

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.293/GT/2019

Subject : Petition for revision of tariff of Doyang Hydro Electric Plant (75 MW) for the period 1.4.2014 to 31.3.2019 after truing-up exercise.

Petitioner : NEEPCO

Respondent : Assam Power Distribution Company Limited & ors

Date of hearing : **27.7.2020**

Coram : Shri I.S.Jha, Member
Shri Arun Goyal, Member

Parties present : Shri Prabal Mukhopadhaya, NEEPCO
Shri Devapriya Choudhury, NEEPCO
Shri Elizabeth Pyrbot, NEEPCO
Shri Indrajit Tahbildar, APDCL
Shri Nil Madhab Deb, APDCL

Record of Proceedings

The matter was heard through video conferencing.

2. During the hearing, the representative of the Petitioner submitted that the present petition has been filed for revision of tariff of Doyang Hydro Electric Plant (75 MW) (in short 'the generating station') for the 2014-19 tariff period, based on truing-up exercise in terms of Regulation 8 of the 2014 Tariff Regulations. The representative also submitted that the Petitioner has incurred additional O&M expenses of ₹15.72 crore on account of revision of wages of its employees and CISF personnel from 1.1.2017 to 31.3.2019 and the Commission may permit the same to be recovered from the Respondents as one-time payment, in exercise of its power under Regulation 54 (Powers to Relax) and Regulation 55 (Powers to Remove Difficulties) of the 2014 Tariff Regulations. The representative of the Petitioner added that the tariff filing forms have been submitted in accordance with the provisions of the 2014 Tariff Regulations and copies have been served on the Respondents.

3. The representative of the Respondent, APDCL, prayed for grant of time to file its reply in the matter.

4. The Commission after hearing the parties, directed the Petitioner to file additional information on the following, with advance copy to the Respondents, on or before **17.8.2020**:

- a) *Revised additional capital expenditure and annual fixed charges as claimed in the petition, by separating the exclusions from the claims. Also, indicate the relevant provision of the regulations, based on which the additional capital expenditure has been claimed;*



- b) Reasons for the difference between the opening capital cost of ₹75324.44 lakh claimed as on 1.4.2014 as against the capital cost of ₹63806.14 lakh allowed by the Commission vide its order dated 13.1.2016 in Petition No. 43/GT/2015;
- c) As regards the claim for additional expenses of ₹15.72 crore on account of revision of wages of employees and Meghalaya Home Guards during the period from 1.1.2017 to 31.3.2019:
- (i) PRP/Incentive included in the wage revision impact claimed (year-wise details duly certified by the Auditor);
- (ii) Comparative statement of the normative O&M expenses allowed to the generating station versus the actual audited O&M expenses for the period from 2014-15 to 2018-19;
- d) In respect of the assets/works claimed under the various heads as listed in the table below the information required as mentioned in the last column of the table:

Year	Head of Work/ Equipment	Additional Capital Expenditure claimed on cash basis (₹in lakh)	Information required
2014-15	CAT Plan	30.02	Proper justification of the claim with supporting documents.
2016-17	Installation of Air Coolers for Generator	58.54	De-capitalized value of old asset.
	AC System at Power House	39.56	The justification submitted does not support the nature of the asset claimed. The same needs to be clarified and if the claim is against replacement, De-capitalized value of old asset may be furnished.
	Tail race Channel Excavation	46.97	Proper justification, including the date along with proof on which the land slide occurred and complete details of power generation before and after the expenditure was incurred and how the expenditure helped in removing the difficulty encountered.
2017-18	RTU Model 6049-E70 For 3 x 25 DHEP	31.51	De-capitalized value of old asset.
	Mainframe computer, LAN	34.09	
	Pmt. Building (Residence)	19.09	Detailed justification



	Excitation XMER 500 KVA; Mandatory spares for DAVR; Field discharges circuit & TGB Cooling water piping	63.26	Clarification as to whether the assets claimed are in the nature of spares.
	GT Winding Assy complete set & H V Coil assembly.	53.47	
2018-19	Air Cell Conservator Tanks for Generator Transformers of Bharat Bijlee make	13.98	De-capitalized value of old asset.

- e) *The Petitioner has considered different rates for different stations for grossing up of equity and has also not provided the bifurcation between earnings from generation and earnings from other activities. In case the Petitioner does not have any earnings other than generation activities, the same may be certified together with the basis of calculation of effective tax rate for grossing up of rate of Return on Equity with Tax Audit Reports for the period COD to 31.3.2019. In this regard, the details as per proforma in 'Annexure-A' enclosed herewith should be duly filled in and submitted;*
- f) *Cost Audit Report for the period 2014-19;*
- g) *Interest on normative loan in Form 13A has been calculated at the rate of 13.50%, 13.50%, 12.80%, 12.60% and 12.20% during 2014-19. However, Form 13 has not been furnished and Interest on loan claimed in the Summary Sheet (Form-1) is 'Nil'. This shall be clarified by the Petitioner;*
- h) *Reconciliation Statement (Form 9C) and Liability Flow Statement (Form 16) certified by Auditor;*
- i) *Clarification as to whether any component of IDC is included in the additional capitalization or not;*
- j) *An affidavit to the effect that that there is no asset appearing in the books and claimed in tariff, but not in use, because of misplaced/ stolen or transferred to other project as per Annual Physical Verification Report of the plant for the period 2014-19;*

5. The Commission directed the Respondents to file their reply on or before **31.8.2020**, with advance copy to the Petitioner, who shall file its rejoinder, if any, by **10.9.2020**. The Commission further directed that the due date of filing the additional information and reply/rejoinder should be strictly complied with and no extension of time shall be granted for any reason.

6. Matter shall be listed in due course for which separate notice will be issued to the parties.

By order of the Commission

Sd/-
(B. Sreekumar)
Deputy Chief (Legal)



Please specify below information regarding income tax pertaining to O&M/Generation related activities for the grossing up of the ROE together with supporting documents.

Sr. No.	Particulars	As per Income Tax Return					As per Assessment Order (if completed)							
		2014-15	2015-16	2016-17	2017-18	2018-19	2014-15	2015-16	2016-17	2017-18	2018-19			
A	Information pertaining to the years when MAT rate is applicable													
(i)	Applicable MAT rate for the respective years													
(ii)	Tax paid by the petitioner													
(iii)	Book Profit													
(iv)	Interest Paid to the Income tax department													
(iv) (a)	Interest paid other than interest on additional tax demand (specify section wise details)													
	(I) Section 234 (A)													
	(II) Section 234 (B)													
	(III)													
	(IV)													
(iv) (b)	Interest Paid on additional tax demand													
(v)	Details about appeal filed with regard to interest payments on additional tax demand, as specified above													
	(I) Appeal filed and allowed in favour of petitioner													
	(II) Appeal filed and disallowed													
	(III) Appeal is pending													
	(IV) Interest on additional tax demand for which appeal not filed													
(vi)	Effective tax rate based on (tax paid plus interest paid on additional tax demand excluding for which appeal filed and allowed in favour of petitioner) divided by Book profit as stated above													
B	Information pertaining to the years when Corporate Tax rate is applicable													
(i)	Applicable Corporate Tax rate including cess for the respective years as per I.T. Act													
(ii)	Income Tax including cess paid by the petitioner (A)													
(iii)	Taxable Income as per Income tax provisions (B)													
(iv)	Corporate Tax rate including cess for the respective years (C) [(C) = ((A)/(B))X100] (Note: If tax rate under Sr. no. (i) and (iv) are different, reason for the same shall be detailed as a note below the table.)													
(v)	PBT as per audited financial statements (D)													
(vi)	Effective tax rate based on tax paid by petitioner and PBT as per audited financial accounts (E) [(E) = ((A)/(D))X100]													
(vii)	Interest Paid to the Income tax department													
(vii) (a)	Interest paid other than interest on additional tax demand (specify section wise details)													
	(I) Section 234 (A)													
	(II) Section 234 (B)													
	(III)													
	(IV)													
(vii) (b)	Interest Paid on additional tax demand													
(viii)	Details about appeals filed with regard to interest payments on additional tax demand, as specified above													
	(I) Appeal filed and allowed in favour of petitioner													
	(II) Appeal filed and disallowed													
	(III) Appeal is pending													
	(IV) Interest on additional tax demand for which appeal not filed													
(ix)	Effective tax rate based on (tax paid plus interest paid on additional tax demand excluding for which appeal filed and allowed in favour of petitioner) divided by PBT as per audited financial accounts													

Note:
 1. Above data shall be certified by the auditor.
 2. In case the corporate tax rate is applicable and if the effective tax rate reported above is more than the applicable corporate tax rate, the auditor shall specify the reason for such variances. The Auditor shall verify and certify that the reasons for such variances have been checked and found correct from the accounting point of view as well as the provisions of the Income Tax Act. The Auditor shall specify adjustment needed in books of accounts, if any, observed during verification and reconciliation of above variances.