

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 152/GT/2015

Coram:

Shri P.K. Pujari, Chairperson

Dr. M.K. Iyer, Member

Shri I.S. Jha, Member

Date of Order: 1st October, 2019

In the matter of

Revision of tariff for the period 2011-14 and determination of tariff for the period 2014-19 in respect of 1050 MW unit of Maithon Power Limited in terms of Commission's Order dated 17.7.2019 in Petition No. 285/MP/2018 (MPL V TPDDL & ors)

And

In the matter of

Maithon Power Ltd.
Jeevan Bharti, 10th Floor, Tower-I
124, Connaught Circus,
New Delhi-110001

.....Petitioner

Vs

1. Tata Power Delhi Distribution Ltd.
33 kV Sub-station, Kingsway Camp
Delhi -110 009
2. Damodar Valley Corporation,
DVC Towers, VIP Road
Kolkata-700 054
3. West Bengal State Electricity Distribution Company Ltd.
Bidyut Bhawan (8th Floor), Block-DJ, Sector-II
Salt Lake, Kolkata-700 091
4. Kerala State Electricity Board Ltd.
Vidyuthi Bhavan, Pattom,
Thiruvananthapuram - 695 004
5. Tata Power Trading Company Ltd.
Corporate Centre, 'A' Block, 34, Sant Tukaram Road,
Carnac Bunder, Mumbai - 400 006

.....Respondents



ORDER

In Petition No. 285/MP/2018 filed by the Petitioner, MPL, the Commission vide its order dated 17.7.2019 had allowed the inclusion of the LD amount of ₹160 crore in the capital cost which was deducted vide order dated 26.12.2017 in Petition No. 152/GT/2015. The Commission in the said order had also directed that the impact due to inclusion of the said amount shall be worked out and tariff for the period 2011-14 and 2014-19 shall be revised by a separate order. The relevant portion of the order dated 17.7.2019 is extracted hereunder:

“22. In view of the above, the total expected LD amount of Rs 160 crore which was deducted from the capital cost vide Commission’s order dated 26.12.2017 in Petition No. 152/GT/2015 is allowed to be included in the capital cost of the generating station. Consequently, the impact due to inclusion of the said LD amount in the capital cost shall be worked out and tariff of the generating station for the period 2011-14 and 2014-19 shall be revised by a separate order in Petition No. 152/GT/2015. We decide accordingly.”

2. Accordingly, the LD amount has been included in the capital cost and tariff of the generating station for the periods 2011-14 and 2014-19 have been revised as under:

2011-14

(a) Capital Cost

3. The Capital cost approved for the period from COD of Unit-I (1.9.2011) and Unit-II (24.7.2012) till 31.3.2014 is as under:

	(₹ in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
1. Capital cost claimed	246444.00	-	384744.00	-
a. Less: IDC claimed	28016.00	-	52440.00	-
b. Add: IDC allowed	26886.57	-	50333.69	-
2. Opening Capital cost (1-a+b)	245314.57	245314.57	382637.69	400570.69
a. Add: Additional capitalisation allowed	0.00	0.00	6768.00	12144.00
b. Add: Discharge of liabilities allowed	0.00	0.00	11165.00	19776.00
c. Total additional capitalisation allowed (a+b)	0.00	0.00	17933.00	31920.00
3. Closing Capital Cost (2+c)	245314.57	245314.57	400570.69	432490.69



(b) Return on Equity

4. Return on Equity has been worked out in terms of the 2009 Tariff Regulations and allowed as under:

	(₹in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
Gross Notional Equity	73594.37	73594.37	114791.31	120171.21
Addition due to Additional Capitalisation	0.00	0.00	5379.90	9576.00
Closing Equity	73594.37	73594.37	120171.21	129747.21
Average Equity	73594.37	73594.37	117481.26	124959.21
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%
Tax rate for the year	0.00%	0.00%	0.00%	20.96%
Rate of Return on Equity (Pre Tax)	15.50%	15.50%	15.50%	19.61%
Return on Equity (Pre Tax) - (<i>pro rata</i>)	6638.57	3562.77	12522.21	24504.50

(c) Interest on Loan

5. Interest on Loan has been worked out and allowed as under:

	(₹in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
Gross Notional Loan	171720.20	171720.20	267846.38	280399.48
Cumulative Repayment of loan upto previous year	0.00	7410.76	11387.94	25459.66
Net Opening Loan	171720.20	164309.44	256458.44	254939.82
Addition due to Additional Capitalisation	0.00	0.00	12553.10	22344.00
Repayment of Loan during the period	7410.76	3977.19	14071.72	21765.36
Net Closing loan	164309.44	160332.25	254939.82	255518.46
Average Loan	168014.82	162320.85	255699.13	255229.14
Weighted Average Rate of Interest on loan	11.67%	12.69%	12.53%	12.92%
Interest on loan (<i>pro-rata</i>)	11406.46	6432.76	22039.39	32976.10

(d) Depreciation

6. Depreciation has been worked out as under:

	(₹in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
Opening Gross Block	245314.57	245314.57	382637.69	400570.69
Addition due to Additional	0.00	0.00	17933.00	31920.00



Capitalisation				
Closing Gross Block	245314.57	245314.57	400570.69	432490.69
Average Gross Block	245314.57	245314.57	391604.19	416530.69
Value of freehold Land included in Gross Block	-	-	-	-
Rate of Depreciation	5.19%	5.19%	5.23%	5.23%
Depreciable value (90%)	220783.11	220783.11	352443.77	374877.62
Remaining Depreciable Value	220783.11	213372.35	341055.83	349417.96
Depreciation (Pro-rata)	7410.76	3977.19	14071.72	21765.36

(e) Interest on working Capital

7. Interest on working Capital has been worked out in terms of the 2009 Tariff Regulations and allowed as under:

	(₹ in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
Fuel stock- Cost of coal -2 months	7221.33	3864.94	13963.88	20306.05
O&M expenses - 1 month	369.95	209.88	924.23	1421.00
Cost of secondary fuel oil - 2 months	202.23	108.24	440.19	640.12
Maintenance spares	887.88	503.72	2218.15	3410.40
Receivables Fixed charges -2 months	5610.02	3087.14	11368.90	18149.43
Receivables Variable charges -2 months	7423.56	3973.18	14404.08	20946.17
Total	21714.97	11747.10	43319.43	64873.17
Rate of Interest	11.75%	11.75%	13.50%	13.50%
Interest on Working Capital	2551.51	1380.28	5848.12	8757.88

(f) Annual Fixed charges

8. Based on the above, the revised annual fixed charges for the period from 1.9.2011 to 31.3.2014 are approved as under:

	(₹ in lakh)			
	1.9.2011 to 31.3.2012	1.4.2012 to 23.7.2012	24.7.2012 to 31.3.2013	2013-14
Return on Equity	6638.57	3562.77	12522.21	24504.50
Interest on Loan	11406.46	6432.76	22039.39	32976.10
Depreciation	7410.76	3977.19	14071.72	21765.36
Interest on Working Capital	2551.51	1380.28	5848.12	8757.88
O&M Expenses	4439.39	2518.62	11090.76	17052.00
Cost of secondary fuel oil	1213.41	651.21	2641.17	3840.74
TOTAL	33660.10	18522.83	68213.37	108896.58



2014-19

Capital Cost

9. The capital cost of the generating station approved for the period 2014-19 is as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	432490.69	458448.69	467564.69	467564.69	467564.69
Addition due to Projected additional Capitalisation	25958.00	9116.00	0.00	0.00	0.00
Closing Gross Block	458448.69	467564.69	467564.69	467564.69	467564.69

(₹ in lakh)

(b) Return on Equity

10. Return on Equity has been worked out in terms of the 2014 Tariff Regulations and allowed as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Notional Equity	129747.21	137534.61	140269.41	140269.41	140269.41
Addition due to Additional Capitalisation	7787.40	2734.80	0.00	0.00	0.00
Closing Equity	137534.61	140269.41	140269.41	140269.41	140269.41
Average Equity	133640.91	138902.01	140269.41	140269.41	140269.41
Return on Equity (Base Rate)	15.500%	15.500%	15.500%	15.500%	15.500%
Tax rate for the year	20.961%	21.342%	21.342%	21.342%	21.342%
Rate of Return on Equity (Pre Tax)	19.610%	19.706%	19.706%	19.706%	19.706%
Return on Equity (Pre Tax)	26206.98	27372.03	27641.49	27641.49	27641.49

(₹ in lakh)

(c) Interest on Loan

11. Interest on Loan has been worked out and allowed as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross Notional Loan	302743.48	320914.08	327295.28	327295.28	327295.28
Cumulative Repayment of loan upto previous year	47225.03	63249.31	84771.97	108715.08	132857.48
Net Opening Loan	255518.46	257664.77	242523.31	218580.20	194437.80
Addition due to Additional Capitalisation	18170.60	6381.20	0.00	0.00	0.00
Repayment of Loan during the period	16024.29	21522.66	23943.11	24142.40	30720.24
Net Closing loan	257664.77	242523.31	218580.20	194437.80	163717.56

(₹ in lakh)



Average Loan	256591.61	250094.04	230551.76	206509.00	179077.68
Weighted Average Rate of Interest on Loan	11.92%	11.92%	11.92%	11.92%	11.92%
Interest on Loan	30577.17	29802.87	27474.08	24608.99	21340.09

(d) Depreciation

12. Depreciation has been worked out as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross Block	432490.69	458448.69	467564.69	467564.69	467564.69
Addition due to Projected Additional Capitalisation	25958.00	9116.00	0.00	0.00	0.00
Closing Gross Block	458448.69	467564.69	467564.69	467564.69	467564.69
Average Gross Block	445469.69	463006.69	467564.69	467564.69	467564.69
Value of freehold land	-	-	-	-	-
Rate of Depreciation	3.60%	4.65%	5.12%	5.16%	6.57%
Depreciable Value (90.00%)	400922.72	416706.02	420808.22	420808.22	420808.22
Remaining Depreciable Value	353697.70	353456.71	336036.25	312093.14	287950.74
Depreciation	16024.29	21522.66	23943.11	24142.40	30720.24

(e) Interest on working Capital

13. Interest on working Capital has been worked out in terms of the 2014 Tariff Regulations and allowed as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Cost of coal for stock- 1 month	10458.70	10487.35	10458.70	10710.71	10710.71
Cost of coal for generation- 1 month	10315.43	10315.43	10315.43	10563.99	10563.99
O&M expenses - 1 month	1478.85	1567.27	1660.85	1760.60	1866.52
Cost of secondary fuel oil - 2 month	300.37	301.19	300.37	307.60	307.60
Maintenance Spares	3549.24	3761.44	3986.04	4225.44	4479.64
Receivables Fixed charges -2 months	16525.75	17719.04	17978.06	17758.81	18547.99
Receivables Variable charges -2 months	21074.50	21103.97	21074.50	21582.30	21582.30
Total	63702.83	65255.68	65773.94	66909.44	68058.74
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	8599.88	8809.52	8879.48	9032.77	9187.93

Annual Fixed Charges

14. Based on the above, the revised annual fixed charges for the period 2014-19 are approved as under:



(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Return on Equity	26206.98	27372.03	27641.49	27641.49	27641.49
Interest on Loan	30577.17	29802.87	27474.08	24608.99	21340.09
Depreciation	16024.29	21522.66	23943.11	24142.40	30720.24
Interest on Working Capital	8599.88	8809.52	8879.48	9032.77	9187.93
O&M Expenses	17746.18	18807.18	19930.18	21127.18	22398.18
Total	99154.50	106314.26	107868.34	106552.83	111287.93

15. The annual fixed charges recovered by the Petitioner in terms of the Order dated 26.12.2017 shall be adjusted against the tariff revised by this order in terms of the applicable tariff regulations.

16. All other terms contained in order dated 26.12.2017 in Petition No.152/GT/2015 shall remain unchanged.

Sd/-
(I. S. Jha)
Member

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

Sd/-
(P.K.Pujari)
Chairperson

