

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 102/GT/2019

Coram:

Shri P.K. Pujari, Chairperson

Dr. M.K. Iyer, Member

Shri I.S.Jha, Member

Date of Order: 25.9.2019

In the matter of

Petition for interim truing-up with respect to un-discharged liability, return on equity and consequent tariff fixation for the period from COD to 31.3.2018 of NLC Tamilnadu Power Limited in terms of the Commission's order dated 11.7.2017 in Petition No. 135/GT/2015 and Commission's order dated 26.12.2018 in Petition No. 38/RP/2017

AND

In the matter of

NLC Tamilnadu Power Limited
First Floor No. 8,
Mayor Sathyamurthy Road, FSD,
Egmore Complex of Food Corporation of India,
Chetpet, Chennai- 600031

...Petitioner

Vs

1. Transmission Corporation of Andhra Pradesh
Vidyut Soudha, Gunadala, Eluru Road,
Vijayawada- 520004
2. Southern Power Distribution Company of Andhra Pradesh Ltd
D. No: 19-13-65/A, Srinivasapuram
Tiruchhanur Road, Kesavayana Gunta,
Tirupati (AP) - 517503
3. Eastern Power Distribution Company of Andhra Pradesh Ltd
Corporate Office P&T Colony, Seethammadhara,
Visakhapatnam (AP) - 530013
4. Transmission Corporation of Telangana Ltd
Vidyut Soudha, Khairatabad, Hyderabad - 500082
5. Northern Power Distribution Company of Telangana Ltd
H.No 2-5-31/2, Corporate Office, Vidyut Bhavan,
Hanamkonda, Warangal (Telangana) - 506001
6. Southern Power Distribution Company of Telangana Ltd
2nd Floor, H.No. 6-1-50, Mint Compound, Hyderabad - 500063



7. Power Company of Karnataka Ltd
KPTCL Complex, Kaveri Bhawan
Bangalore - 560009

8. Bangalore Electricity Supply Company Ltd
Krishna Rajendra Circle, Bangalore - 560001

9. Mangalore Electricity Supply Company Ltd
Corporate Office, MESCOM Bhavana,
Bejai, Kavour Cross Road,
Mangalore - 575004

10. Chamundeshwari Electricity Supply Company Ltd
Corporate Office No. CA 29,
Vijayanagar 2nd Stage, Hinakal,
Mysore - 570017

11. Gulbarga Electricity Supply Company Ltd
Main Road, Gulbarga, Karnataka - 585102

12. Hubli Electricity Supply Company Ltd
PB.Road, Navanagar, Hubli - 580025

13. Kerala State Electricity Board
Vaidyuthi Bavanam, Pattom
Thiruvananthapuram - 695004

14. Puducherry Electricity Department
137, NSC Bose Salai, Puducherry - 605001

15. Tamilnadu Generation and Distribution Corporation Ltd
NPKRR Maaligai, 144, Anna Salai,
Chennai - 600002

...Respondents

Parties present:

Shri M.G.Ramachandran, Senior Advocate, NLC
Shri S. GnanaPrabhakaran, NLC
Shri D. Dhanapal, NLC
Shri Nambirajan, NLC
Shri S.Vallinayagam, Advocate, TANGEDCO

ORDER

The Petitioner NLC Tamilnadu Power Limited (NTPL) had filed Petition No. 135/GT/2015 for approval of tariff of NLC Tamilnadu Power Limited Thermal Power Station (2 x 500 MW) ('the generating station') for the period from the date of commercial operation (COD) of Unit-I (18.6.2015) and Unit-II (29.8.2015) till



31.3.2019, based on the provisions of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2014 ('the 2014 Tariff Regulations'). Accordingly, the Commission vide its order dated 11.7.2017 had approved the tariff of the generating station as under:

	2015-16		2016-17	2017-18	2018-19
	18.6.2015 to 28.8.2015 (Unit-I)	29.8.2015 to 31.3.2016 (Both units)			
Return on Equity	2211.06	13469.73	22830.19	22962.92	23089.16
Interest on Loan	3385.50	21152.14	33745.70	31318.90	28868.26
Depreciation	2530.76	15935.09	26228.02	26372.87	26510.66
Interest on working capital	679.18	4871.56	9601.75	9781.03	9805.90
O&M expenses	1734.60	10223.15	18392.56	19532.56	20742.56
Annual Fixed Charges	10541.10	65651.67	110798.23	109968.28	109016.54

2. Aggrieved by the said order dated 11.7.2017, the Petitioner had filed Review Petition No. 38/RP/2017 on various issues, including non- consideration of projected un-discharged liabilities in the tariff computation. The Commission vide its order dated 26.12.2018 in Petition No. 38/RP/2017, while rejecting other prayers, granted liberty to the Petitioner to approach his Commission for consideration of the issues, namely, (i) Tax of ROE (ii) Additional O&M expenses (iii) Share application money of ₹14.61 crore (iv) un-discharged liabilities and (v) calculation of fuel cost along with supporting documents. With regard to the claim of the Petitioner for un-discharged liabilities, the Commission, in order dated 26.12.2018, observed as under:

"7. The Commission in the impugned order dated 11.07.2017 in Petition No. 135/GT/2015 has not considered these discharges with the following observations:-

"42. It is pertinent to mention that as against un-discharged liabilities as per balance sheet, the petitioner in Form 5B has indicated an amount of `106931.42 lakh as un-discharged liabilities and provisions, which is actually the difference between the RCE-II approved cost of `729348.39 lakh and the actual cash expenditure of `622416.97 lakh as on COD of the generating station (29.8.2015). The petitioner has claimed discharge of the said liabilities/provisions during the period from 2015-16 to 2017- 18. These discharges have not been considered for the purpose of tariff and the same will be considered at the time of trueing up of tariff."

8. From the above it is clear that the Commission has not neglected the claim of the petitioner but has decided to consider the same at the time of true-up. The petitioner has the opportunity to put up its claim duly supported by relevant



documents in the true-up petition. We do not find any error in the impugned order which requires review.”

3. The Petitioner in the present Petition has prayed for interim truing- up of tariff with respect to un-discharged liabilities and ROE for the period from COD till 31.3.2018 in terms of the Commission’s order dated 26.12.2018. It has further submitted that the liabilities discharged to the extent of ₹77438 lakh may be considered in the tariff computation. The Respondent TANGEDCO, in its reply dated 8.5.2019 has submitted that the Petitioner has not furnished any justification or documents in support of its claim towards additional capital expenditure. It has, however, submitted that the Commission may consider the claim of the Petitioner on prudence check in terms of the 2014 Tariff Regulations. The Petitioner has filed its rejoinder dated 29.5.2019 to the said reply and has stated that it has submitted proper justification to the claims, including the documents as sought for by the Commission vide ROP of the hearing dated 14.5.2019.

Analysis and Decision

4. The matter has been considered. It is noticed that the Petitioner in the Review Petition No. 38/RP/2017 had claimed un-discharged liabilities for ₹1069.31 crore as on the respective COD of the units and had submitted that the said liabilities was projected to be discharged up to the cut-off date. The Petitioner had also, vide affidavit dated 27.10.2018 in the said Review Petition prayed for consideration of the liabilities discharged amounting to ₹77438 lakh as on 31.3.2018. This prayer of the Petitioner for capitalization of liabilities discharged was however rejected by the Commission, with liberty granted to the Petitioner to approach the Commission with relevant documents, at the time of truing-up of tariff vide its order dated 26.12.2018 as referred to in para 2 above. Having granted liberty to the Petitioner to claim the said amounts at the time of final truing-up of tariff, we find no reason to revise the



tariff of the generating station at this stage based on an interim truing-up of the un-discharged liabilities.

5. It is further noted that the Commission in its order dated 8.3.2017 in Petition No. 3/SM/2017 had observed that only in those cases where variation in the annual fixed charges is more than 30%, the generating companies or transmission licensees as the case may be, should approach the Commission for interim truing up in terms of proviso to clause (1) of Regulation (8) of the 2014 Tariff Regulations. The relevant portion of the said order is extracted as under:

“It shall not be mandatory for the generating Companies and transmission licensees to file the application for interim truing up in terms of proviso to Clause (1) of the Regulation 8 of 2014 Tariff Regulation. The generating companies or transmission licensees shall make applications for truing up at the end of the tariff period. Only in those cases where the variation is more than 30% of the Annual Fixed Charges granted, the generating company or transmission licensees may approach the Commission for interim truing up.”

6. Since the variation in the present case is less than 30% of the annual fixed charges granted, we are not inclined to entertain this petition for interim truing-up of tariff. Further, Regulation 8(1) of the 2014 Tariff Regulations provide for final truing-up of tariff of the generating station along with the next tariff period. As the tariff period 2014-19 is already over, the Petitioner is therefore required to file petition for final truing-up of tariff for the period 2014-19 along with approval of tariff for the period 2019-24, in terms of the aforesaid regulation.

7. Petition No. 102/GT/2019 is disposed of accordingly.

Sd/-
(I.S.Jha)
Member

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

Sd/-
(P.K.Pujari)
Chairperson

