariff Regulations, the capital cost as on 1.4.2009, after deduction of un-discharged liabilities, works out to ₹346665.81 lakh, on cash basis. Further, out of the un-discharged liabilities of ₹10609.92 lakh deducted as on 1.4.2009, the petitioner has discharged amounts of ₹516.56 lakh, ₹273.57 lakh, ₹167.06 lakh, ₹2.73 lakh and ₹595.22 lakh during the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 respectively. Further, amounts of ₹176.99 lakh, ₹130.97 lakh, ₹9.60 lakh, and ₹5.25 lakh have been reversed by the petitioner during the years 2009-10, 2010-11, 2012-13 and 2013-14 respectively. The discharges of liabilities along with the discharges corresponding to assets admitted on cash basis, during the period 2009-14 has been allowed as additional capital expenditure during the respective years..

Actual Additional Capital Expenditure

9. Clause (2) of Regulation 9 of the 2009 Tariff Regulations provides as under:



“9. (2) The capital expenditure incurred or projected to be incurred on the following counts after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

(ii) Change in law;

(iii) Deferred works relating to ash pond or ash handling system in the original scope of work;

(iv) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation; and

(v) In case of transmission system any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement of switchyard equipment due to increase of fault level, emergency restoration system, insulators cleaning infrastructure, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system:

Provided that in respect sub-clauses (iv) and (v) above, any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2009.

(vi) In case of gas/liquid fuel based open/ combined cycle thermal generating stations, any expenditure which has become necessary on renovation of gas turbines after 15 year of operation from its COD and the expenditure necessary due to obsolescence or non-availability of spares for successful and efficient operation of the stations.

Provided that any expenditure included in the R&M on consumables and cost of components and spares which is generally covered in the O&M expenses during the major overhaul of gas turbine shall be suitably deducted after due prudence from the R&M expenditure to be allowed.

(vii) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receipt system arising due to non-materialisation of full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station.

(viii) Any un-discharged liability towards final payment/withheld payment due to contractual exigencies for works executed within the cut-off date, after prudence check of the details of such deferred liability, total estimated cost of package, reason for such withholding of payment and release of such payments etc.

(ix) Expenditure on account of creation of infrastructure for supply of reliable power to rural households within a radius of five kilometers of the power station if, the generating company does not intend to meet such expenditure as part of its Corporate Social Responsibility.”



10. The break-up details of the actual/ projected additional capital expenditure allowed vide order dated 15.5.2014 in Petition No. 148/GT/2013 for the period 2009-14 are as under:

(₹ in lakh)							
Sl. No	Head of Work/Equipment	2009-10	2010-11	2011-12	2012-13	2013-14	Total
		(Actual)			(Projected)		
A	Ash Handling System						
i	Ash Dyke Raising Works. (V-3) 1st Raising	0.00	0.00	0.00	0.00	450.00	450.00
ii	Ash Slurry Pumps & Piping System	0.00	0.00	0.00	0.00	200.00	200.00
iii	Civil Works of Ash Dyke For Lagoon V-3	0.80	0.00	0.00	0.00	0.00	0.80
iv	Wagon Tippler	0.00	0.00	0.00	0.00	10000.00	10000.00
v	Locomotives	0.00	2952.05	0.00	0.00	0.00	2952.05
vi	ICT & Shunt Reactor	0.00	0.00	0.00	350.00	0.00	350.00
vii	Augmentation of Railway Siding & MGR System.	2473.48	105.17	0.00	0.00	0.00	2578.65
viii	Work Adjustment	0.00	0.00	0.00	0.00	0.00	0.00
ix	Capital Spares	810.17	0.00	0.00	0.00	0.00	810.17
x	On-line CEMS Package.	0.00	0.00	0.00	0.00	32.00	32.00
xi	Equipment for Cable TV network	0.00	9.26	0.00	0.00	0.00	9.26
xii	Equipment for Cable TV (Supply)	0.00	0.10	1.19	0.00	0.00	1.29
xiii	Acoustic Steam Leak Detection	0.00	0.00	0.00	0.00	0.00	0.00
xiv	Supply & installation of CCTV System	0.00	42.90	0.73	0.00	0.00	43.63
xv	ED Cess	0.00	0.00	74.01	0.00	0.00	74.01
xvi	Supply & installation of new lift for Administration Building.	15.62	0.00	0.00	0.00	0.00	15.62
xvii	Fire System	0.00	0.00	303.52	0.00	0.00	303.52
xviii	Commissioning of AC in Administration Building	2.16	0.00	0.00	0.00	0.00	2.16
xix	Digital audio conference sys. For conference hall of Administration Building.	10.62	0.00	0.00	0.00	0.00	10.62
B	Total (I to xix)	3312.85	3109.48	379.45	350.00	10682.00	17833.80
C	Add : Exclusions not allowed	(-)30.50	(-)36.47	(-)16.84	0.00	0.00	(-)83.81
	Total Additional Capitalization allowed (B+C)	3282.35	3073.01	362.61	350.00	10682.00	17749.97
	Discharges of liabilities	516.56	273.67	189.78	0.00	0.00	980.01
	Actual/ Projected additional capital expenditure allowed	3798.91	3346.68	552.39	350.00	10682.00	18729.98



11. The petitioner has revised the additional capital expenditure incurred for the years 2012-13 and 2013-14 on actual basis as against those allowed on projected basis, in order dated 15.5.2014 in Petition No. 148/GT/2013. Since, the annual fixed charges for the period 2009-12 has already been trued-up based on actuals vide order dated 15.5.2014, the actual additional capital expenditure incurred during the years 2012-13 and 2013-14 has only been considered in this order. However, the impact due to the consideration of 'work adjustments pertaining to the payments of balance works/adjustments' and 'electricity duty and cess' during 2009-10 to 2011-12 as per direction contained in order dated 20.11.2014 in Petition No. 19/RP/2014 has been considered in the relevant paras, for revision and tariff of the period 2012-14.

12. The break-up details of the actual additional capital expenditure claimed for the years 2012-13 and 2013-14 are as under:

(₹ in lakh)

Sr. No.	Head of Work/Equipment	Regulations under which claimed	Additional capital expenditure		Total
			2012-13	2013-14	
A.	Ash Handling System				
I	Ash Dyke Raising Works (V-3) - 1st Raising	9(2)(iii)	0.00	555.96	555.96
B	Other Capitalization				
I	Augmentation of Railway Siding & MGR System	9(2)(vii)	405.52	0.00	405.52
li	ICT and Shunt Reactor Vindhyachal Satna-4	9(2)(viii)	448.15	0.00	448.15
B	Sub total - Other Capitalizations		853.66	0.00	853.66
C	Works Adjustment				
I	SAP (ERP -SOFTWARE)		(-)5.98	0.00	(-)5.98
li	Construction of Parking Shed near Service Building		(-)0.49	0.00	(-)0.49
iii	Road North West township		0.00	(-)39.92	(-)39.92
C	Total Works Adjustment		(-)6.47	(-)39.92	(-)46.39
D	Discharge of undischarged liabilities	9(2)(viii)	2.73	595.22	597.95



Sr. No.	Head of Work/Equipment	Regulations under which claimed	Additional capital expenditure		Total
E	Discharge of liabilities after 01.04.2009	9(2)(viii)	1.87	3.72	5.59
F	Total of Discharge of Un-discharge liabilities		4.60	598.94	603.54
G	Total additional capitalisation		858.26	1154.90	2013.16
	Grand Total (G+C)		851.79	1114.98	1966.77

13. The petitioner has claimed a total capital expenditure of ₹851.79 lakh for 2012-13 and ₹1114.98 lakh for 2013-14 as against the estimated additional capital expenditure of ₹350.00 lakh in 2012-13 and ₹10682.00 lakh in 2013-14 allowed vide Commission's order dated 15.5.2014. The substantial decrease in the actual additional capital expenditure claimed for the year 2013-14 is mainly on account of the fact that the petitioner has not claimed additional capital expenditure amounting to ₹10000.00 lakh and ₹32.00 lakh allowed by the Commission on projected basis towards Wagon tippler and on-line Continuous Emission Monitoring System (CEMS) package respectively for the year 2013-14 on the ground that the capitalization of the same was expected during the period 2014-19. In this regard the petitioner has submitted as under:

"Hon'ble commission vide its Order dated 15.05.2014 in Petition No 148/GT/2013 has allowed Wagon tippler amounting to Rs 10000 lacs in the FY 13-14. The petitioner submits that it has already awarded during the 2009-14 period and is under implementation The petitioner has already incurred expenditure an amount of Rs 96.39 Crs on this work and is expected to get completed and capitalised during the 2014-19 period . In view of this Hon'ble Commission may please considered and allow the same during the determination of tariff for the period 2014-19.

Hon'ble Commission vide its Order dated 15 05 2014 in Petition No 148/GT/2013 has allowed online continuous emission monitoring system amounting to Rs 32 Lacs in the FY 13-14. The petitioner submits that it has already awarded the work and the same shall be implemented and capitalised during the tariff period 2014-19. In view of this Hon'ble Commission may please considered and allow the same during the determination of tariff for the period 2014-19.

14. It is observed that the petitioner has submitted that the items namely Wagon tippler and online CEMS shall be implemented and capitalized during the period



2014-19 and has prayed that the same may be allowed during the determination of tariff for the period 2014-19. We make it clear that the prayer of the petitioner for capitalization during the period 2014-19 shall be considered on merits based on the submission/justification furnished by the petitioner and in terms of the provisions of the 2014 Tariff Regulations. We now examine the claim of the petitioner for 2012-13 and 2013-14 and their admissibility on prudence check as stated in the subsequent paragraphs.

Ash Handling System

15. The petitioner has claimed actual additional capital expenditure of ₹555.96 lakh in 2013-14 towards Ash dyke raising works (V-3)-1st raising under Regulation 9(2)(iii) of the 2009 Tariff Regulations. In justification of the same, the petitioner has submitted that the work has already been approved by the Commission vide order dated 15.5.2014 in Petition No. 148/GT/2013 for ₹450.00 lakh, based on the estimation/ projections made by the petitioner and the present expenditure is made on the basis of actual award and the actual progress of work.

16. The respondent, MPPMCL has objected to the claims of the petitioner and has submitted that the Ash related works claimed by the petitioner during the period 2009-14 are not covered under the original scope of works as per Regulation 9(2)(iii) and thus may be disallowed. It has also stated that the additional capital expenditure allowed in order dated 15.5.2014 towards Ash handling system be reconsidered since the petitioner has not submitted any documentary evidence to justify that the Ash handling related works form part of original scope of work. In response, the petitioner has submitted that these works have been allowed vide order dated 15.5.2014 in Petition No. 148/GT/2013 under Regulation 9(2)(iii) of 2009 Tariff



Regulations and being a settled matter, the contentions of the respondent may be rejected.

17. We have examined the matter. The Commission in orders dated 28.5.2012 and 15.5.2014 had allowed the projected additional capital expenditure of ₹450.00 lakh towards Ash Dyke Raising works (1st raising) in 2013-14 on prudence check based on the requirement and justification submitted by the petitioner for such expenditure. As regards the increase in actual expenditure from ₹450.00 lakh to ₹555.96 lakh, petitioner has submitted that the said increase is on account of increase in actual awarded value as against the estimated value furnished by the petitioner. The petitioner has submitted the actual expenditure of ₹555.96 lakh based on audited expenditure. In view of above, the we have considered and allowed the actual additional capital expenditure of ₹555.96 lakh as claimed by the petitioner in 2013-14 under Regulations 9(2)(iii) of the 2009 Tariff Regulations.

Other Capital Works

Augmentation of Railway Siding & MGR System

18. The petitioner has claimed actual additional capital expenditure of ₹405.52 lakh in 2012-13 towards Augmentation of Railway siding & MGR system under Regulation 9(2) (vii) of the 2009 Tariff Regulations. In justification of the same, the petitioner has submitted that the work of augmentation of railway siding is part of the original scope of work which consists of civil portion and S&T portion. It has further submitted that the component of civil portion was capitalised earlier in different phases and the S&T portion has been completed and capitalised during the period 2012-14.



19. The respondent, MPPMCL has submitted that the petitioner has claimed additional capital expenditure for augmentation of Railway siding and MGR system under Regulation 9(2)(vii), which inter- alia provides for consideration of any capital expenditure found justified for modification in fuel receipt system arising due to non materialisation of full coal linkage. It has therefore prayed that the Commission may not allow the said expenditure as there is no incidence of non materialisation of full coal linkage in respect of the generating station as result of circumstances not within the control of the generating station. It has also pointed out that there is no documentary evidence of incidence of non materialisation of full coal linkage furnished by the petitioner. Accordingly, the respondent has prayed that the excess expenditure allowed earlier may be disallowed. In response, the petitioner has submitted that the Commission vide order dated 28.5.2012 had allowed the actual expenditure of ₹2473.00 lakh allowed towards the augmentation of Railway siding and MGR system on the ground that these works are necessary for bringing coal from non-linked mines in view of shortage of coal. The petitioner has further submitted that since the Commission vide order dated 28.5.2012 has decided the issues and allowed the expenditure, the contentions of the respondents may be rejected.

20. The matter has been examined. The Commission in its order dated 15.5.2014, while considering the claim of the petitioner for the said work during the period 2009-12 has observed as under:

“Augmentation of Railway Siding & MGR System

18. The Commission in order dated 28.5.2012 had allowed actual expenditure of `2473.00 lakh in 2009-10 for Augmentation of Railway Siding & MGR System. The petitioner has now claimed actual expenditure of `2473.48 lakh in 2009-10 and `105.17 lakh in 2010-11. It is noticed that the actual expenditure claimed is higher than the



expenditure approved by the Commission in order dated 28.5.2012. Since, no justification has been furnished by the petitioner justifying the increase in the actual expenditure; we do not allow the increased expenditure. In view of the above, expenditure of `2473.48 lakh as approved by the Commission is allowed.”

21. It is therefore evident that in absence of any proper justification for the increase in expenditure of ₹105.17 lakh in 2010-11 claimed by the petitioner, the Commission in order dated 15.5.2014 had allowed only the actual additional capital expenditure of ₹ 2473 lakh as allowed in order dated 28.5.2010 for the year 2009-10. In response to the direction of the Commission vide Record of Proceedings dated 19.4.2016, the petitioner has reiterated that the civil works were completed during the years 2008-09 and 2009-10 with execution of S&T work pending which was taken up only after the completion of civil works. It has also submitted that the S&T works of track hopper got completed in March 2010, but the S&T system at MGR workshop got delayed due to non availability of working front, poor manpower mobilization & delay in critical supply of material and the same was completed in May, 2012. In view of the above implementation difficulties faced during the execution of S&T work of MGR, the petitioner has submitted that it could not anticipate the year of completion of work and project the same for capitalization during the period 2009-14.

22. We have examined the matter. From the submission of the petitioner, it is not clear as to how there is significant increase in the cost incurred in respect of the said work. The justification of the petitioner that the delay is on account of non-availability of working front, poor manpower mobilization & delay in critical supply of material cannot be a ground for consideration of the said claim since these reasons cannot be said to be beyond the control of the petitioner. In addition, the petitioner has also not furnished the steps taken by it to mitigate the delay in the execution of the said



work, and the LD, if any imposed on the contractor. Considering the fact that there has been lack of proper coordination and project management on the part of the petitioner, the delay in execution of the work is attributable to the petitioner to undertaken the said work. In this background, the additional capital expenditure of ₹405.52 lakh claimed during the year 2012-13 is not allowed.

ICT and Shunt Reactor

23. The Commission in order dated 15.5.2014 had allowed the projected additional capital expenditure of ₹350.00 lakh in 2012-13 for ICT & Shunt Reactor. The petitioner has now claimed actual expenditure of ₹448.15 lakh in 2012-13. The petitioner has submitted that the work has already been approved by the Commission vide order dated 15.5.2014 in Petition No. 148/GT/2013 based on the justification submitted by the petitioner. It has also submitted that the projected additional capital expenditure of ₹350 lakh allowed in 2012-13 is for supply of main equipment and excludes the payment of Cess and CST on supply portion and installation charges and transportation charges.

24. The respondent, MPPMCL has objected to the above submission and has prayed that the expenditure may be disallowed. In response, the petitioner has submitted that the Commission has already allowed the expenditure of ₹450.00 lakh as projected expenditure for the year 2011-12 in order dated 28.5.2012 in Petitioner no. 260/2009, however the Commission had allowed ₹350 lakh after deducting ₹100 lakh insurance amount. Accordingly, the petitioner has prayed that the contention of the respondent may be rejected.

25. We have examined the matter. It is observed that the additional capital expenditure of ₹350.00 lakh towards the said item has been allowed on projection



basis in order dated 28.5.2012 and since the shunt reactor was expected to be commissioned by 2012-13 instead of 2011-12, the same was allowed vide order dated 15.5.2014 on projection basis. Considering the fact that the actual additional capital expenditure of ₹350.00 lakh incurred in 2012-13 is towards payment made for supply of main equipment and did not include the payment of cess and CST on supply portion and installation charges & transportation charges, the additional capital expenditure of ₹448.15 lakh actually incurred is allowed.

Works Adjustment

26. The petitioner has claimed actual additional capital expenditure of (-) ₹6.47 lakh in 2012-13 towards final adjustment of bill in respect of works allowed for capitalisation and (-) ₹39.92 lakh in 2013-14 towards work adjustments made in the books of account for works completed by other agencies at risk and cost of M/s NPCC, since M/s NPCC had abandoned the work in 2013-14. The Commission in order dated 28.5.2012 had allowed the projected additional capital expenditure of ₹17.00 lakh in 2009-10 under Regulation 9(2)(viii) towards adjustment against the claims made for final payment of various works which were capitalized before 1.4.2009. Subsequently, in order dated 15.5.2014 the claim of the petitioner was not allowed due to absence of proper justification. However, on review of the said order dated 15.5.2014, the Commission vide order dated 20.11.2014 had allowed the said review on these grounds (as stated in para 3 above) and had observed as under:

“10. The matter has been examined. It is noticed that the petitioner, in response to the letter dated 8.2.2014 had submitted the detailed information regarding 'Works adjustments' amount duly reconciled with the gross block vide affidavit dated 3.4.2013 and the said information furnished by the petitioner had escaped attention of the Commission at the time of considering the claim of the petitioner for actual capital expenditure during the period 2009-12 towards adjustment, in order dated 15.5.2014. The non consideration of the said affidavit dated 3.4.2013 in order dated 15.5.2014 on this issue, is according to us is an error apparent on the face of the order which is required to be corrected. Hence, we allow the review of order dated 15.5.2014 on this ground and direct the rectification of the said error at the time of final truing-up of tariff



of the generating station for the period 2009-14 in terms of Regulation 6(1) of the 2009 Tariff Regulations.”

27. Considering the fact that the expenditure incurred is towards final adjustment of bill in respect of works allowed for capitalisation and forms part of capital cost, the works adjustments during the period 2009-14 for ₹195.00 lakh in 2009-10, ₹14.01 lakh in 2010-11, ₹1.89 lakh in 2011-12, (-) ₹6.47 lakh in 2012-13 and (-) ₹39.92 lakh in 2013-14 is allowed for the purpose of tariff.

Electricity Duty & Cess

28. The Commission in order dated 15.5.2014 had allowed an amount of ₹74.01 lakh in 2011-12 towards Excise Duty & Cess paid to the Government of Madhya Pradesh for construction power used for this project during the period prior to COD. The relevant portion of the order dated 15.5.2014 is extracted as under:

“25. The petitioner has claimed actual expenditure of ₹74.01 lakh in 2011-12 for Excise Duty & Cess paid to the Government of Madhya Pradesh for construction power used for this project during the period prior to its COD. Due to revision of rates in the tariff order issued by the MP State Electricity Regulatory Commission (MP SERC) which is applicable for the period prior to the COD of the project, an additional amount was paid to the Govt. of MP towards EDuty & Cess on construction power. Since ED & Cess are statutory expenditure incurred, the claim under this head is allowed.”

29. However on review, the petitioner in Petition No. 19/RP/2014 had pointed out that the Commission had not considered the affidavit dated 3.4.2013 wherein the petitioner submitted that it had furnished details of the revised claim of actual expenditure of ₹145.70 lakh towards Electricity Duty & Cess paid during 2010-11 and ₹127.06 lakh towards Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikas Adhinyam (MPGATSVVA) during 2011-12 which had not been considered in the order. Accordingly, the Commission by order dated 20.11.2014 allowed the claim of the petitioner and had observed as under:



“16. The matter has been examined. It is noticed that the petitioner, in response to the letter dated 8.2.2014 had submitted detailed information vide affidavit dated 3.4.2013 as regards the amounts towards Electricity Duty & Cess and MPGATSVTA Tax, duly reconciled with the gross block and has accordingly modified its claims for capitalization and re-calculated the tariff and enclosed the revised relevant tariff forms. The revised details furnished by the petitioner vide affidavit dated 3.4.2013 had escaped attention of the Commission at the time of considering the claim of the petitioner for the years 2010-11 and 2011-12 respectively in order dated 15.5.2014. The respondents MPPMCL and CSPDCL have also not contested the claim for the ₹145.70 lakh towards ED & Cess and ₹127.06 lakh towards MPGATSVTA Tax. According to us, the non consideration of the said affidavit dated 3.4.2013 in the order dated 15.5.2014 on this issue, is an error apparent on the face of the order which is required to be corrected. Hence, we allow the review of order dated 15.5.2014 on this ground and direct the rectification of the said error at the time of final truing-up of tariff of the generating station for the period 2009-14 in terms of Regulation 6(1) of the 2009 Tariff Regulations.”

30. In term of the above direction, the actual claim of the petitioner for ₹145.70 lakh towards Electricity Duty & Cess paid in 2010-11 and ₹127.06 lakh towards MPGATSVTA in 2011-12 has been considered and allowed on the ground that these expenditure are statutory in nature.

31. The reconciliation of the actual additional capital expenditure for the years 2012-13 and 2013-14 with books of accounts as submitted by the petitioner is as under:

		(₹ in lakh)		
		2012-13	2013-14	
A	Opening Gross Block As per Balance sheet	370839.04	373602.20	
B	less unserviceable assets	1.85	0.00	
	Opening Gross Block	370837.19	373602.20	
c	Closing Gross Block As per Balance sheet	373602.20	378217.42	
d	Net Additional capitalization	2765.01	4615.22	...(A)
e	Additional capital expenditure claimed as per Form-9	851.79	1114.98	
f	Less: Discharge of liability	4.60	598.94	
g	Additional capital expenditure claimed on cash basis	847.19	516.04	
h	Add: Undischarged liabilities in add cap claimed	43.78	66.17	
I	Total Additional capital expenditure claimed on Gross Basis	890.97	582.21	
	Exclusion			
J	Capitalisation of Capital spares	284.37	862.43	
K	Capitalisation of MBOAs	0.00	0.04	
L	De-capitalisation part of capital cost	(-)51.96	(-)154.00	



		2012-13	2013-14	
M	De-capitalisation not part of capital cost	(-)153.69	0.00	
N	Liability Reversal	(-)11.28	(-)9.24	
O	Inter-unit transfers	(-)114.86	0.00	
P	Works Adjustments/ disallowed works	7.59	7.82	
Q	Add: FERV	1913.88	3325.95	
R	Total Exclusions	1874.04	4033.01	
	Total additional capital expenditure (I+R)	2765.01	4615.22	...(B)

32. The additional capital expenditure as per balance sheet is worked out as (A) in above table is reconciled with the petitioner's claim of additional capital expenditure and exclusions as per (B) in the above table.

Exclusions

33. It is noticed from the above that the actual additional capital expenditure claimed by the petitioner is at variance with the additional capital expenditure as per books of accounts. This is on account of exclusion of certain expenditure and un-discharged liabilities for the purpose of tariff. The summary of exclusions claimed as per books of accounts is examined as under:

	<i>(₹ in lakh)</i>	
Exclusions	2012-13	2013-14
Capitalisation of Capital spares	284.37	862.43
Capitalisation of MBOAs	0.00	0.04
De-capitalisation part of capital cost	(-)51.96	(-)154.00
De-capitalisation not part of capital cost	(-)153.69	0.00
Liability Reversal	(-)11.28	(-)9.24
Inter-unit transfers	(-)114.86	0.00
Works Adjustments	7.59	0.00
Disallowed works	0.00	7.82
FERV	1913.88	3325.95
Total Exclusions	1874.04	4033.01

Capitalization of spares

34. The petitioner has procured spares amounting to ₹284.37 lakh in 2012-13 and ₹862.43 lakh in 2013-14 for maintaining stock of necessary spares. Since capitalization of capital spares over and above the initial spares procured after cut-off



date are not allowed for the purpose of tariff as they form part of O&M expenses as and when consumed, the exclusion of the said amount during 2012-13 and 2013-14 is in order and hence allowed.

Capitalization of MBOAs

35. The petitioner has claimed expenditure amounting to ₹0.043 lakh under exclusion during 2013-14 on account of MBOAs. Since the capitalization of minor assets is not allowed after cut-off date, the exclusions of the said amounts in 2013-14 is in order and has been allowed.

Reversal of Liability

36. The petitioner has claimed exclusion amounts of ₹11.28 lakh during 2012-13 and ₹9.24 lakh in 2013-14 on account of reversal of liability. It is observed that out of the un-discharged liabilities of ₹10609.92 lakh deducted as on 1.4.2009, the petitioner has claimed the reversal of amounts of ₹176.99 lakh, ₹130.97 lakh, ₹9.60 lakh, and ₹5.25 lakh during the years 2009-10, 2010-11, 2012-13 and 2013-14 respectively. Further, as regards the liabilities added during the period 2009-14, the petitioner has claimed the reversal of amounts of ₹1.21 lakh and ₹2.50 lakh during the years 2012-13 and 2013-14 respectively. Also, the reversal of ₹0.47 lakh and ₹1.49 lakh during the years 2012-13 and 2013-14 has been claimed as reversals on disallowed works during 2009-14 period. Accordingly, the exclusion of reversal of liability of ₹11.28 lakh during 2012-13 and ₹9.24 lakh in 2013-14 is allowed.

Inter-unit transfer

37. An amount of (-) ₹114.86 lakh in 2012-13 has been excluded under this head on account of transfer of certain assets. These inter-unit transfers are stated to be of temporary nature. The Commission while dealing with applications for additional capitalization in respect of other generating stations of the petitioner, had decided



that both positive and negative entries arising out of inter unit-transfers of temporary nature shall be ignored for the purpose of tariff. In consideration of the same, the exclusions of the amount of (-) ₹114.86 lakh in the year 2013-14 on account of inter-unit transfers of on temporary basis is in order and has been allowed.

De- capitalization of Capital Spares, MBOA items not part of capital cost

38. The petitioner has de-capitalized MBOA items in books of accounts and capital spares amounting to (-) ₹153.69 lakh in 2012-13 (includes ₹14.97 lakh of MBOAs and ₹138.72 lakh of capital spares). The petitioner has submitted that these are not part of the capital cost. The exclusion sought on de-capitalization and capitalisation of these items has been examined and it is noticed that they do not form part of capital cost of the generating station. Hence, exclusion of de-capitalization of assets amounting to (-) ₹153.69 lakh in 2012-13 (includes ₹14.97 lakh for MBOAs and ₹138.72 lakh for capital spares) which do not form part of capital cost is in order and hence allowed.

De- capitalization of Capital Spares, MBOAs part of capital cost

39. The petitioner has de-capitalized in books of accounts MBOA and capital spares amounting to (-) ₹51.96 lakh in 2012-13 (₹28.24 lakh of MBOAs and ₹23.71 lakh of capital spares) and (-) ₹154.00 lakh in 2013-14 for capital spares on account of consumption of these items. The petitioner has submitted that these are part of capital cost. The exclusion sought on de-capitalization of these items has been examined and it is noticed that they form part of capital cost of the generating station. Hence, exclusion of de-capitalization of assets amounting to (-) ₹51.96 lakh in 2012-13 (₹28.24 lakh of MBOAs and ₹23.71 lakh of capital spares) and (-) ₹154.00



lakh in 2013-14 (capital spares) which form part of capital cost is not in order and hence not allowed.

FERV

40. The petitioner has excluded an amount of ₹1913.88 lakh in 2012-13 and ₹3325.95 lakh in 2013-14 on account of impact of FERV. As the petitioner has billed FERV directly on the beneficiaries, the exclusion of FERV as part of capital cost has been allowed.

Items disallowed

41. The petitioner has excluded an amount of ₹7.82 lakh in 2013-14 on account of items like construction of boundary wall & Road in Matwai area, construction of Badminton Hall, electrical works disallowed in Commission's order dated 28.5.2012. As such, the exclusion of amount is in order and is allowed.

Works adjustments

42. The petitioner has excluded amounts of ₹7.59 lakh in 2012-13 on account of final adjustment of bill at the time of contract closing for the assets claimed under exclusion during the period 2009-12. As such, the exclusion of amount is in order and is allowed.

43. Based on the above, the summary of exclusions allowed and disallowed for the period 2009-14 is as under:

	<i>(₹ in lakh)</i>	
	2012-13	2013-14
Exclusion allowed	1926.00	4187.01
Exclusion claimed	1874.04	4033.01
Exclusion Not allowed	(-)51.96	(-)154.00



44. Accordingly, the actual additional capital expenditure allowed for the period 2012-14 is summarised as under:

		(₹ in lakh)		
Sr. No.	Head of Work/Equipment			Total
		2012-13	2013-14	
A.	Ash Handling System			
I	Ash Dyke Raising Works (V-3) - 1st Raising	0.00	555.96	555.96
B	Other Capitalization			
I	Augmentation of Railway Siding & MGR System	0.00	0.00	0.00
li	ICT and Shunt Reactor	448.15	0.00	448.15
	Sub total - Other Capitalizations	448.15	0.00	448.15
C	Works Adjustment			
I	SAP (ERP -SOFTWARE)	(-)5.98	0.00	(-)5.98
li	Construction of Parking Shed near Service Building	(-)0.49	0.00	(-)0.49
lii	Road North West township	0.00	(-)39.92	(-)39.92
	Works Adjustment	(-)6.47	(-)39.92	(-)46.39
	Additional capital expenditure	441.68	516.04	957.72
	Exclusions not allowed	(-)51.96	(-)154.00	(-)205.96
	Total Additional capital expenditure	389.72	362.04	751.75

45. It is observed that de-capitalisation of capital spares for (-) ₹249.00 lakh in 2009-10 as approved in order dated 15.5.2014 was inadvertently not considered in the Gross block while dealing with the additional capital expenditure. Accordingly, the de-capitalisation of (-) ₹249.00 lakh has been considered in 2009-10. Further, the additional capital expenditure incurred for the period from 2009-10 to 2011-12 is revised taking into consideration the direction contained in order dated 20.11.2014 in Petition No. 19/RP/2014 and the total additional capital expenditure allowed is summarized as under :

		(₹ in lakh)		
Sr. No.	Head of Work/Equipment	Actual Additional capital expenditure		
		2009-10	2010-11	2011-12
I	Additional capitalization exp. allowed in the order dated 15.5.2014	3282.35	3073.01	362.61
li	Discharges of liabilities	516.56	273.67	189.78
lii	Actual additional capital expenditure allowed	3798.91	3346.68	552.39
	Additional capital expenditure considered now:			
Iv	De-capitalisation of spares	(-)249.00	0.00	0.00
V	Work Adjustment	195.00	14.01	1.89
Vi	ED Cess	0.00	145.70	127.06



Sr. No.	Head of Work/Equipment	Actual Additional capital expenditure		
Vii	ED Cess*	0.00	0.00	(-)74.01
Viii	Additional capital expenditure considered now	(-)54.00	159.71	54.94
	Total Additional Capitalization allowed (iii+viii)	3744.91	3506.39	607.33

*The expenditure of ₹74.01 lakh towards ED cess allowed earlier during 2011-12 is being adjusted.

Un-discharged liabilities

46. Out of the un-discharged liabilities of ₹10609.92 lakh deducted as on 1.4.2009, the petitioner has claimed the discharge of amounts of ₹516.56 lakh, ₹273.57 lakh, ₹167.06 lakh, ₹2.73 lakh and ₹595.22 lakh in 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 respectively and reversal of amounts of ₹176.99 lakh, ₹130.97 lakh, ₹9.60 lakh, and ₹5.25 lakh during the years 2009-10, 2010-11, 2012-13 and 2013-14 respectively. Further, as regards the liabilities added during the period 2009-14, the petitioner has claimed the discharge of amounts of ₹22.72 lakh, ₹1.87 lakh, ₹3.72 lakh in 2011-12, 2012-13 and 2013-14 respectively and the reversal of amounts of ₹1.21 lakh and ₹2.50 lakh during the years 2012-13 and 2013-14 respectively. The above discharges of liabilities have been allowed during the respective years of the tariff period in addition to the admitted additional capital expenditure for the said years.

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Un-discharged liabilities as on 1.4.2009 (corresponding to allowed assets)- A	10609.92				
Discharges during the period out of liabilities as on 1.4.2009 (corresponding to allowed assets)- B	516.56	273.57	167.06	2.73	595.22
Reversals during the period out of liabilities as on 1.4.2009 (corresponding to allowed assets)-C	176.99	130.97	0.00	9.60	5.25
Addition during the period 2009-14 (corresponding to allowed assets)- D	92.25	43.89	101.17	0.00	46.63
Discharges during the period out of liabilities added during 2009-14 (corresponding to allowed assets)-E	0.00	0.00	22.72	1.87	3.72
Reversal of liabilities out of liabilities	0.00	0.00	0.00	1.21	2.50



	2009-10	2010-11	2011-12	2012-13	2013-14
added during 2009-14 (corresponding to allowed assets)- F					
Discharges of liabilities for the period (B+E)	516.56	273.57	189.78	4.60	598.94

Actual Additional Capital Expenditure:

47. Considering the discharge of liabilities, as discussed above, the net additional capital expenditure allowed is as under:

	(₹ in lakh)		
	2012-13	2013-14	Total
Approved Additional capital expenditure	389.72	362.04	751.75
Discharge of liabilities	4.60	598.94	603.54
Total Additional capital expenditure	394.31	960.98	1355.29

48. Accordingly, the capital cost considered for the purpose of tariff for the period 2009-14 is as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	346665.81	350410.72	353917.11	354524.44	354918.75
Add: Additional capital expenditure	3744.91	3506.39	607.33	394.31	960.98
Closing Capital Cost	350410.72	353917.11	354524.44	354918.75	355879.73
Average Capital Cost	348538.27	352163.92	354220.78	354721.60	355399.24

Debt-Equity Ratio

49. In terms of the provisions of Regulation 12 of the 2009 Tariff Regulations gross loan and equity amounting to ₹242666.07 lakh and ₹103999.74 lakh, respectively has been considered after taking into account the position of un-discharged liabilities as on 1.4.2009. Further, the actual additional expenditure approved above has been allocated in debt-equity ratio of 70:30.

Return on Equity

50. The petitioner has considered pre tax ROE of 23.481% for 2013-14. The respondent, MPPMCL has requested that the petitioner may be directed to submit the information regarding applicable income tax rate as per the income tax act 1961



of the respective financial year & refund of excess annual fixed charges recovered from the beneficiaries. In response, the petitioner submitted that RoE claimed is as per Regulation 15(3) of the 2009 Tariff Regulations. In view of the fact that pre-tax ROE works out to 23.481%, considering the actual tax rate for 2013-14, the same has been considered. Accordingly, return on equity is worked out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Notional Equity- Opening	103999.74	105123.22	106175.13	106357.33	106475.63
Addition of Equity due to additional capital expenditure	1123.47	1051.92	182.20	118.29	288.29
Normative Equity-Closing	105123.22	106175.13	106357.33	106475.63	106763.92
Average Normative Equity	104561.48	105649.17	106266.23	106416.48	106619.77
Return on Equity (Base Rate)(%)	15.500	15.500	15.500	15.500	15.500
Tax Rate for the year(%)	33.990	33.218	32.445	32.445	33.990
Rate of Return on Equity (Pre Tax) (%)	23.481	23.210	22.944	22.944	23.481
Return on Equity(Pre Tax) annualised	24552.08	24521.17	24381.72	24416.20	25035.39

Interest on loan

51. Interest on loan has been worked out as under:

- (a) The gross normative loan of ₹242666.07 lakh as on 1.4.2009 has been considered.
- (b) Cumulative repayment as on 31.3.2009 works out to ₹27929.26 lakh as per order dated 15.5.2014 in Petition No. 148/GT/2013 and dated 10.2.2011 in Petition No.185/2009. The same has been considered as cumulative repayment as on 1.4.2009. However, after taking in to account proportionate adjustment to the cumulative repayment on account of un-discharged liabilities deducted from the capital cost as on 1.4.2009 the cumulative repayment as on 1.4.2009 is revised to ₹27099.85 lakh.
- (c) Accordingly, the net normative opening loan as on 1.4.2009 works out to ₹215566.21 lakh.
- (d) Addition to normative loan to the tune of 70% of additional capital expenditure approved above has been considered on year to year basis.
- (e) Depreciation allowed has been considered as repayment of normative loan during the respective year of the tariff period 2009-14. Further proportionate adjustment has been made to the repayments corresponding to discharges of liabilities considered during the respective years on account of cumulative repayment adjusted as on 1.4.2009.



- (f) In line with the provisions of the above regulations, the Weighted Average Rate of Interest (WAROI) as considered in order dated 15.5.2014 has been considered for 2009-10, 2010-11 and 2011-12. The weighted average rate of interest has been calculated considering the actual loan portfolio for 2012-13 and 2013-14.
- (g) The cumulative repayment has been adjusted @70% due to de-capitalization of assets/works.

52. The necessary calculations for interest on loan are given as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Gross opening loan	242666.07	245287.50	247741.98	248167.11	248443.13
Cumulative repayment of loan upto previous year	27099.85	44970.32	63167.16	81464.59	99755.56
Net Loan Opening	215566.21	200317.18	184574.81	166702.52	148687.57
Addition due to additional capital expenditure	2621.44	2454.47	425.13	276.02	672.68
Repayment of loan during the year	18012.03	18190.73	18296.16	18326.38	18361.17
Less: Repayment adjustment on account of de-capitalization	195.77	25.53	11.79	36.37	107.80
Add: Repayment adjustment on account of discharges corresponding to un-discharged liabilities deducted as on 1.4.2009	54.22	31.63	13.06	0.96	46.94
Net Repayment	17870.47	18196.84	18297.43	18290.97	18300.31
Net Loan Closing	200317.18	184574.81	166702.52	148687.57	131059.95
Average Loan	207941.70	192446.00	175638.66	157695.04	139873.76
Weighted Average Rate of Interest of loan (%)	7.8501	7.9277	8.1911	8.1167	8.1067
Interest on Loan	16323.42	15256.54	14386.74	12799.63	11339.15

Depreciation

53. The cumulative depreciation works out to ₹27099.85 lakh as on 1.4.2009 after accounting for adjustment of un-discharged liabilities. After considering the approved additional capital expenditure for the year 2009-10, the balance depreciable value before providing depreciation for the year 2009-10 works out to ₹286584.59 lakh. Depreciation has been calculated by applying the weighted average rate of depreciation for the period 2009-14. Further, proportionate adjustment has been made to the cumulative depreciation on account of de-capitalization of assets and also on account of discharges/reversal of liabilities out of un-discharged liabilities



deducted from capital cost as on 1.4.2009. The necessary calculations for depreciation are as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Opening Capital Cost	346665.81	350410.72	353917.11	354524.44	354918.75
Add: Additional Capital Expenditure	3744.91	3506.39	607.33	394.31	960.98
Closing Capital Cost	350410.72	353917.11	354524.44	354918.75	355879.73
Average Capital Cost	348538.27	352163.92	354220.78	354721.60	355399.24
Balance useful life	0.00	0.00	0.00	0.00	0.00
Depreciable value (excluding land) @ 90%	313684.44	316947.52	318798.70	319249.44	319859.32
Balance depreciable Value	286584.59	271803.91	255437.57	237582.24	219869.35
Depreciation (annualized)	18012.03	18190.73	18296.16	18326.38	18361.17
Cumulative depreciation at the end	45111.88	63334.35	81657.28	99993.57	118351.13
Less: Cumulative Depreciation adjustment on account of un-discharged liabilities	54.22	31.63	13.06	0.96	46.94
Less: Cumulative Depreciation reduction due to de-capitalization	22.49	4.86	3.13	4.58	39.14
Cumulative depreciation (at the end of the period)	45143.61	63361.12	81667.20	99989.96	118358.93

O&M Expenses

54. O&M expenses as considered in order dated 15.5.2014 in Petition No. 148/GT/2013 has been allowed as under:

(₹ in lakh)

2009-10	2010-11	2011-12	2012-13	2013-14
13000.00	13740.00	14530.00	15360.00	16240.00

Interest on Working Capital

55. Regulation 18(1)(a) of the 2009 Tariff Regulations provides that the working capital for coal based generating stations shall cover:

(i) Cost of coal for 1.5 months for pit-head generating stations and two months for non-pithead generating stations, for generation corresponding to the normative annual plant availability factor;

(ii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one liquid fuel oil, cost of fuel oil stock for the main secondary fuel oil;

(iii) Maintenance spares @ 20% of operation and maintenance expenses specified in regulation 19.



(iv) Receivables equivalent to two months of capacity charge and energy charge for sale of electricity calculated on normative plant availability factor; and

(v) O&M expenses for one month.

56. Clause (3) of Regulation 18 of the 2009 Tariff Regulations, as amended on 21.6.2011 provides as under:

"Rate of interest on working capital shall be on normative basis and shall be considered as follows:

(i) SBI short-term Prime Lending Rate as on 01.04.2009 or on 1st April of the year in which the generating station or unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the unit or station whose date of commercial operation falls on or before 30.06.2010.

(ii) SBI Base Rate plus 350 basis points as on 01.07.2010 or as on 1st April of the year in which the generating station or a unit thereof or the transmission system, as the case may be, is declared under commercial operation, whichever is later, for the units or station whose date of commercial operation lies between the period 01.07.2010 to 31.03.2014.

Provided that in cases where tariff has already been determined on the date of issue of this notification, the above provisions shall be given effect to at the time of truing up.

Fuel Component in working capital

57. Fuel component in the working capital as considered in order dated 15.5.2014 in Petition No. 148/GT/2013 has been considered as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Cost of coal – 1-1/2 months	10898.99	10898.99	10928.85	10898.99	10898.99
Cost of secondary fuel oil – two months	282.06	282.06	282.83	282.06	282.06

Maintenance spares

58. Maintenance spares which was inadvertently mentioned under 'O & M expenses for 1 month' in the order dated 15.5.2014 in Petition No. 148/GT/2013 has been corrected and allowed as under:

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
2600.00	2748.00	2906.00	3072.00	3248.00



Receivables

59. Receivables have been worked out on the basis of two months of fixed and energy charges as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Variable Charges (two months)	14531.99	14531.99	14571.81	14531.99	14531.99
Fixed Charges (two months)	13131.60	13105.50	13093.05	12977.89	12995.59
Total	27663.59	27637.49	27664.86	27509.88	27527.58

O&M Expenses

60. O&M expenses for 1 month which was inadvertently indicated under 'Maintenance Spares' in order dated 15.5.2014 in Petition No. 148/GT/2013 has been corrected and allowed as under :

(₹ in lakh)				
2009-10	2010-11	2011-12	2012-13	2013-14
1083.33	1145.00	1210.83	1280.00	1353.33

61. SBI PLR of 12.25% has been considered in the computation of the interest on working capital. Necessary computations in support of calculation of interest on working capital are as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Coal Stock- 1-1/2 months	10898.99	10898.99	10928.85	10898.99	10898.99
Oil stock-2 months	282.06	282.06	282.83	282.06	282.06
O&M expenses - 1 month	1083.33	1145.00	1210.83	1280.00	1353.33
Spares	2600.00	2748.00	2906.00	3072.00	3248.00
Receivables- 2 months	27663.59	27637.49	27664.86	27509.88	27527.58
Total Working Capital	42527.98	42711.55	42993.38	43042.94	43309.97
Rate of Interest (%)	12.25	12.25	12.25	12.25	12.25
Total Interest on working capital	5209.68	5232.16	5266.69	5272.76	5305.47



Annual Fixed Charges

62. Accordingly, the annual fixed charges allowed for the period 2009-14 are summarized as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	18012.03	18190.73	18296.16	18326.38	18361.17
Interest on Loan	16323.42	15256.54	14386.74	12799.63	11339.15
Return on Equity	24552.08	24521.17	24381.72	24416.20	25035.39
Interest on Working Capital	5209.68	5232.16	5266.69	5272.76	5305.47
O&M Expenses	13000.00	13740.00	14530.00	15360.00	16240.00
Secondary fuel oil cost	1692.37	1692.37	1697.01	1692.37	1692.37
Total	78789.58	78632.98	78558.31	77867.33	77973.54

63. The difference in the annual fixed charges determined by order dated 15.5.2014 and those determined by this order shall be adjusted in accordance with Regulation 6 (6) of the 2009 Tariff Regulations.

64. Petition No. 343/GT/2014 is disposed of in terms of the above.

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

Sd/-
(A.K.Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

