

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.329/GT/2019**

Subject : Petition for revision of tariff of Tuirial Hydro Electric Power Plant (60 MW) for the period from 1.4.2014 to 31.3.2019 after truing up exercise.

**Petition No.390/GT/2020**

Subject : Petition for determination of tariff of Tuirial Hydro Electric Power Plant (60 MW) for the period from 1.4.2019 to 31.3.2024.

Petitioner : NEEPCO

Respondent : Power & Electricity Department, Mizoram & others

Date of hearing : **13.8.2020**

Coram : Shri P.K. Pujari, Chairperson  
Shri I.S Jha, Member  
Shri Arun Goyal, Member

Parties present : Shri Prabal Mukhopadhaya, NEEPCO  
Shri Devapriya Choudhury, NEEPCO  
Ms. Elizabeth Pyrbot, NEEPCO

**Record of Proceedings**

These matters were heard through video conferencing.

2. During the hearing, the representative of the Petitioner submitted that Petition No. 329/GT/2020 has been filed for revision of tariff of Tuirial Hydro Electric Power Project (60 MW) (in short 'the generating station') for the 2014-19 tariff period, based on truing-up exercise in terms of the 2014 Tariff Regulations and Petition No. 390/GT/2020 has been filed for determination of tariff of the generating station for the 2019-24 tariff period in terms of the 2014 Tariff Regulations. The representative also submitted that the Petitioner has incurred additional O&M expenses of ₹8.10 crore on account of revision of wages of its employees and Meghalaya home guards from 1.1.2017 to 31.3.2019. He, therefore, prayed that the said expenses may be permitted to be recovered from the Respondents as a one-time payment, in exercise of the power under Regulation 54 (Powers to Relax) and Regulation 55 (Powers to Remove Difficulties) of the 2014 Tariff Regulations. He further submitted that in terms of the directions in the Commission's order dated 9.10.2018 in Petition No.15/GT/2018, the Petitioner has filed application



before CEA seeking revision of NAPAF of the generating station to 82% and accordingly prayed for grant of four weeks' time to furnish the approval of CEA. The representative also requested that the Commission may allow the Auxiliary Energy Consumption (AEC) of 4% instead of the AEC of 1.2% specified under the Tariff Regulations. He added that the tariff filing forms have been furnished in accordance with the Tariff Regulations and copies have been served on the Respondents.

2. None appeared on behalf of the Respondents despite notice.
3. As regards the prayer of the Petitioner to allow the AEC of 4%, liberty was granted to the Petitioner to approach the Commission through a separate application.
4. The Commission directed the Petitioner to submit the following additional information, with advance copy to the Respondents, on or before **14.9.2020**:

- a) *Reasons for the difference in the closing capital cost claimed as on 31.3.2018 and the opening capital cost claimed as on 1.4.2018;*
- b) *Statement showing the reconciliation of additional capital expenditure claimed for 2014-19 clearly giving the details of additions, deletions and exclusions (as per Form 9C);*
- c) *Detailed break-up of the exclusions, indicating the assets, the type of exclusions (positive or negative), the amount and the reasons for such exclusion (as per Form 9D);*
- d) *Detailed justification for each asset/works for which additional capital expenditure has been claimed for 2014-19 along with the relevant provisions of the Regulations under which claimed;*
- e) *Status of the approval of the RCE on completion, by the Ministry of Power, Government of India;*
- f) *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:*

<b>Year claimed</b>	<b>Item No.</b>	<b>Amount claimed</b> <i>(Rs in lakh)</i>	<b>Information required</b>
2018-19 (Form 9A)	Reservoir & dam (under plant assets (a))	0.35	Justification for the said claim
2018-19 (Form 9A)	Land right to use	1415.74	Clarification to the effect that the expenditure claimed forms part of the original scope of work / RCE vetted by CEA.
2018-19 (Form 9A)	Plant & machinery in generating station (under plant assets (a))	56.02	Proper justification for the said claim along with the details of Initial spares capitalized as on the COD, as on 31.3.2019 and as on the cut-off date of the station

- g) *Clear copy (readable) of Annexure XI of the present petition with regard to the approval of Design Energy of 250.63 MU by CEA;*



- h) Details of the R&R expenses capitalized as on 31.9.2019 and as on cut-off date;
- i) Details of Initial spares capitalized along with the details of Plant and Machinery cost as on cut-off date;
- j) As regards the claim for additional cost of ₹8.10 crore on account of revision of wages of employees and Meghalaya Home Guards during the period from 1.1.2017 to 31.3.2019, following may be submitted:
- (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;
  - (iii) The detailed break-up of the actual O&M expenses incurred during the 2014-19 tariff period (including any arrear paid after 31.3.2019 towards wage revision) in the format which was issued by the Commission to all generating stations for furnishing the actual O&M expenditure data for the period 2008-09 to 2012-13;
- k) Revised Form 1(i), Form 5(B), Form 9(A), Form 9(C), Form 9(E), Form 9(F), Form 14 and Form 14(A) as per the prescribed format under the 2014 Tariff Regulations, based on the actual capital cost incurred and duly certified by the Auditor;
- l) Statement of reconciliation between the un-discharged liabilities as per books and as per Form-16, duly certified by the Auditor;
- m) Clarification on the difference in the additional capitalization claimed/ indicated in the various forms viz. Form 1(i), Form 9A and Form 9E;
- n) Documentary evidence with regard to the rate of interest and reset thereof, if any, considered in the calculation of IDC and weighted average rate of interest, along-with explanation for considering the rate of interest in case of PSU Bonds XVIII<sup>th</sup> Series for the year 2017-18 as 7.83% as against 7.68% in other years;
- o) Audited station balance sheet as on COD;
- p) 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;
- q) Clarification as to whether any component of IDC has been included in the additional capitalization claimed;
- r) Status of the Standing Committee report;
- s) Regulation 25(1) of the 2014 Tariff Regulations envisages effective tax rate to be considered on the basis of actual tax paid in the respective financial year in line with the provisions of Finance Acts by the concerned generating Company. Further, the actual tax on other income stream shall not be considered for calculation of effective tax rate. As against the above provision, it is seen that the Petitioner, instead of claiming Company level rate for grossing up equity has claimed Station level rate which are different for different stations within the Company. Also, the mandated bifurcation between the generation earnings and earnings from other activities has not been provided. The Petitioner is therefore directed to submit the Auditor certified calculation of



*effective tax rate in line with the above regulation clearly depicting the bifurcation of earnings into generation earnings and earnings from other activities. The Tax Audit Report for the period COD to 31.3.2019 along with the details as per proforma in **Annexure 'A'** enclosed to be furnished;*

*t) Justification of the claim for Security expenses for the 2019-24 tariff period based on the assessment of the security requirement along with details of the security expenses incurred for the year 2018-19;*

5. The Commission directed the Respondents to file their replies on or before **28.9.2020**, with advance copy to the Petitioner, who may file its rejoinder, if any, by **6.10.2020**. 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. Subject to the above, order in the Petitions were reserved.

By order of the Commission

**Sd/-**  
(B.Sreekumar)  
Deputy Chief (Law)



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
<b>A</b>	<b>Information pertaining to the years when MAT rate is applicable</b>										
(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)	Interest paid other than interest on additional tax demand										
(a)	(specify section wise details)										
	(I) Section 234 (A)										
	(II) Section 234 (B)										
	(III) ....										
	(IV) ....										
(iv)	Interest Paid on additional tax demand										
(b)											
(v)	Details about appeal filed <b>with regard to interest payments on additional tax demand</b> , 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>B</b>	<b>Information pertaining to the years when Corporate Tax rate is applicable</b>										
(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)	Interest paid other than interest on additional tax demand (a)																
	(I) Section 234 (A)																
	(II) Section 234 (B)																
	(III) ....																
	(IV) ....																
(vii)	Interest Paid on additional tax demand (b)																
(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:

- Above data shall be certified by the auditor.
- 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.

