

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 18/RP/2022
in
Petition No. 395/GT/2020

Coram:

Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member

Date of Order: 6th February, 2023

In the matter of

Review of Commission's order dated 21.3.2022 in Petition No. 395/GT/2020 with regard to the revision of tariff of Korba STPS Stage-III (500 MW) for the 2014-19 tariff period, after truing-up exercise.

And

In the matter of

NTPC Limited,
NTPC Bhawan
Core-7, Scope Complex,
7, Institutional Area, Lodhi Road
New Delhi-110003

.....Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Vidyut Nagar, Rampur,
Jabalpur-110003.
2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Bandra (East),
Mumbai-400051.
3. Gujarat Urja Vikas Nigam Limited,
2nd Floor Sardar Patel Vidyut Bhawan,
Racecourse, Vadodara -390007.
4. Chhattisgarh State Power Distribution Company Limited,
Vidyut Sewa Bhawan,
Dagania, Raipur – 492001.



5. Electricity Department,
Government of Goa, 3rd Floor, Vidyut Bhawan,
Panaji, Goa-403001.
6. DNH Power Distribution Corporation Limited,
UT of Dadra Nager & Haveli, Silvassa-396230.
7. Electricity Department,
Administration of Daman & Diu,
Daman-396210.
8. Chamundeshwari Electricity Supply Corporation Limited,
Corporate Office, No. 29, Vijayanagar,
2nd stage, Hinkal, Mysore – 570 017.
9. Gulbarga Electricity Supply Company Limited,
Main road, Gulbarga – 585 102, Karnataka.
10. Hubli Electricity Supply Company Limited,
Corporate office, P.B. Road, Navanagar,
Hubli – 580 025.
11. Kerala State Electricity Board Limited,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004.
12. Electricity Department,
Govt. of Puducherry, 137, NSC Bose Salai
Puducherry- 605001.

...Respondents

Parties Present:

Shri A. S. Pandey, NTPC
Shri Vivek Kumar, NTPC
Shri Ravin Dubey, Advocate, MPPMCL

ORDER

Petition No. 395/GT/2020 was filed by the Review Petitioner, for truing-up of tariff of Korba STPS Stage-III (500 MW) (in short “the generating station”) for the 2014-19 tariff period and the Commission vide its order dated 21.3.2022 (in short “the impugned order”) disposed of the same in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short ‘the 2014



Tariff Regulations'). Aggrieved by the said impugned order, the Review Petitioner has sought review on the following issues:

- A) Consideration of interest rates for 8 No.(s) of loan for computing the weighted average rate of interest;*
- B) Consideration of impact of refinancing on interest rates of loans;*
- C) Adjustment of IDC while computing WAROI;*
- D) Non-consideration of value of freehold land for 2018-19 in Depreciation;*

Hearing dated 12.8.2022

2. The Review Petition was heard on 'admission' through 'video conferencing' on 12.8.2022. During the hearing, the representative of the Review Petitioner made detailed oral submissions in the matter. The Commission, vide interim order dated 12.9.2022, admitted the Review Petition on the issues (A), (B) and (C) in paragraph 1 above and notices were ordered on the Respondents, with directions for completing the pleadings. However, the issue (D) raised in paragraph 1 above, was rejected by the said order.

3. In response, the Respondent MPPMCL, vide affidavit dated 30.9.2022 has filed its reply and the Petitioner, vide affidavit dated 31.10.2022, has filed its rejoinder to the said reply.

Hearing dated 2.11.2022

4. The Commission, heard the oral submissions of the representative of the Review Petitioner and the learned counsel for the Respondent MPPMCL, on 2.11.2022 and reserved its order, after directing the Petitioner to submit certain additional information. In response, the Petitioner, vide affidavit dated 28.11.2022, has filed the information as directed by the Commission.



5. Based on the submissions of the parties and the documents available on record, we proceed to examine the issues raised by the Review Petitioner in the subsequent paragraphs.

(A) Consideration of interest rates for 8 No(s) of loan for computing the weighted average rate of interest

Submissions of the Review Petitioner

6. The Review Petitioner has submitted that there is variation between the rate of interest for 8 number of loans, submitted in the original petition and those considered by the Commission in the impugned order dated 21.3.2022. The Review Petitioner has stated that it had furnished the following details:

Name of Loan	Claimed/ Allowed	Interest Rate				
		2014-15	2015-16	2016-17	2017-18	2018-19
Euro Bonds-II	claimed	7.6214%	7.6214%	0.0000%	0.0000%	0.0000%
	allowed	7.4965%	7.4965%	0.0000%	0.0000%	0.0000%
LIC IV	claimed	9.7700%	9.7700%	9.7700%	9.7700%	9.7700%
	allowed	9.7100%	9.7100%	9.7100%	9.7100%	9.7100%
67th Series 8.30% Bonds repayment from 15.01.2029 (Refinancing ICICI VI in 2018-19)	claimed	0.0000%	0.0000%	0.0000%	0.0000%	8.4300%
	allowed	0.0000%	0.0000%	0.0000%	0.0000%	8.3300%
Karnataka Bank II (refinancing the BOM-III & IV loan in year 2016-17)	claimed	0.0000%	0.0000%	8.0333%	8.0333%	8.4760%
	allowed	0.0000%	0.0000%	7.7000%	7.7000%	8.1427%
SBI VIII (refinancing the OBC loan in year 2016-17)	claimed	0.0000%	0.0000%	8.5000%	8.2290%	8.2138%
	allowed	0.0000%	0.0000%	8.3000%	8.0290%	8.0138%
ICICI bank IV (refinancing LIC IV in year 2017-18 and prepaid in year 2018-19)	claimed	0.0000%	0.0000%	0.0000%	9.4408%	8.9131%
	allowed	0.0000%	0.0000%	0.0000%	7.9000%	7.9000%
ICICI bank VI (refinancing LIC V in year 2017-18 and refinanced by bond 67th series)	claimed	0.0000%	0.0000%	0.0000%	8.9205%	9.3283%
	allowed	0.0000%	0.0000%	0.0000%	7.89%	8.29%
SBI XII (refinancing IDFC in year 2018-19)	claimed	0.0000%	0.0000%	0.0000%	0.0000%	8.4500%
	allowed	0.0000%	0.0000%	0.0000%	0.0000%	8.3500%

7. Accordingly, the Review Petitioner has submitted that the rate of interest may be corrected, and the review may be allowed on this count.



Reply of the Respondent MPPMCL

8. The Respondent MPPMCL has pointed to Regulation 26(7) of the 2014 Tariff Regulations and submitted all the loan that were financed in 2016-17 and thereafter, have a higher rate of interest. It has also stated that Euro Bond-II loan having interest rate of 7.62%/7.49% (claimed/allowed) expired in 2015-16. The Respondent has further submitted that the loan refinanced by Karnataka Bank in 2016-17 has a higher rate of interest of 8.03%/7.70% (claimed/allowed). According to the Respondent, there appears no rationale, reasonability or justification in the claim of the Petitioner and it appears to be a misrepresentation of the fact before this Commission. The Respondent has submitted that there is a very remote possibility of error in the order of the Commission in respect of computation of rate of interest on loan and therefore the claim of the Petitioner may be examined in totality. It has further added that in order to examine the claim of the Petitioner detailed information regarding every aspect of loan will be required as follows:

- (i) Total amount of loan;
- (ii) Number of loans used to meet above requirement of loan along with their amount, date of sanction, date when above loan is invested in this project, rate of interest, moratorium period and tenure etc;
- (iii) Date of refinancing of loan vis-à-vis details of loan which has been refinanced, its amount and rate of interest, moratorium period, tenure etc.

Rejoinder of the Review Petitioner

9. The Review petitioner, in its rejoinder has clarified that with regard to refinancing of loan, it had provided the detailed information such as the bank name and rate of interest of existing loan and corresponding bank name and rate of interest of new loan, replacing the existing loan, as well as prepayment amount, total savings in interest rate and savings being shared with beneficiaries and retained by the Review Petitioner, etc. It has pointed out (from the table provided at page No. 140 of the



petition) that the existing loan from Bank of Maharashtra-III @ 8.7% has been refinanced by new loan from Karnataka bank @7.7%, existing loan from Oriental Bank of Commerce-I @ 8.6% has been refinanced by new loan from SBI-VIII @8%, etc. This, according to the Review Petitioner, clearly shows that existing loans at higher rate of interest have been refinanced with new loans at lower rate of interest. It has further submitted that all the relevant details with respect to portfolio of actual loans and refinancing of loan has been furnished by the Petitioner under Form-13 of the petition.

Analysis and Decision

10. We have examined the mater and the documents on record. The Commission in order dated 21.3.2022 in Petition No. 395/GT/2020 had held the following:

“Para 70(f): The Petitioner has claimed WAROI of 9.3499% in 2014-15, 8.8085% in 2015-16, 8.4882% in 2016-17, 8.0698% in 2017-18 and 7.6195% in 2018-19. In line with the provisions of the regulations stated above, the weighted average rate of interest has been calculated by applying the actual loan portfolio existing as on 1.4.2014, along with subsequent additions during the 2014-19 tariff period, if any, for the generating station. During the tariff period, the Petitioner has refinanced some of the loans like IDFC, LIC-V, LIC-IV, OBC, BOM-III & IV, ICICI-VI etc. and the same along with corresponding additions have been considered for the purpose of tariff. In case of loans carrying floating rate of interest, the details of rate of interest, as furnished by the Petitioner, has been considered for the purpose of tariff.”

11. Vide Order dated 21.3.2022, WAROI was worked out as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
WAROI	9.2976%	9.4030%	9.2205%	8.8382%	8.6928%

12. The loan details as furnished vide Form-13 (*Calculation of Interest on Actual Loan*) and Form-8 (*Details of Project Financing*) of the main petition have been revisited with reference to the submissions of the Review Petitioner. As per Form-8, the LIC-IV loan amounting to Rs 70 crore, formed part of second drawl, with a fixed interest rate of 9.77%. we appreciate that this fact had inadvertently escaped the attention of the Commission, while passing the impugned order dated 21.3.2022. The



non-consideration of the rate of interest for LIC-IV loan of 9.77%, in the calculation for tariff, according to us, is an error apparent on the face of the order and review on this count is maintainable and the order needs to be rectified. Accordingly, the rate of interest for LIC-IV loan of 9.77% is considered for calculation of the weighted average rate of interest on loan, in subsequent paragraphs.

13. Further, the Commission vide ROP dated 2.11.2022 had directed the Review Petitioner, to submit the following:

- (a) Interest rates claimed in the original petition;*
- (b) The interest rates approved in the order dated 21.3.2022 in Petition No. 395/ GT/ 2020;*
- (c) Reasons for correction in the interest rates allowed, along with justification and the computation for the revised interest rates, claimed in this review petition*

14. In response, the Review Petitioner has, in the context of Euro Bonds-II, furnished the Pricing Supplement document and has submitted that, with the rate of Interest of 5.875% per annum and the withholding tax rate of 21.63%, the effective interest rate of loan works out to 7.4965% [$5.875 / (1 - 0.2163)$]. It has also indicated that the provisions for determining the interest, is based on the day count fraction 30/360. Accordingly, the Review Petitioner has submitted that the interest rate needs to be grossed up for 365 or 366 days, wherein, the interest rate works out to 7.6214% ($7.4965 \times 366 / 360$). In our view, the use of day count fraction convention for calculation of commercial loan interest charges is an acceptable practice in the Industry. However, as the Euro Bonds-II carry an annual interest rate, the day count fraction is required to be converted to 365 or 366 days for non-leap or leap year, as the case may be. This aspect was inadvertently not considered while passing the impugned order dated 21.3.2022. We find that it is an error apparent on the face of the order



and the same is to be rectified, by considering the adjustments, in the manner, as indicated in one of the subsequent paragraphs of this order,

15. However, the Petitioner's contention with regard to the variation in interest rates of loans (namely, 67th Series Bonds, Karnataka Bank II, SBI VIII, ICICI bank IV, ICICI bank VI and SBI XII) due to refinancing, is being taken up in the following paragraph, along with the issue no (B) raised by the Review Petitioner.

(B) Consideration of impact of refinancing on interest rate of loans

Submissions of the Review Petitioner

16. The Review Petitioner has submitted that some of the loans allocated to the generating station had been refinanced by taking new loans, with lower rate of interest. It has stated that the details of the same, which were furnished in the main petition, appear to have escaped the attention of the Commission, while passing the impugned order dated 21.3.2022. The Review Petitioner has added that as per Regulation 8(6) read with Regulation 26 (7) of the 2014 Tariff Regulations, the benefit of refinancing of loans has to be shared with the beneficiaries in the ratio of 2:1 and the same principle has been applied by adjusting the rate of interest of new loans, while computing the weighted average rate of interest. The Review Petitioner has stated that the adjustment in rate of interest for new loans has been done as illustrated below:

- (i) Rate of interest of existing loan: 8.000% (say)
- (ii) Rate of interest of new loan for refinancing of existing loan: 6.000% (say)
- (iii) Rate of interest of new loan considered for computing weighted average rate of interest: 6.667%

17. Accordingly, the Review Petitioner has submitted that the rate of interest may be corrected, and the review may be allowed on this count.



Reply of the Respondent MPPMCL

18. The Respondent MPPMCL has submitted that the Petitioner may be directed to share copies of following documents for proper implementation of Regulation 8 (6) Regulation 26 (7) of the 2014 Tariff Regulations and to safeguard interest of the consumer as mandated in the Electricity Act, 2003 in the interest of justice.:

- (i) Original loan sanctioning document indicating rate of interest amount etc.
- (ii) Original document of re-financing of new loan.
- (iii) The costs associated with such re-financing (CoR), Net saving (NS)

19. The Respondent has also submitted that the sharing gain of re-financing of loan should be a onetime affair and it cannot be allowed to passed on to generator in all the future years to come.

Rejoinder of the Review Petitioner

20. The Review Petitioner has pointed out that the Respondent has admitted that as per Regulation 26(7) of the 2014 Tariff Regulations, the beneficiaries are required to bear the cost of re-financing and net saving on account of such re-financing have to be shared between the generating companies and beneficiaries. It has however submitted that the Respondent has juxtaposed the Regulation 8(6) and Regulation 26(7) of the 2014 Tariff Regulations, to contend that sharing of gains of re-financing of loan should be limited to the financial year of re-financing of loan on net saving basis. The Review Petitioner has stated that it has been filing all the information in strict compliance of the directions of the Commission, issued from time to time, except some confidential documents like copy of Loan documents etc., which are confidential in nature, and are submitted directly to the Commission in a sealed envelope, whenever asked for. It has also stated that these documents contain sensitive and confidential commercial information, and so its binding upon the Review Petitioner to respect the confidentiality clause between it and the Banks, as revealing them in



public will violate the confidentiality clause, and may cause substantial competitive harm to both the parties. The Review Petitioner has therefore submitted that it has duly complied with all the directions of this Commission as issued from time to time and the necessary information is available with the Commission for requisite computations in this regard. The Review Petitioner has further stated that the Respondent has mistakenly compared Regulation 8(6) and Regulation 26(7) of the 2014 Tariff Regulations, since Regulation 8(6) relates to sharing of financing gains on account of controllable parameters and Regulation 26(7) relates specifically to sharing of benefits on account of refinancing of loan, which is the matter under consideration. While pointing out that Regulation 26(7) mentions about sharing of net savings on account of re-financing, the Review Petitioner has submitted that the contention of the Respondent to limit the sharing of gains of re-financing of loan to the financial year of re-financing of loan is contrary to the Regulation 26(7) of the 2014 Tariff Regulations. The Review Petitioner has further added that once the existing loan is refinanced with a new loan at a lower interest rate, the benefits of such refinancing occur not only in the year in which the loan is refinanced, but also in all the subsequent years, till the loan is fully repaid.

Analysis and Decision

21. The rival submissions have been considered. Regulation 26(5) of the 2014 Tariff Regulations provides as under:

“26(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio after providing appropriate accounting adjustment for interest capitalized”

22. Further, Regulation 26 of the 2014 Tariff Regulations provides as under:

“(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and



in that event the costs associated with such re-financing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan.”

23. It is evident from the above, that the weighted average rate of interest (WAROI) is to be calculated based on the actual loan portfolio i.e. with actual loans carrying actual rates of interest. Further, in terms of the above regulations, the net savings on interest, on account of refinancing of loan, is to be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1. The Review Petitioner had claimed interest rates on refinanced loans, considering one-third of the interest rate's differential as their share of benefits, thereby escalating the rates and had proceeded to work out the WAROI accordingly, which we find, was in deviation from the Regulations. In our affirmed view, vide the impugned order dated 21.3.2022, the rate of interest on loan was computed in accordance with Regulation 26(5) of the 2014 Tariff Regulations, by considering the weighted average rate of interest (actual) calculated on the basis of the actual loan portfolio. Accordingly, we find that there is no error apparent on the face of the impugned order dated 21.3.2022, on this aspect. However, the manner in which the net savings of refinancing of loan, is to be shared by the parties, was inadvertently not mentioned in the impugned order dated 21.3.2022, which, according to us, is an error apparent on the face of the impugned order. Accordingly, review on this count is allowed. We clarify that, in terms of the provisions of Regulation 26(7), Regulation



26(8) and Regulation 26(9) of the 2014 Tariff Regulations, the beneficiaries and the Review Petitioner, shall mutually share the net savings on account of refinancing of loan in the ratio of 2:1. In the event of any dispute on account of refinancing, any of the parties may approach the Commission for its resolution. However, the beneficiaries shall not withhold any payment on account of the interest claimed by the generating company during the pendency of such disputes.

Issues No. (A) and (B) are disposed of as above.

(C) Adjustment of IDC while computing WAROI:

Submissions of the Review Petitioner

24. The Review Petitioner has submitted that there is variation in the WAROI considered for the computation of interest on loan, which appears to be due to adjustment of the IDC capitalized, which had accrued during the execution of work, from the total interest on loan for the respective year, without making any corresponding adjustment in principal amount. Accordingly, the Review Petitioner has submitted that the effective interest on the loan has got reduced, and consequently, the weighted average rate of interest, for the respective years had also been reduced. The Review Petitioner has submitted that due to adoption of the aforesaid methodology, the servicing of loan is not fully affected, due to adjustment of IDC. To explain the same, the Review Petitioner has illustrated as under:

Illustration:

Let, there be a loan of Rs.1000 in a particular year and total interest accrued during the year on actual loan is Rs.80 (i.e. @8% p.a.). Further, during the year an asset worth Rs.500 is capitalized and allowed for the purpose of tariff. And the IDC accrued from the date of start of work to the date of capitalization of the said asset is Rs.70. So, under the current methodology (as adopted by the Commission) WAROI would work out to 1% {[Rs.80 (total interest for the period) minus Rs.70 (total IDC accrued on assets capitalized over the period of construction)] divided by Rs.1000 (total loan)}. In this methodology, WAROI has reduced from 8% to 1%. In fact, if the IDC capitalized is more than interest paid during any year, the WAROI will become negative.



25. Accordingly, the Review Petitioner has submitted that while calculating WAROI, if the numerator (i.e. total interest for the period) is being adjusted by way of reduction of IDC capitalized, then the denominator too needs to be adjusted by deducting the corresponding principal amount (i.e. loan portion of the asset capitalized), so as to avoid any under recovery of interest on loan. Accordingly, the Review Petitioner has submitted that there is error apparent on the face of record and has prayed for rectification of the same.

Reply of the Respondent MPPMCL

26. The Respondent has submitted that the provisions of Regulation 9(3) of the 2014 Tariff Regulations, is specific in nature and does not provide for capitalization of IDC in case of existing projects. It has also submitted that the Review Petitioner seeks review of the impugned order without any basis and sans merit, as there is no error apparent on the face of the record. The Respondent has submitted that the Commission has passed a reasoned order with lawful justification and therefore, the review petition is liable to be rejected in totality.

Rejoinder of the Review Petitioner

27. The Review Petitioner has pointed out that while the matter pertains to adjustment of IDC capitalized while calculating Weighted Average Rate of Interest for Interest on Loan, the Respondent has misconceived it to be capitalization of IDC. It has also submitted that as per accounting principles, IDC incurred in an asset is capitalized along with the capitalization of the asset and accordingly the Commission has been consistently allowing the additional capitalization including IDC capitalized, as per provisions of Regulation 9 of the 2014 Tariff Regulations. The Review Petitioner has further submitted that IDC is first booked to CWIP and when the asset is ready for its



intended use, then the same is capitalized to gross block, along with the main cost of the asset. It has also been pointed out by the Review Petitioner that when IDC is booked to CWIP, it is not necessary that IDC pertains only to the year of capitalization, since IDC incurs since the inception of the acquisition, construction or production of a qualifying asset. It has also stated that in terms of the 2014 Tariff Regulations, Interest on loan corresponding to normative loan on an asset starts getting allowed in tariff only after the asset is capitalized. Accordingly, the Review Petitioner has submitted that IDC accrued till the capitalization of the asset shall not be deducted from actual Interest on loan while calculating WAROI for Interest on loan.

Analysis and Decision

28. The rival submissions have been considered. It is observed that while computing the year-wise WAROI for the period 2014-19, the IDC allowed in the additional capital expenditure was adjusted in accordance with Regulation 26(5) of the 2014 Tariff Regulations, which provided as under:

“(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of actual loan portfolio after providing appropriate accounting adjustment for interest capitalized”

29. This methodology of adjusting IDC, while working out WAROI, has been consistently adopted by the Commission since the tariff period 2004-09, although no provision, similar to the above-mentioned regulation for adjustment of interest capitalized (IDC) existed. This methodology has also attained finality. However, the grievance of the Review Petitioner is with regard to the change in the actual rate of interest.

30. Commission in its order dated 19.9.2022 in Petition No. 393/GT/2020 (truing-up of tariff of Mauda STPS-I (1000 MW) for the period 2014-19) had considered the issue of



IDC capitalization and had provided appropriate accounting adjustment in the interest amount, as extracted below:

“74. Interest on loan has been calculated after providing appropriate accounting adjustment for interest capitalised corresponding to the admitted additional capital expenditure allowed as under:

Xxxxxx

Xxxxxx

Xxxxxx”

31. This decision was reiterated by the Commission in its order dated 9.1.2023 in Review Petition No. 21/RP/2022 in petition No.240/GT/2020:

“16. This methodology of adjusting IDC, while working out WAROI, is consistently followed since the 2004-09 tariff period, although no provision, similar to the above mentioned regulation for adjustment of interest capitalized (IDC) existed. This methodology appears to have attained finality, as the Review Petitioner had never challenged the same. The grievance of the Review Petitioner is with the issue of change in the actual rate of interest. The Commission in its order dated 19.9.2022 in Petition No. 393/GT/2020 (revision of tariff of Mauda STPS-I (1000 MW) for the period 2014-19) had considered the issue of IDC capitalization and has provided the appropriate accounting adjustment, in the interest amount, while carrying out truing-up exercise. The Review Petitioner, during the course of hearing, has prayed that the adjustment of IDC in term of the aforesaid order dated 19.9.2022, may be considered. In view of this, we find force in the submissions of the Review Petitioner and the error apparent on the face of the order dated 14.4.2022 is rectified by considering the adjustments (as carried out in order dated 19.9.2022 in Petition No. 393/GT/2020). Hence, review on this ground is allowed and the interest on loan as allowed in paragraph 59 of the order dated 14.4.2022, is revised in this order. Issue (A) is disposed of accordingly.”

32. The Review Petitioner, during the course of hearing, had prayed that the Commission may take in to consideration the adjustment of IDC in term of the aforesaid order dated 19.9.2022. We find force in the submissions of the Review Petitioner. Accordingly, the error apparent on the face of the impugned order dated



21.3.2022 is being rectified by considering the adjustments as carried out in the order dated 19.9.2022 in Petition No. 393/GT/2020).

Issue No. (C) is disposed of in terms of the above.

33. Consequent upon our findings in the aforementioned paragraphs, the tariff of the generating station for the period 2014-19, as allowed in the impugned order dated 21.3.2022, and as rectified and allowed is as under:

Interest on loan

34. Interest on loan, as allowed vide the impugned order dated 21.3.2022 is as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross opening loan (A)	177245.23	179338.73	180563.11	181658.56	182499.23
Cumulative repayment of loan upto previous year (B)	36831.48	49839.89	62870.52	75813.85	88774.91
Net Loan Opening (C) = (A) - (B)	140413.75	129498.84	117692.59	105844.71	93724.32
Addition due to additional capital expenditure (D)	2093.50	1224.38	1095.45	840.67	225.37
Repayment of loan during the period (E)	13023.35	13040.78	13006.24	13070.15	13108.68
Less: Repayment adjustment on account of de-capitalization (F)	14.94	10.15	62.91	109.09	102.77
Net Repayment of during the year (G) = (E) - (F)	13008.41	13030.63	12943.33	12961.06	13005.91
Net Loan Closing (H) =(C) +(D) -(G)	129498.84	117692.59	105844.71	93724.32	80943.78
Average Loan (I) = (C+H)/2	134956.30	123595.72	111768.65	99784.52	87334.05
Weighted Average Rate of Interest of loan (J)	9.2976%	9.4030%	9.2205%	8.8382%	8.6928%
Interest on Loan (K) = (I)*(J)	12547.69	11624.68	10305.61	8819.19	7591.75

35. The revised allowed interest rates for Euro Bonds-II and LIC IV loans are as follows:

Name of Loan	Interest Rates				
	2014-15	2015-16	2016-17	2017-18	2018-19
Euro Bonds-II	7.6006%	7.6214%	0.0000%	0.0000%	0.0000%
LIC IV	9.7700%	9.7700%	9.7700%	9.7700%	9.7700%



36. The year wise weighted average rates of interest for the actual loan portfolio, as modified, are as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
WAROI	9.3486%	9.4117%	9.2282%	8.9099%	8.6928%

Accordingly, the revised IOL is as follows:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross opening loan (A)	177245.23	179338.73	180563.11	181658.56	182499.23
Cumulative repayment of loan upto previous year (B)	36831.48	49839.89	62870.52	75813.85	88774.91
Net Loan Opening (C) = (A) - (B)	140413.75	129498.84	117692.59	105844.71	93724.32
Addition due to additional capital expenditure (D)	2093.50	1224.38	1095.45	840.67	225.37
Repayment of loan during the period (E)	13023.35	13040.78	13006.24	13070.15	13108.68
Less: Repayment adjustment on account of de-capitalization (F)	14.94	10.15	62.91	109.09	102.77
Net Repayment of during the year (G) = (E) - (F)	13008.41	13030.63	12943.33	12961.06	13005.91
Net Loan Closing (H) =(C) +(D) -(G)	129498.84	117692.59	105844.71	93724.32	80943.78
Average Loan (I) = (C+H)/2	134956.30	123595.72	111768.65	99784.52	87334.05
Weighted Average Rate of Interest of loan (J)	9.3486%	9.4117%	9.2282%	8.9099%	8.6928%
Interest on Loan (K) = (I)*(J)	12616.50	11632.43	10314.29	8890.73	7591.75
Less IDC Capitalized (L)	61.69	3.79	7.42	73.44	0.00
Net Interest on Loan (M) = (K)- (L)	12554.81	11628.64	10306.86	8817.29	7591.75

Interest on Working Capital

37. The Receivable component of working capital, as allowed vide the impugned order dated 21.3.2022 is as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Variable Charges - for two months of generation (A)	4968.23	4981.84	4968.23	5087.94	5087.94
Fixed Charges - for two months of generation (B)	8783.65	8769.78	8617.99	8497.42	8420.60
Total (C) = (A+B)	13751.88	13751.62	13586.22	13585.36	13508.54



Receivables are revised as:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Variable Charges - for two months of generation (A)	4968.23	4981.84	4968.23	5087.94	5087.94
Fixed Charges - for two months of generation (B)	8784.87	8770.97	8618.20	8497.09	8420.60
Total (C) = (A+B)	13753.09	13752.81	13586.43	13585.04	13508.54

38. Interest on working capital as allowed vide the impugned order dated 21.3.2022 is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for coal towards stock- 15 days (A)	1193.10	1193.10	1193.10	1221.85	1221.85
Working capital for coal towards generation- 30 days (B)	2386.20	2386.20	2386.20	2443.70	2443.70
Working capital for secondary fuel oil - 2 months (C)	131.95	132.31	131.95	135.13	135.13
Working capital for O&M expenses - 1 month (D)	836.02	885.44	914.67	936.26	1015.72
Working capital for Maintenance Spares - 20% of O&M (E)	2006.44	2125.05	2195.21	2311.83	2437.73
Working capital for Receivables - 2 months (F)	13751.88	13751.62	13586.22	13585.36	13508.54
Total Working Capital (G) = (A+B+C+D+E+F)	20305.59	20473.72	20407.35	20661.13	20762.67
Rate of Interest (H)	13.50%	13.50%	13.50%	13.50%	13.50%
Total Interest on Working capital (I) = (GxH)	2741.25	2763.95	2754.99	2789.25	2802.96

Interest on Working Capital stands revised as:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for coal towards stock- 15 days (A)	1193.10	1193.10	1193.10	1221.85	1221.85
Working capital for coal towards generation- 30 days (B)	2386.20	2386.20	2386.20	2443.70	2443.70
Working capital for secondary fuel oil - 2 months (C)	131.95	132.31	131.95	135.13	135.13
Working capital for O&M expenses - 1 month (D)	836.02	885.44	914.67	963.26	1015.72
Working capital for Maintenance Spares - 20% of O&M (E)	2006.44	2125.05	2195.21	2311.83	2437.73
Working capital for Receivables - 2 months (F)	13753.09	13752.81	13586.43	13585.04	13508.54
Total Working Capital (G) = (A+B+C+D+E+F)	20306.80	20474.90	20407.56	20660.81	20762.67



Rate of Interest (H)	13.50%	13.50%	13.50%	13.50%	13.50%
Total Interest on Working capital (I) = (GxH)	2741.42	2764.11	2755.02	2789.21	2802.96

Annual Fixed Charges

39. The annual fixed charges as allowed vide the impugned order dated 21.3.2022 is as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation (A)	13023.35	13040.78	13006.24	13070.15	13108.68
Interest on Loan (B)	12547.69	11621.68	10305.61	8819.19	7591.75
Return on Equity (C)	14357.42	14567.07	14665.02	14746.78	14831.57
Interest on Working Capital (D)	2741.25	2763.95	2754.99	2789.25	2802.96
O&M Expenses (E)	10032.20	10625.23	10976.06	11559.14	12188.63
Total Annual Fixed Charges (G) = (A+B+C+D+E)	52701.91	52618.71	51707.93	50984.51	50523.59

Annual Fixed Charges are revised as:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation (A)	13023.35	13040.78	13006.24	13070.15	13108.68
Interest on Loan (B)	12554.81	11628.64	10306.86	8817.29	7591.75
Return on Equity (C)	14357.42	14567.07	14665.02	14746.78	14831.57
Interest on Working Capital (D)	2741.42	2764.11	2755.02	2789.21	2802.96
O&M Expenses (E)	10032.20	10625.23	10976.06	11559.14	12188.63
Total Annual Fixed Charges (G) = (A+B+C+D+E)	52709.19	52625.82	51709.21	50982.56	50523.59

40. Summary of the total expenses allowed vide the impugned order dated 21.3.2022, are as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	52701.91	52618.71	51707.93	50984.51	50523.59
Wage revision impact	0.00	17.89	1304.22	1226.92	1128.27

Revised total expenses are as follows:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual Fixed Charges	52709.19	52625.82	51709.21	50982.56	50523.59
Wage revision impact	0.00	17.89	1304.22	1226.92	1128.27



41. The difference between the tariff determined by this order and the tariff recovered by the Review Petitioner in terms of the impugned order dated 21.3.2022, shall be adjusted in terms of Regulation 8(13) of the 2014 Tariff Regulations.

42. Review Petition No. 18/RP/2022 in Petition No. 395/GT/2020 is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(I.S. Jha)
Member

