

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.15/RP/2023

in

Petition No. 144/GT/2020

Coram:

**Shri Jishnu Barua, Chairperson
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member**

Date of Order: 19th May, 2024

IN THE MATTER OF

Review of Commission's Order dated 5.4.2023 in Petition No. 144/GT/2020 in the matter of revision of tariff for the period 2014-19 and determination of tariff for the period 2019-24 in respect of Tanakpur hydroelectric Power Station (94.2 MW).

AND

IN THE MATTER OF

NHPC India Limited,
NHPC Office Complex, Sector-33,
Faridabad(Haryana)-121003.

....Review Petitioner

Vs

1. Punjab State Power Corporation Limited,
The Mall, Near Kali Badi Mandir,
Patiala - 147 001 (Punjab)
2. Haryana Power Purchase Centre,
Shakti Bhawan, Sector - 6
Panchkula-134 109 (Haryana).
3. BSES Rajdhani Power Limited,
BSES Bhawan,
Nehru Place, New Delhi-110 019.
4. BSES Yamuna Power Limited,
Shakti Kiran Building,
Karkardooma, Delhi-110 072.
5. Tata Power Delhi Distribution Limited,
33 kV Sub-Station Building,
Hudson Lane, Kingsway Camp,



New Delhi-110 009.

6. Power Development Department,
New Secretariat,
Jammu -180 001 (J&K).
7. Uttar Pradesh Power Corporation Ltd.,
Shakti Bhavan, 14, Ashok Marg,
Lucknow - 226 001 (Uttar Pradesh).
8. Ajmer Vidyut Vitaran Nigam Limited,
Old Powerhouse, Hatthi Bhatta,
Jaipur Road, Ajmer - 305 001 (Rajasthan).
9. Jaipur Vidyut Vitaran Nigam Limited,
Vidyut Bhawan, Janpath,
Jaipur - 302 005.
10. Jodhpur Vidyut Vitaran Nigam Limited,
New Powerhouse, Industrial Area,
Jodhpur - 342 003 (Rajasthan).
11. Uttaranchal Power Corporation Limited,
Urja Bhawan, Kanwali Road,
Dehradun – 248 001 (Uttarakhand).
12. Engineering Department,
1st Floor, UT Secretariat, Sector 9-D,
Chandigarh – 160 009.
13. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House,
Shimla - 171 004 (H.P.)

....Respondents

Parties Present:

Shri Venkatesh, Advocate, NHPC
Shri Anant Singh Ubeja, Advocate, NHPC
Ms. Nehal Jain, Advocate, NHPC
Shri Mohd. Faruque, NHPC
Shri Piyush Kumar, NHPC
Shri Jitendra K. Jha, NHPC
Shri Mohit Mudgal, Advocate, BRPL & BYPL
Shri Sachin Dubey, Advocate, BRPL & BYPL
Shri Mohit Jain, Advocate, BRPL & BYPL
Ms. Shweta Chaudhary, BSES Discoms
Ms. Jaya, BSES Discoms



ORDER

Petition No. 144/GT/2020 was filed by the Review Petitioner, NHPC India Ltd, for truing-up of the tariff of Tanakpur Hydroelectric Power Station (3 x 31.4 MW) (in short, “the generating station”) for the 2014-19 tariff period in accordance with the provisions 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 5.4.2023 (in short, the 'impugned order'), disposed of the said Petition. The annual fixed charges determined vide the impugned order dated 5.4.2023 are as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	977.53	986.17	1019.76	1069.59	1077.34
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2003.45	2019.22	2044.89	2069.76	2078.99
Interest on Working Capital	463.98	492.91	516.77	548.08	580.09
O&M Expenses	7156.87	7670.30	8077.64	8613.24	9185.51
Total	10601.84	11168.61	11659.07	12300.68	12921.93

2. Aggrieved by the said order, the Petitioner has sought the Review of the impugned order on the ground of error apparent on the face of the record on the following counts:

- (A) *Erroneous application for calculating gross value of the assets being de-capitalized under 'assumed deletions.*

Hearing dated 5.7.2023

3. During the hearing, the learned counsel for the Review Petitioner made detailed oral submissions in the matter. The Review Petition was admitted on the issue raised in paragraph 2 above, and notice was served on the Respondents. The Commission also directed the parties to complete their pleadings in the matter.



Hearing dated 8.11.2023

4. The matter was listed for hearing on 8.11.2023. During the hearing, at the request of the learned counsel for the parties, the Commission adjourned the matter and listed the same for hearing on 29.11.2023.

Hearing dated 29.11.2023

5. The matter was heard on 29.11.2023. During the hearing, the learned counsel for the Review Petitioner made detailed oral submissions on the calculating gross value of the assets being de-capitalized under “assumed deletions”. The learned counsel appearing for the Respondent BRPL & BYPL submitted that their reply may be considered by the Commission while passing the orders. The Commission, after hearing the parties, directed the Review Petitioner to file an additional affidavit to confirm that the amounts indicated under the column of ‘assumed deletions’ in Petition No. 144/GT/2020 are gross value of the assets being de-capitalized. The Commission, after hearing the learned counsel for the Review Petitioner and the Respondents, permitted the parties to file their written submissions in the matter and, accordingly, reserved its order in the Review Petition.

Hearing dated 4.4.2024

6. Since the order in the Petition (which was reserved on 29.11.2023) could not be issued prior to one Member of this Commission, who formed part of the Coram, demitting office, the matter has been re-listed for hearing. During the hearing, the learned counsel for the Review Petitioner and the learned counsel for the Respondents BRPL & BYPL submitted that since the pleadings and arguments have



been completed, the Commission may reserve its order in the matter. Accordingly, based on the consent of the parties, the Commission reserved its order in the matter.

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

A. Erroneous application for calculating gross value of the assets being de-capitalized under 'assumed deletions';

Submissions of the Review Petitioner

8. The Review Petitioner has submitted the following:

- a. Certain additional capital expenditure has claimed against replacement of old items. Further, there is no methodology prescribed for "assumed deletion" in the Tariff Regulations, 2014. However, in the impugned order, the Commission has devised a methodology by calculating the gross value of the asset being de-capitalized for "assumed deletion" by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalization of the old asset.
- b. In the said methodology, the Commission has considered the assumed deletion value of Rs. 245.42 lakh for the tariff period 2014-19 at Para 35 of the Impugned Order in place of the Petitioner's submitted value of Rs. 162.20 lakh for the corresponding period at Para 34, leading to a substantial reduction in the claimed cost.
- c. In terms of the applicable accounting standards being followed, if the old item is not deleted in the books of accounts during the year when there is an addition of the corresponding new item, the original gross value of the old item available in books of accounts is indicated as assumed deletion in the tariff Petition.
- d. Assumed deletions are basically the book value of old items, which is not deleted from the books of accounts, and it may be deleted in future years. Accordingly, assumed deletion values are provided duly in Form-9(i) of the Tariff Petition for the period 2014-19. The Commission, has calculated the assumed deletion value as per methodology mentioned in paragraph 33 of the impugned order, wherein, ***'in absence of the gross value of the asset being decapitalized, the same is calculated by de-escalating the gross value of new asset @ 5% per annum till the year of capitalization of the old asset.'***



- e. While calculating the gross value of the asset being de-capitalized for 'assumed deletion' by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalization of the old asset, the Commission has erred in devising such a methodology. The Commission has used an incorrect methodology for calculating "assumed deletion" as the same is not supported by the Tariff Regulations. Specifically, the Commission appears to have computed the gross value of the asset being de-capitalized for "assumed deletion" by de-escalating the gross value of the new asset at a rate of 5% per annum until the year of capitalization of the old asset.
- f. The methodology adopted by the Commission is erroneous on following counts:
- i. There is no provision for "assumed deletion" in the Tariff Regulations, 2014 so any methodology used to calculate it would be unsupported by the governing rules.
 - ii. The 5% per annum de-escalation rate used by the Commission appears to be arbitrary and lacks any clear rationale or justification.
 - iii. The methodology itself may not accurately reflect the actual costs associated with replacing old assets and may result in inaccuracies or inconsistencies in the calculation of capital expenditures.
 - iv. The Commission has misinterpreted that assumed deletion values are not the book values and has proceeded to compute assumed deletion values as per arbitrary methodology mentioned in Para 33 of the Impugned order.
 - v. These calculated assumed deletion values are on a higher side in comparison to the actual value of the old assets as per the books of accounts of the Review Petitioner being an error apparent on the face of the record.
 - vi. The Commission ought to have considered the assumed deletion values submitted by the Petitioner in the Petition. The assumed deletion is the gross value of the old asset and named 'assumed deletion' since the old assets are not decapitalized in the books of accounts in the same year in which the new asset was capitalized.
 - vii. Further, in the case when assumed deletion value provided the Tariff Petition is higher as compared to assumed deletion calculated by the Commission as per the methodology in paragraph 33 of the impugned order, the Commission has considered the value provided in the Tariff Petition.



- viii. However, when the deletion value provided in the Tariff Petition is lesser as compared to assumed deletion calculated by the Commission, the Commission has considered its own calculation. Therefore, it is evident that the Commission has adopted an inconsistent approach in the case when assumed deletion value provided in the Petition is higher as compared to assumed deletion calculated by it.
- g. In view of the above submissions made above, the calculation of the gross value of the asset being de-capitalized for “assumed deletion” by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalization of the old asset, is an error apparent on the face of the record and is liable to be reviewed by the Commission.
- h. With reference to the assumed deletions for the 2019-24, during the period of 2020-21, an expenditure amounting to Rs. 860 lakh has been claimed for implementation of SCADA. While claiming this, the Review Petitioner had submitted that Tanakpur HEP was commissioned in 1993 and the unit control system there was implemented using hard wired relay logic control for sequential control of the units, for which electromechanical relays are being used. The Commission allowed the expenditure amounting to Rs. 860 lakh for implementation of SCADA in 2020-21.
- i. However, since SCADA was not installed earlier at the power station, the Petitioner provided the replacement cost amounting to Rs. 175.89 lakh for old scheme. While allowing the expenditure for implementation of SCADA, the Commission calculated the assumed deletion value amounting to Rs. 340.33 lakh (Para 98 of the impugned Order) as per the methodology in paragraph 97 of the impugned Order. As per the Commission, in absence of the original value of the asset being de-capitalized, the assumed deletion value of old asset is calculated by de-escalating the original value of new asset (i.e.s. 860 lakh) @ 5% per annum till the year of capitalization of the old asset considering the gross value of new asset. Such assumed deletion value calculated by the Commission is on a higher side as compared to assumed deletion value of the old asset/scheme. Even as per the methodology of the Commission, the assumed deletion value comes out as Rs. 230.35 lakh.
- j. Accordingly, the Commission has erred while considering the assumed deletion and ought to reconsider the following:
- i. As SCADA is being implemented for the first time at Tanakpur HEP, the Commission has erred while considering the gross value of the new asset as the Petitioner already provided the value of old scheme amounting to Rs. 175.89 lakh as per the book of accounts.



- ii. The Commission calculated the value of assumed deletion against the assumed deletion value furnished by Petitioner with the methodology which is not prevailing under the 2019 Tariff Regulations.
- iii. Even as per the methodology of the Commission for calculating the original value of the asset, the Commission has erred in calculating the assumed deletion value.

9. In light of these issues, the Review Petitioner has submitted that it may be appropriate for the Commission to reconsider its methodology for calculating the "assumed deletion" and ensure that it is consistent with the Tariff Regulations and grounded on sound economic principles.

Replies of the Respondents

10. The Respondent UPPCL submits as under:

- (a) The Petitioner did not submit the value of gross assets etc. of certain items and submitted its own assessed value.
- (b) The responsibility to maintain correct history of cost of assets rests with the Petitioner.
- (c) In absence of the actual cost, the Commission has rightly de-escalated the cost of new asset @5% as per the methodology.
- (d) Having failed to submit actual data, the Petitioner is raising the issue of the de-escalating factor being arbitrary and on higher side. The Petitioner is pleading that the Commission should have considered deletion of Rs. 162.20 lakh as submitted by the Petitioner instead of Rs. 245.42 lakh computed by the Commission.
- (e) The argument of the Petitioner at (d) above, does not sustain for Review because: (i) the methodology adopted by the Commission is applied squarely in all cases. (ii) It is not the case that the Commission invented it for the present case of the Petitioner (iii) The Petitioner cannot subject beneficiaries to loss for its failure of not maintaining historical data of cost of assets.
- (f) Similarly, in case of SCADA installed at the cost of Rs. 860 lakh, the Petitioner submitted the cost of old replacing asset as Rs. 175.89 lakh. In Paras-33 & 34 and in Para -97 of the impugned order, the Commission has made explicitly made it clear that the de-capitalization factor of 5% shall be



applied in case where the gross value of the asset under de-capitalization is absent.

- (g) The Petitioner is raising the same pleas in review that were raised for the period 2014-19. Besides, those pleas, the Petitioner is also arguing that the old asset was commissioned in 1993 and was implemented using hard wired relay logic control for sequential control of units for which electro-mechanical relays were being used.
- (h) This argument of the Petitioner is not sustainable because the point of consideration at this moment is that the old asset is being replaced by SCADA to execute all functions that the old system with the old technology was performing. The important aspect is that, SCADA is replacing the old asset and for capitalization of new asset and determination of tariff, gross value of the old asset was required.
- (i) The Petitioner appears to have not been able to keep the historical gross value of the old asset and computed its value of Rs.175.89 lakh based on its own assumption. In such circumstance, the case of de-capitalization falls under the provisions of the methodology that requires de-escalation of the gross value of new asset @ 5% per annum till the year of capitalization of the old asset.

11. The Respondent BRPL has submitted that the Commission has adopted a liberal view, while determining the aforesaid issue in the absence of the adequate details furnished by the Petitioner. Further, the Respondent has submitted that Regulation 7 (5) of 2014 Tariff Regulations and Regulation 10 (2) of the 2019 Tariff Regulations, clearly provide that the tariff Petitions which are inadequate in any respect, shall be returned to the generating company for rectifying the deficiencies. However, the Commission, instead of returning the same for supplying the gross value of the decapitalized items, proceeded to determine the tariff which is in favor of the Petitioner itself and therefore, the Petitioner ought not to be aggrieved by the same. It has argued that if the Petitioner would have filed the gross value of the entire decapitalized items in the tariff Petition, then the Commission would not have been proceeded to adopt aforesaid methodology and further, if the Petitioner is aggrieved with the methodology



adopted by the Commission, then review is not an appropriate remedy. Therefore, the Respondent has submitted that review sought by the Review Petitioner has no merit and is liable to be rejected in terms of the aforesaid reasons. The Respondent BRPL has thus contended that the Commission has adopted a methodology to fairly calculate the value of the assets under Assumed deletion as the Petitioner has not furnished the actual value of the de-capitalized asset/work and the requisite documents during the truing up exercise,

Rejoinder of the Review Petitioner

12. The Review Petitioner has submitted that it had provided the book values of the old assets, which were duly certified by the statutory auditor for the calculation of assumed deletion. It has pointed out that the Commission had erred in adopting the methodology for calculation of the assumed deletion, instead of the book values duly audited by statutory auditors, provided by the Review Petitioner and as a result of the same, the said methodology has led to inconsistency in the calculation of the capital expenditure of the generating station, which is arbitrary in nature. The Review Petitioner has added that the values of the old items available in the books of accounts, which were duly certified by statutory auditor, were indicated as assumed deletion in the tariff petition in Form-9(i) for the period of 2014-19. The Review Petitioner has furnished the value of Rs. 162.20 lakh for the assumed deletion value of old items, which were not deleted from the book of accounts in the same year of additional capitalization of the corresponding item. However, the Commission, instead of considering the values provided by the Review Petitioner, used an incorrect methodology and erred while calculating the assumed deletion to be Rs. 245.42 lakh. With reference to the expenditure for the implementation of SCADA during the year



2020-21, the Review Petitioner has submitted the book value of Rs. 175.89 lakh for the calculation of assumed deletion, but the Commission erred while calculating the assumed deletion as per its methodology and valued it at Rs. 340.33 lakh. According to the Review Petitioner, even as per the methodology of the Commission, the assumed deletion value comes out as Rs. 230.35 lakh. In addition, the Review Petitioner has pointed out that the error is patently evident as the Commission considered the book values provided in tariff petition, in case the same is higher as compared to the value derived from the methodology of the Commission for assumed deletion. Conversely, if the value as per the methodology of the Commission is higher as compared to the book values provided in the tariff petition, then the former is considered for the purposes of calculating assumed deletion.

13. Accordingly, the Review Petitioner has argued that it is appropriate for the Commission to review and reconsider the assumed deletion value of the old assets, by considering the book values provided by the Review Petitioner in its tariff petition, instead of the incorrect methodology devised by the Commission.

Analysis and decision

14. We have considered the submissions of the parties. It is pertinent to mention that the expenditure on the replacement of assets, if found justified, is to be allowed for the purpose of tariff, provided that the capitalization of the said asset is followed by the de-capitalization of the original value of the old asset. However, in certain cases, where the decapitalization is affected in books during the following years, to the year of capitalization of the new asset, the de-capitalization of the old asset for the purpose of tariff is shifted to the very same year in which the capitalization of the new asset is allowed. Such de-capitalization which is not a book entry in the year of capitalization



is termed as “Assumed deletion”. Further, in the absence of the gross value of the asset being de-capitalized, as per the consistent methodology adopted by the Commission, the same is calculated by de-escalating the gross value of the new asset @ 5% per annum till the year of capitalization of the old asset. The same methodology is also being applied in respect of the tariff determination for other projects of the Review Petitioner since the period 2014-15 onwards. Accordingly, we find no error in the methodology adopted by the Commission. However, it is noticed that the Review Petitioner has submitted that the amounts indicated under the column of assumed deletions in Petition No. 144/GT/2020 are the gross value of the assets being de-capitalized. This submission was inadvertently not considered and the assumed deletion value of assets decapitalized was calculated based on the above methodology. In our view, the non-consideration of the submission of the Review Petitioner is an error apparent on the face of the order and review on this count is fit to be allowed. Accordingly, the table under paragraph 34 of the impugned order dated 5.4.2023 is modified as under:

(Rs. in lakh)SI . No.		Assumed Deletions for old assets claimed	Assumed Deletions for old assets allowed
	2014-15		
1	DG Set 500 KVA	7.75	7.75
2	Beacon Pump	1.25	1.25
3	CO2 flooding system	5.57	5.57
4	800AMP LT Distribution Panel	1.06	1.06
	Sub-Total	15.63	15.63
	2015-16		
1	Submersible Pump W/Motor	0.37	0.37
2	Submersible Pump W/ Motor	0.34	0.34
3	Submersible Pump W/ Motor	0.34	0.34
4	Squirrel Cage Induction Motor 150 HP, 415V	0.70	0.70
5	Squirrel Cage Induction Motor 150 HP, 415V	0.70	0.70
6	Turbine oil filtration plant	2.27	2.27
7	Control room building at Barrage	0.00	6.39



(Rs. in lakh)SI . No.		Assumed Deletions for old assets claimed	Assumed Deletions for old assets allowed
	Sub-Total	4.72	11.10
	2016-17		
1	Vacuum circuit breaker	0.59	0.59
2	4 nos. Squirrel Cage Induction Motor 150 Hp, 415V	3.18	3.18
3	2 nos. Numerical Complete Generating Unit Protection System for 3 X 31.4 MW Hydro Generating Unit	4.15	4.15
4	Runner blade	109.51	109.51
	Sub-total	117.42	117.42
	2017-18		
1	Purchase of 1 no. UAT	8.53	8.53
2	Purchase of 1 no. station service Transformer	7.58	7.58
3	LT Panel	0.39	0.39
4	Numerical complete generating unit protection system	2.01	2.01
5	Radar based water level measurement	5.91	5.91
6	Energy efficient Pumps	0.00	1.09
7	Microprocessor based digital governor electronic panel (EHGC)	0.00	11.71
	Sub-total	24.43	37.23
	2018-19		
1	Server based IP-PBX system with all accessories	0.00	7.62
	Sub-total	0.00	7.62

15. Accordingly, the total decapitalization considered under 'Assumed Deletions' (in the table under para 35 of the impugned order) is modified as under:

<i>(Rs. in lakh)</i>				
2014-15	2015-16	2016-17	2017-18	2018-19
(-)15.63	(-)11.10	(-)117.42	(-) 37.23	(-)7.62

16. Based on the above, the net additional capital expenditure allowed for the period 2014-19 (in the table under para 36 of the impugned order) is modified as under:

<i>(Rs. in lakh)</i>						
		2014-15	2015-16	2016-17	2017-18	2018-19
A	Additions allowed	100.36	176.47	1012.32	133.32	25.82



		2014-15	2015-16	2016-17	2017-18	2018-19
B	Decapitalization considered as per books	(-)31.45	(-)48.91	(-)77.31	(-)6.96	(-)6.06
C	Assumed Deletions allowed	(-)15.63	(-)11.10	(-)117.42	(-) 37.23	(-)7.62
D	Exclusions not allowed	0.00	0.00	(-) 63.41	0.00	0.00
E	Discharge of Liabilities	20.20	0.00	0.00	0.00	10.15
F	Net Additional Capitalization allowed (F=A+B+C+D+E)	73.48	116.45	754.19	89.12	22.29

Capital cost allowed for the period 2014-19

17. Accordingly, the capital cost allowed (in the table under para 37 of the impugned order) is modified as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost (a)	40764.41	40837.89	40954.35	41708.53	41797.66
Net additional capital expenditure allowed during the year/ period (b)	73.48	116.45	754.19	89.12	22.29
Closing Capital Cost (a)+(b)	40837.89	40954.35	41708.53	41797.66	41819.95

Debt Equity Ratio

18. The debt-equity ratio (in the table under para 39 of the impugned order) is modified as under:

	As on 31.3.2014		Additional Capitalization		De-capitalization		As on 31.3.2019	
	Amount	(in %)	Amount	(in %)	Amount	(in %)	Amount	(in %)
	(Rs. in lakh)		(Rs. in lakh)		(Rs. in lakh)		(Rs. in lakh)	
Debt	30559.82	74.97%	1035.05	70.00%	314.85	74.41%	31280.02	74.80%
Equity	10204.59	25.03%	443.59	30.00%	108.25	25.59%	10539.93	25.20%
Total	40764.41	100.00%	1478.64	100.00%	423.10	100.00%	41819.95	100.00%

Return on Equity

19. The Return on Equity (in the table under para 42 of the impugned order) is modified as under:



(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity (A)	10204.59	10229.08	10267.14	10503.55	10532.58
Addition of Equity due to additional capital expenditure (B)	24.49	38.06	236.41	29.04	7.34
Normative Equity-Closing (C) =(A) + (B)	10229.08	10267.14	10503.55	10532.58	10539.93
Average Equity (D)=(A+C)/2	10216.84	10248.11	10385.34	10518.06	10536.25
Base Rate (%) (E)	15.500%	15.500%	15.500%	15.500%	15.500%
Tax Rate (%) (F)	20.961%	21.342%	21.342%	21.342%	21.549%
ROE Rate (%) (G)=E/(1-F)	19.610%	19.705%	19.705%	19.705%	19.758%
Return on Equity (H)= (D)*(G)	2003.52	2019.39	2046.43	2072.58	2081.75

Depreciation

20. The depreciation allowed (in the table under para 46 of the impugned order) is modified as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Average gross block (A)	40801.15	40896.12	41331.44	41753.10	41808.80
Depreciable Value (B= (A *90%))	36721.04	36806.51	37198.30	37577.79	37627.92
Remaining Depreciable Value at the beginning of the year (C=B-Cum Dep at 'H' at the end of previous year)	13686.64	12821.62	12263.02	11779.02	10786.20
Balance useful Life (D)	14.00	13.00	12.00	11.00	10.00
Depreciation (E=C/D)	977.62	986.28	1021.92	1070.82	1078.62
Cumulative Depreciation at the end of the year (F=E+ Cum Dep at 'H' at the end of previous year)	24012.02	24971.17	25957.19	26869.58	27920.34
Less: Depreciation adjustment on account of de-capitalization (G)	27.13	35.89	158.43	27.86	8.96
Cumulative Depreciation at the end of the year (H)	23984.89	24935.27	25798.76	26841.72	27911.39

Cumulative Depreciation as on 31.3.2014 was Rs.23034.40 lakh



Working Capital for Receivables

21. The Receivable component of working capital worked out based on two months of fixed cost (in the table under para 69 of the impugned order) is modified as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
1767.00	1861.48	1943.81	2050.80	2154.34

22. Accordingly, interest on working capital worked out and allowed (in the table under para 73 of the impugned order) is modified as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for O&M Expenses (one month of O&M Expenses)	596.41	639.19	673.14	717.77	765.46
Working capital for Maintenance Spares (15% of operation and maintenance expense)	1073.53	1150.55	1211.65	1291.99	1377.83
Working capital for Receivables (two months of fixed cost)	1767.00	1861.48	1943.81	2050.80	2154.34
Total working capital	3436.94	3651.22	3828.59	4060.56	4297.63
Rate of Working Capital (%)	13.500	13.500	13.500	13.500	13.500
Interest on Working Capital	463.99	492.91	516.86	548.18	580.18

Annual Fixed Charges approved for the period 2014-19

23. Accordingly, the annual fixed charges approved for the period 2014-19 (in the table under para 74 of the impugned order) stands modified as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	977.62	986.28	1021.92	1070.82	1078.62
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	2003.52	2019.39	2046.43	2072.58	2081.75
Interest on Working Capital	463.99	492.91	516.86	548.18	580.18
O&M Expenses	7156.87	7670.30	8077.64	8613.24	9185.51
Total	10602.00	11168.89	11662.85	12304.82	12926.06

Note: 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.



Summary

24. The annual fixed charges allowed by order dated 19.2.2016 in Petition No. 226/GT/2014 and the annual fixed charges allowed in this order (after truing-up exercise) for the period 2014-19 for the generating station (in the table under para 80 of the impugned order) is summarized below:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Annual fixed charges allowed vide order dated 19.2.2016 in Petition No. 226/GT/2014	10539.59	11041.03	11665.11	12356.41	12961.62
Annual fixed charges allowed in this order	10602.00	11168.89	11662.85	12304.82	12926.06
Additional O&M allowed on account of insurance claim (to be recovered in 12 equal monthly installments)	1165.05				

Period 2019-24

Review of Assumed Deletions for the period 2019-24

25. As regards the Assumed Deletions considered for the period 2019-24, there is no error in the methodology adopted by the Commission for arriving at the decapitalized value of old assets. As such, this issue is not dealt with in this order. However, the Review Petitioner is at liberty to furnish the gross value of old assets that are decapitalized/claimed under replacement, at the time of truing-up of tariff of the generating station, for the period 2019-24. Accordingly, the tariff approved for the period 2019-24 in the impugned order has not been revised. The closing capital cost of Rs.41819.95 lakh, as on 31.3.2019, as approved in para 34 of this order, will be considered as the opening capital cost as on 1.4.2019, at the time of truing-up of the tariff of this generating station, for the period 2019-24.



26. Accordingly, Review Petition No. 15/RP/2023 is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(Jishnu Barua)
Chairperson

