

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Review Petition No. 14/RP/2023

in

Petition 292/GT/2020

Coram:

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

Date of Order: 20th January, 2024

In the matter of

Petition for review of the order dated 22.2.2023 in Petition No. 292/GT/2020 (Truing up of annual fixed charges in respect of the Simhadri Super Thermal power Station Stage-I (1000 MW) for the period 2014-19).

And

In the matter of

NTPC Limited,
Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110 003.

...Petitioner

Vs

1. AP Eastern Power Distribution Company Limited,
Corporate Office, P&T Colony, Seethammadhara,
Visakhapatnam – 530 013 - (AP)
2. AP Southern Power Distribution Company Limited,
Corporate Office, Back Side Srinivasa Kalyana Mandapam,
Tiruchhanur Road, Kesavayana Gunta,
Tirupathi – 517 503 (AP)
3. Telangana State Northern Power Distribution Company Limited,
H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanamkonda,
Warangal – 506 001 (AP)
4. Telangana State Southern Power Distribution Company Limited,
Mint Compound, Corporate Office
Hyderabad (AP) – 500 063

...Respondents



Parties Present:

Shri A. S. Pandey, NTPC
Shri Shahrab Zaheer, NTPC

ORDER

Petition No. 292/GT/2020 was filed by the Review Petitioner, NTPC Limited, for truing-up of tariff of Simhadri Super Thermal power Station Stage-I (2X500 MW) (hereinafter referred to as 'the generating station') for the 2014-19 tariff period, in accordance with Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations') and the Commission vide order dated 22.2.2023 (in short the 'impugned order') disposed of the said petition after approving the annual fixed charges as under:.

| | <i>(Rs. in lakh)</i> | | | | |
|-----------------------------|----------------------|-----------------|-----------------|-----------------|-----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Depreciation | 17839.43 | 10704.12 | 10815.00 | 11128.77 | 11394.34 |
| Interest on Loan | 3844.06 | 3445.36 | 3141.60 | 2881.16 | 2582.62 |
| Return on Equity | 20859.58 | 21051.55 | 21140.83 | 21355.53 | 21569.09 |
| Interest on Working Capital | 10610.97 | 10532.80 | 10574.30 | 10857.60 | 10950.74 |
| O&M Expenses | 16858.24 | 18127.36 | 19025.93 | 20156.85 | 21588.69 |
| Compensation Allowance | 200.00 | 200.00 | 200.00 | 200.00 | 500.00 |
| Total | 70212.27 | 64061.19 | 64897.66 | 66579.92 | 68585.48 |

2. Aggrieved by the impugned order dated 22.2.2023, the Review Petitioner has filed this Review Petition on the ground that there is '*error in the consideration of the weighted average price of coal for computation of Working Capital*'

Hearing dated 5.7.2023

3. The Review Petition was heard on 5.7.2023 and the same was admitted' on the above issue and notice was issues to the Respondents, with directions to complete



pleadings in the matter.

Hearing dated 8.11.2023

4. During the hearing of the Review Petition on 8.11.2023, the representative of the Review Petitioner made detailed oral submissions with respect to computation of the Weighted average price of coal for the purpose of interest on working capital, and prayed that the prayer of the Review Petitioner. None appeared for the Respondents, despite notice. Accordingly, the Commission, reserved its order in the matter.

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

A. Error in consideration of weighted average price of coal for computation of Working Capital

6. The Review Petitioner has submitted that in the impugned order the Commission had considered the fuel cost component for the purpose of Interest on Working Capital (IWC) as Rs 4006.32/MT, which was arrived at by considering the simple average of the Weighted Average Price of coal for each of the months of January, 2014 to March, 2014 $[(4079.29+4092.97+3846.70)/3=4006.32]$ as per Form-15 provided by the Review Petitioner, instead of the Weighted Average for the period 2014-19. Accordingly, the Review Petitioner has prayed for review of the weighted average price of coal computed for the purpose of IWC.

Analysis and Decision

7. The matter has been considered. It is observed that the Commission, while computing the fuel cost component for the computation of IWC, had considered the



simple average instead of the weighted average. Considering all the details and also the details furnished by the Petitioner in Form-15, it is noticed that the Petitioner has not taken into consideration the blending ratio of the Domestic coal, e-auction coal and imported coal. Hence, considering the blending ratios of coal, the Commission had allowed the weighted average price of Rs 4006.32/MT. However, while considering the blending ratios of coal, the Commission had inadvertently considered the simple average for the three months, instead of the weighted average, This, according to us, is an error apparent on face of the impugned order dated 22.2.2023 and same is rectified in review. Accordingly, the energy charges determined vide impugned order dated 22.2.2023 is modified, by considering the weighted average of the blending ratio of Domestic coal, e-auction coal and imported coal, as stated in the subsequent paragraphs.

8. The table under para 113 of the impugned order dated 22.2.2023 is rectified as under and it shall be read as:

“113. Based on the above discussion, the cost of fuel components in working capital is worked out and allowed as follows:

| | <i>(Rs. in lakh)</i> | | | | |
|---|----------------------|----------------|----------------|----------------|----------------|
| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| Cost of Coal for stock (30 days generation corresponding to NAPAF) | 15270.10 | 15270.10 | 15270.10 | 15638.05 | 15638.05 |
| Cost of Coal for generation (30 days corresponding to NAPAF) | 15270.10 | 15270.10 | 15270.10 | 15638.05 | 15638.05 |
| Cost of Secondary fuel oil (2 months generation corresponding to NAPAF) | 328.75 | 329.65 | 328.75 | 336.67 | 336.67 |

9. The table under para 116 of the impugned order dated 22.2.2023 is rectified as under and it shall be read as:



| | Unit | 2014-19 |
|--|----------|----------|
| Capacity | MW | 1000.00 |
| Gross Station Heat Rate | kCal/kWh | 2375.00 |
| Aux. Energy Consumption | % | 5.25% |
| Weighted average GCV of oil | kCal/lit | 9793.00 |
| Weighted Average GCV of Coal for Jan to March 2014 | kCal/kg | 3716.33 |
| Weighted average price of oil | Rs. /KL | 54258.31 |
| Weighted average price of Coal | Rs. /MT | 4006.62 |
| Rate of Energy Charge ex-bus | Rs. /kWh | 2.7250 |

10. Also, the table under para 120 of the impugned order dated 22.2.2023 is rectified as under:

(Rs. in lakh)

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Variable Charges - for two months (A) | 31287.92 | 31373.64 | 31287.92 | 32041.84 | 32041.84 |
| Fixed Charges – for two months (B) | 11668.77 | 10643.59 | 10783.00 | 11063.37 | 11347.63 |
| Total (C) = (A+B) | 42956.68 | 42017.23 | 42070.92 | 43105.22 | 43389.48 |

11. Further, the table under para 124 of the impugned order dated 22.2.2023 is rectified as under:

(Rs. in lakh)

| Particulars | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Working capital for Cost of Coal Stock (30 days generation corresponding to NAPAF) (A) | 15270.10 | 15270.10 | 15270.10 | 15638.05 | 15638.05 |
| Working capital for Cost of Coal/Lignite for generation (30 days generation corresponding to NAPAF) (B) | 15270.10 | 15270.10 | 15270.10 | 15638.05 | 15638.05 |
| Working capital for Cost of secondary fuel oil (2 months generation corresponding to NAPAF) (C) | 328.75 | 329.65 | 328.75 | 336.67 | 336.67 |
| Working capital for O & M expenses (1 month of O&M Expenses) (D) | 1404.85 | 1510.61 | 1585.49 | 1679.74 | 1799.06 |
| Working capital for Maintenance Spares (20% of Annual O&M Expenses) (E) | 3371.65 | 3625.47 | 3805.19 | 4031.37 | 4317.74 |
| Working capital for Receivables – (2 months of sale of electricity at NAPAF) (F) | 42956.68 | 42017.23 | 42070.92 | 43105.22 | 43389.48 |
| Total Working Capital (G) = (A+B+C+D+E+F) | 78602.14 | 78023.16 | 78330.54 | 80429.11 | 81119.05 |
| Rate of Interest (H) | 13.50% | 13.50% | 13.50% | 13.50% | 13.50% |
| Total Interest on Working capital (I) = (GxH) | 10611.29 | 10533.13 | 10574.62 | 10857.93 | 10951.07 |



Annual fixed Charges for the period 2014-15

12. Similarly, para 125 of the impugned order dated 22.2.2023 is rectified as under:

“118. Based on the above, the annual fixed charges approved for the period 2014-19 in respect of the generating station is summarized as follows:

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Depreciation (A) | 17839.43 | 10704.12 | 10815.00 | 11128.77 | 11394.34 |
| Interest on Loan (B) | 3844.06 | 3445.36 | 3141.60 | 2881.16 | 2582.62 |
| Return on Equity (C) | 20859.58 | 21051.55 | 21140.83 | 21355.53 | 21569.09 |
| Interest on Working Capital (D) | 10611.29 | 10533.13 | 10574.62 | 10857.93 | 10951.07 |
| O&M Expenses (E) | 16858.24 | 18127.36 | 19025.93 | 20156.85 | 21588.69 |
| Compensation Allowance | 200.00 | 200.00 | 200.00 | 200.00 | 500.00 |
| Total AFC (G) = (A+B+C+D+E) | 70212.60 | 64061.52 | 64897.98 | 66580.25 | 68585.81 |

Note: All figures are on annualized basis. All figures under each head have been rounded. The figure in total column in each year is also rounded. As such, the sum of individual items may not be equal to the arithmetic total of the column.

13. The table under para 126 of the impugned order dated 22.2.2023 is rectified as under:

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|--------------------------------|----------|----------|----------|----------|----------|
| Annual Fixed Charges | 70212.60 | 64061.52 | 64897.98 | 66580.25 | 68585.81 |
| Ash Transportation Expenditure | 0.00 | 0.00 | 0.00 | 0.00 | 2540.54 |
| Impact of wage revision | | | 1209.14 | | |

14. Except for the above, all the other terms in the order dated 22.2.2023 remain unchanged.

15. Review Petition No. 14/RP/2023 is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(I. S. Jha)
Member

