

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.23/RP/2024
in
Petition No.450/GT/2020

Coram:
Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member

Date of Order: 31st December, 2024

In the matter of:

Review of the Commission's order dated 16.4.2024 in Petition No. 450/GT/2020 for truing up of tariff of Tanda Stage-I (440 MW) for the period 2014-19.

And

In the matter of:

NTPC Limited,
Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110 016

.....Review Petitioner

Vs

Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001

.... Respondent

Parties Present:

Ms. Swapna Seshadri, Advocate, NTPC
Ms. Ritu Apurva, Advocate, NTPC
Ms. Sanjeevani Mishra, Advocate, NTPC
Shri Kartikeyan Murugan, Advocate, NTPC

ORDER

Petition No. 450/GT/2020 was filed by the Review Petitioner, NTPC Limited, for truing-up of the tariff of Tanda Stage-I (440 MW) (in short "the generating station") for the period 2014-19, 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 its order dated 16.4.2024 (in short the 'impugned order'), disposed of the said petition. Aggrieved



by the impugned order dated 16.4.2024, the Review Petitioner has filed the Review Petition on the ground that there is an error apparent on the face of the record on the following issue:

(A) Review the disallowance of additional capital expenditure on account of the unreconciled gap between the additional capital expenditure as per books (Form-9C Ind AS) and as per Form-9A/9D and to allow the deducted additional capitalization for the purpose of tariff.

Hearing dated 8.8.2024

2. The Review Petition was heard on 'admission' on 8.8.2024, and the Commission '*admitted*' the Review Petition on the above issue and directed the parties to complete their pleadings in the matter. However, no reply has been filed by the Respondent. The Review Petitioner vide affidavit dated 25.9.2024 has filed a short note of submissions enclosing therewith the additional affidavit dated 7.6.2022 and Forms 9A, 9C, and 9D, submitted along with the original petition.

Hearing dated 26.9.2024

3. During the hearing on 26.9.2024, the learned counsel for the Review Petitioner made detailed oral submissions in the matter. None appeared on behalf of the Respondent. Accordingly, the Commission, while reserving its order in the Review Petition, directed the Review Petitioner to submit additional information as under:

a) Details of the target set for the base year as per the PAT scheme and the corresponding target achieved by the Petitioner, along with the benefits for the same passed on to the beneficiaries.

4. In response, the Review Petitioner, vide affidavit dated 15.10.2024, has filed the additional information after serving a copy on the Respondent. Based on the submissions of the Review Petitioner and the documents available on record, we proceed to examine the issue raised in the subsequent paragraphs:

(A) Disallowance of the additional capital expenditure on account of the unreconciled gap between the additional capital expenditure as per the audited books (Form-9C Ind AS) and Form-9A/9D



Submissions of the Review Petitioner

5. The Review Petitioner, in the Review Petition, has submitted the following:

- (a) The Commission in the impugned order has inadvertently erred while disallowing/reducing the additional capitalization on account of the unreconciled gap between the additional capital expenditure as per the audited books (Form 9C Ind AS) for the generating station and as per Form 9A/9D.
- (b) In order dated 21.3.2017 in Petition No. 336/GT/2014, the Commission, while approving the tariff of the generating station for the period 2014-19 (on projection basis), had disallowed the additional capitalization on account of the PAT related works, but granted liberty to claim the expenditure incurred with proper justification along with the details of the benefits arising out of the expenditure claimed for the assets, at the time of truing-up of tariff.
- (c) In Petition No.450/GT/2020 filed for truing up of tariff of the generating station for the period 2014-19, the Review Petitioner vide affidavit dated 9.1.2020 had inadvertently shown the additional capitalization on 'PAT related works' under exclusion under the head 'capital spares.' As soon as the same was observed, the Review Petitioner vide affidavit dated 7.6.2022 submitted its revised claim claiming the 'PAT related works' for additional capitalization in terms of Regulation 14(3)(iii) and Regulation 9(5) read with Regulation 54 of the 2014 Tariff Regulations.
- (d) The Commission, vide the impugned order dated 16.4.2024, allowed the additional capitalization claimed by the Review Petitioner on PAT-related works for the respective years as under:

Sl. No.	Head of Work /Equipment	Actual Additional capital expenditure allowed					Total
		2014-15	2015-16	2016-17	2017-18	2018-19	
1	Replacement of BFP cartridge by Energy Efficient cartridge	40.03	670.59	0.26	0.00	0.13	711.01
2	Ash Slurry Pump Upgradation	28.87	0.00	0.00	0.00	0.00	28.87
	Sub Total	68.90	670.59	0.26	0.00	0.13	739.88

- (e) As regards the additional capitalization on account of PAT-related works which was taken out from exclusion and claimed under additional capitalization in Form-9 of the respective years and submitted by the Review Petitioner in Petition No. 450/GT/2020 are as under:



	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Accrual basis	484.83	670.59	0.26	-	0.13	1,155.81
Un-discharged Liability	415.92	-	-	-	-	415.92
Cash basis	68.91	670.59	0.26	-	0.13	739.89

- (f) The additional capitalization claimed by the Review Petitioner on account of PAT-related works for Rs 1155.81 lakh on an accrual basis (Rs 739.89 lakh on a cash basis) was allowed. However, an amount of Rs 844.61 lakh was deducted from the total additional capital expenditure claimed (on a cash basis) by the Review Petitioner on account of the unreconciled gap between the additional capital expenditure as per Form-IA 9C Ind AS and as per Form-9A, on an accrual basis, as under:

2014-15	2015-16	2016-17	2017-18	2018-19	Total
187.19	657.02	0.26	0.00	0.13	844.61

- (g) In the above background, certain facts escaped the attention of the Commission while allowing the tariff of the generating station, considering the additional claim allowed for PAT-related works.
- (i) The additional capitalization amount claimed pertaining to PAT-related works in **Form-9A** will have a consequential effect on **Form-9D** i.e. Exclusion and **Form-9C Ind AS** (Reconciliation of additional capitalization with Books). This led to double accounting of expenditure.
- (ii) The gap arising out on an accrual basis cannot be adjusted in the capital cost allowed on a cash basis for the purpose of tariff.

The non-consideration of these basic facts is an 'error apparent' on the face of the record.

Issue of double accounting of additional capital expenditure pertaining to PAT related works

- (h) The unreconciled gap of Rs 844.61 lakh worked out by the Commission on the basis of the additional capital expenditure claimed on cash basis as per Form 9A, vis-a-vis the additional capital expenditure claimed as per Books of Accounts based on Form 9C Ind AS, is due to the double accounting of additional capital expenditure of PAT schemes both in additional capitalization in Form 9A as well as in Exclusion in Form 9D and therefore, unreasonable for the reasons submitted below:

The Petitioner has claimed additional capital expenditure of Rs 1155.81 lakh (on an accrual basis) and Rs 739.89 lakh (on a cash basis) for PAT-related works, and the same has been shown in revised Form 9A submitted vide affidavit dated 7.6.2022. However, instead of the revised Form 9D and Form 9C (with the consequential effect of revised Form 9A), old forms were submitted unknowingly in the said submission.



(ii) Despite the inadvertent error, the Petitioner has unequivocally stated in additional submission (Para 5(b) & 5(c) of the consolidated petition) that the said additional capital expenditure was inadvertently shown under exclusion earlier, however, the same was being claimed now for the purpose of tariff, as per the liberty granted by the Commission in order dated 21.3.2017 in Petition No.336/GT/2014.

(i) The Petitioner, in its additional submission, had also submitted that the amount claimed under additional capitalization is replaced from the exclusion, meaning that the reduction of the equivalent amount pertaining to PAT-related works (claimed in revised Form 9A must be given effect to Form 9D). If this submission had been taken into account during the computation of the tariff and reconciliation of the additional capitalization with books, the unreconciled gap would not have appeared. As the consequence of shifting from exclusion to additional capitalization and its consequential effect on reconciliation of additional capitalization with Books/exclusion has not been taken into consideration by the Commission, it led to a gap on an accrual basis, which is an error apparent on the face of the record.

(j) As per the provisions of the 2014 Tariff Regulations, the amounts claimed under additional capitalization in Form 9A cannot be simultaneously there in exclusion in Form 9D, and therefore, its double accounting may not be done. As the claim under PAT-related works was allowed, the same may not be considered under Form-1A 9C/Form 9D.

(k) As the error of non-cognizance of the fact has been observed now, the Commission may consider the same and allow the tariff by revising the impugned order after giving the consequential effect of the additional capitalization claimed on PAT-related works to the statement of exclusion and additional capitalization reconciliation with books. (Judgment of the Hon'ble Supreme Court in its judgment dated 28.5.1971 in C P No. 169/1970 (in W.P. No.3789/1970) is relied upon.

Issue pertaining to adjustment of gap arising out on accrual basis to the capital cost allowed on a cash basis

(i) Without prejudice to the above, there is another error apparent in the order, i.e., adjustment of gap derived from accrual basis to the capital cost allowed on a cash basis. Based on the inclusion of PAT-related works in Form 9A, the total additional capitalization claimed on an **accrual basis** during the period 2014-19 is **Rs.10359.06 lakh**, and the same on a **cash basis is Rs 9181.18 lakh**. The claim for additional capitalization on an accrual basis from the revised Form 9A would be Rs. 10359.06 lakh, whereas the same considered by the Commission is Rs 10047.87 lakh, and the difference between the two is Rs 1155.81 lakh claim amount of PAT-related works on accrual basis as per revised Form 9A and old Form 9D submitted. However, the Commission worked out the unreconciled gap of Rs 844.61 lakh instead of Rs 1155.81 lakh. This inadvertent error has crept on account of the non-consideration of the expenditure on the 5 km scheme in the additional capitalization claim on an accrual basis. Had the gap been derived considering the 5 km scheme valued at Rs 311.20 lakh, it



would have been Rs. 1155.81 lakh (instead of Rs 844.61 lakh as worked out by the Commission).

(ii) The adjustment of the gap arising out of accrual basis to the capital cost as on a cash basis has given dual impact on the Petitioner. On account of this adjustment, the amount of Rs.844.61 lakh has been deducted, which is even more than the allowance of additional capitalization on a cash basis for PAT-related works (Rs 739.89 lakh). Although there would be no gap if the correct value of the exclusion amount (by reducing the amount claimed in Form 9A) had been considered, the above methodology of adjustment has caused another error apparent on the face of the record.

(iii) On the basis of the revised Form 9A submitted vide affidavit dated 7.6.2022, the consequential revised Form 9D and 9C and matching annexure A have been attached. The deduction carried out by the Commission from additional capitalization claimed by the Petitioner to reconcile the additional capitalization with books should have been done, if at all required, from the Exclusions instead of additional capitalization.

Short submissions of the Review Petitioner

6. The Review Petitioner, vide its short note of submissions vide affidavit dated 25.9.2024, has mainly reiterated the submissions above and has also relied upon the judgments of the various High Court, i.e., Hon'ble Mysore High Court's judgment in 'the Selection Committee for Admission to the Medical College Bangalore vs. M.P. Nagaraja 1971 AIR 1972 Mys 44 (1971), Hon'ble Federal Courts judgment in Jamna Kuer v Lal Bahadur (AIR 1950 FC 131) and the judgment of the Hon'ble Madras High Court in Venkatarayulu Naidu v. Rattamma Garu (AIR 1939 Mad 239)

7. Based on the submissions and the documents on record, we proceed to examine the issues raised in the Review Petition as stated in the subsequent paragraphs

Analysis and Decision

8. The main grievance of the Review Petitioner is that though the additional capital expenditure claimed by the Review Petitioner on account of PAT-related works for Rs 1155.81 lakh on an accrual basis (Rs 739.89 lakh on a cash basis) was allowed by the Commission vide its impugned order, an amount of Rs 844.61 lakh was



deducted from the total additional capital expenditure claimed (on a cash basis) on account of the unreconciled gap between the additional capital expenditure as per Form-IA 9C Ind AS and as per Form-9A/9D, on an accrual basis. According to the Review Petitioner, the unreconciled gap of Rs 844.61 lakh is due to double accounting of the additional capital expenditure on PAT schemes both under additional capitalization in Form 9A as well as under exclusions in Form 9D.

9. As stated, the Commission vide its order dated 21.3.2017 in Petition No. 336/GT/2014 had disallowed the additional capital expenditure on PAT-related works but had granted liberty to approach the Commission at the time of truing up of tariff for the period 2014-19. Based on the liberty granted, the Petitioner, in Petition No.450/GT/ 2020 (filed for truing up of tariff), inadvertently claimed the additional capitalization against PAT-related works under 'exclusion.' Though the revised Form 9A with regard to the additional capitalization claim for PAT-related works was revised and submitted by the Review Petitioner vide affidavit dated 7.6.2022, the consequential revised Form 9D and Form 9C Ind AS (reconciliation of additional capitalization with Books) were not furnished, meaning thereby, only the old forms were inadvertently submitted. In the background of this unreconciled gap between the additional capital expenditure as per Form 9C and as per Form 9A on an accrual basis, an amount of Rs 844.61 lakh has been deducted from the total additional capitalization claimed on a cash basis. Admittedly, the additional capital expenditure amount claimed in the revised Form 9A (for PAT-related works) should have been given consequential effect by the Review Petitioner by filing the revised Forms 9C and 9D. Though the non-filing of these said forms is due to inadvertence, as pleaded by the Review Petitioner, we note from records that the Review Petitioner, in its additional submissions in the consolidated original petition (paras 5(b) & 5(c), had clarified that the amount claimed under additional capitalization (Rs 1155.81 lakh)



in Form 9A towards the PAT related works had been replaced from Exclusion (Form-9D). The provisions of the 2014 Tariff Regulations do not provide for considering the additional capital expenditure claimed in Form 9A simultaneously under Exclusion (Form 9D). Thus, the amount claimed in Form 9A was given effect only by the reduction of such an equivalent amount in Form 9D (filed earlier). In our view, the Commission, having taken note that the additional capitalization amounts claimed in revised Form A were the amounts replaced from Form 9D-Exclusion (claimed earlier), could have sought clarification on the consequential revision of Form 9C and 9D. This, in our view, is 'sufficient reason' to review the impugned order on this count. The Review Petitioner has, however, clarified by filing the revised Form 9D. Accordingly, the prayer of the Review Petitioner to review the impugned order on this count is allowed.

10. Considering the values in the revised Form-9D, the unreconciled gap works out to 'nil' for all the years of the period 2014-19. Consequently, the tariff determined vide the impugned order dated 16.4.2024, in respect of the generating station for the period 2014-19, is modified, as stated in the subsequent paragraphs:

Additional capital expenditure allowed

11. Based on the above discussions, the additional capital expenditure allowed for the period 2014-19 is summarized as under:

<i>(Rs. in lakh)</i>							
Sl. No	Head of Work /Equipment	Actual Additional capital expenditure allowed					Total
		2014-15	2015-16	2016-17	2017-18	2018-19	
1	Allowed Works						
A1	R&M Schemes						
1	Air washer System	131.97	0.00	0.00	0.00	0.00	131.97
	Decapitalisation	(-)64.95	0.00	0.00	0.00	0.00	(-)64.95
2	R & M of SG Package	7.40	13.96	0.00	0.00	85.22	106.58
	Decapitalisation	(-)3.56	(-)6.40	0.00	0.00	(-)33.72	(-)43.68
3	Digital Distributed Control & Management Information System (DDCMIS)	0.30	0.19	0.00	0.00	0.00	0.49
	Decapitalisation	(-)0.14	(-)0.09	0.00	0.00	0.00	(-)0.23



SI. No	Head of Work /Equipment	Actual Additional capital expenditure allowed					Total
		2014-15	2015-16	2016-17	2017-18	2018-19	
4	Civil work for Installation of DDCIMS Unit-2	0.16	0.00	0.00	0.00	0.00	0.16
	Decapitalisation	(-)0.08	0.00	0.00	0.00	0.00	(-)0.08
5	Stacker cum Reclaimer	2.05	0.48	0.00	35.56	0.00	38.10
6	Roads for Township	2.62	0.00	0.00	0.00	0.00	2.62
7	Laying of sewer pipe-lines in township	2.69	0.00	0.00	0.00	0.00	2.69
	Decapitalisation	(-)1.29	0.00	0.00	0.00	0.00	(-)1.29
8	Construction of Boundary wall for 300 buildings	2.37	0.00	0.00	0.00	0.00	2.37
	Decapitalisation	(-)1.14	0.00	0.00	0.00	0.00	(-)1.14
9	Stone aggregates & antiweed treatment switchyard	0.25	0.00	0.00	0.00	0.00	0.25
10	Construction of 32 Nos Residential Building Type- D and 16 Nos of Type - C Quarters	2.38	0.00	0.00	322.98	433.93	759.29
11	R&M of MP Rotor of Unit-2	0.00	446.03	0.00	0.00	0.00	446.03
	De-capitalization	0.00	(-)204.33	0.00	0.00	0.00	(-)204.33
12	R&M of MP Rotor of Unit 1	0.00	0.13	0.00	0.00	0.00	0.13
	Decapitalisation	0.00	(-)3.00	0.00	0.00	0.00	(-)3.00
13	R&M of LP Rotor Unit – 3	0.00	0.00	0.00	0.00	70.80	70.80
	Decapitalisation	0.00	0.00	0.00	0.00	(-)28.02	(-)28.02
A1	Sub Total A1	152.19	460.79	0.00	358.54	589.95	1561.48
A2	Change in law						
14	Dry Fly Ash Extraction system	2960.18	66.88	3.07	10.59	0.33	3041.05
A3	Ash Handling system						
15	2 nd Raising Ash Dyke-B	1014.96	25.47	0.00	0.00	0.00	1040.43
16	3 rd Raising of Ash dyke A&B	0.00	0.00	1479.51	0.00	1055.33	2534.84
A3	Sub Total A3	1014.96	25.47	1479.51	0.00	1055.33	3575.27
A4	Liberty to claim at the time of truing-up						
17	Fire Fighting System for CHP Area	9.94	0.00	0.00	0.00	0.00	9.94
18	Renovation of Lifts in boiler area	0.00	0.00	0.00	96.39	0.00	96.39
19	Replacement of BFP cartridge by Energy Efficient cartridge	40.03	670.59	0.26	0.00	0.13	711.01
20	Ash Slurry Pump Upgradation	28.87	0.00	0.00	0.00	0.00	28.87
21	Decapitalization	(-)210.40	(-)277.16	(-)0.10	0.00	0.00	(-)487.66
A4	Sub Total A4	78.85	670.59	0.26	96.39	0.13	846.21



Sl. No	Head of Work /Equipment	Actual Additional capital expenditure allowed					Total
		2014-15	2015-16	2016-17	2017-18	2018-19	
	Sub Total (1)	4206.18	1223.74	1482.84	465.53	1645.73	9024.02
2	New Claims						
22	Construction of drain & pit in CHP	15.76	0.00	0.00	0.00	0.00	15.76
23	Continuous Emission Monitoring System (CEMS)	0.00	43.25	0.00	1.12	0.00	44.37
24	Effluent Quality monitoring system (EQMS)	0.00	12.50	13.47	0.00	0.00	25.96
25	Electronic weighbridge for DAES	0.00	25.94	0.00	0.00	0.00	25.94
26	In motion weigh bridge	0.00	0.00	0.00	0.00	0.00	0.00
27	Zero Liquid discharge (ZLD) System	0.00	0.00	0.00	112.53	5.16	117.69
28	Sprinkler system for dust suppression of Ash Dyke-A	0.00	0.00	0.00	0.00	0.00	0.00
29	Generator relay panels for Unit-1 & Unit-3	0.00	0.00	0.00	10.85	0.00	10.85
30	Bio Methanation Plant	0.00	0.00	0.00	25.14	0.00	25.14
31	Solar PV Roof Top	0.00	0.00	0.00	0.00	0.00	0.00
	Sub Total (2)	15.76	81.69	13.47	149.64	5.16	265.72
3	Adjustment	0.00	(-)0.06	0.00	0.00	0.00	(-)0.06
4	Sub Total 1 + 2 + 3	4221.94	1305.38	1496.31	615.16	1650.89	9289.68
5	Decapitalisation of Spares (part of capital cost)	(-)501.41	0.00	0.00	0.00	0.00	(-)501.41
6	Sub Total 4 + 5	3720.53	1305.38	1496.31	615.16	1650.89	8788.27
7	Discharge of liabilities of allowed/new claim	24.10	568.42	71.49	502.83	12.65	1179.49
8	Sub Total 6 + 7	3744.63	1873.80	1567.80	1117.99	1663.54	9967.76
9	Decapitalisation	(-)281.56	(-)490.97	(-)0.10	0.00	(-)61.74	(-)834.37
10	Exclusions not allowed	(-)0.72	(-)8.08	(-)0.47	(-)124.49	0.00	(-)133.76
11	Total Additional capital expenditure allowed (8+ 9 + 10)	3462.35	1374.74	1567.23	993.51	1601.79	8999.62

Capital Cost allowed for the period 2014-19

12. Based on the above, the capital cost allowed for the purpose of the tariff is as under:

	(Rs. in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost	115680.89	119143.24	120517.98	122085.21	123078.71



Add: Net additional capital expenditure allowed	3462.35	1374.74	1567.23	993.51	1601.79
Closing Capital Cost	119143.24	120517.98	122085.21	123078.71	124680.51
Average Capital Cost	117412.06	119830.61	121301.59	122581.96	123879.61

Debt-Equity Ratio

13. Accordingly, the debt-equity ratio in respect of the generating station, as on 1.4.2014 and as on 31.3.2019, is as under:

(Rs. in lakh)

	Capital cost up to COD / 1.4.2014		Additional Capital Expenditure 2014-19		Capital cost as on 31.3.2019	
	Amount	(%)	Amount	(%)	Amount	(%)
Debt (A)	80976.62	70%	6299.73	70%	87276.35	70%
Equity (B)	34704.27	30%	2699.88	30%	37404.15	30%
Total (C) = (A) + (B)	115680.90	100%	8999.62	100%	124680.51	100%

Return on Equity

14. Accordingly, Return on Equity is worked out as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Normative Equity-Opening (A)	34704.27	35742.97	36155.40	36625.56	36923.62
Addition of Equity due to additional capital expenditure (B)	1038.70	412.42	470.17	298.05	480.54
Normative Equity-Closing (C) = (A) + (B)	35742.97	36155.40	36625.56	36923.62	37404.15
Average Normative Equity (D) = (A+C)/2	35223.62	35949.19	36390.48	36774.59	37163.89
Return on Equity (Base Rate) (E)	15.500%	15.500%	15.500%	15.500%	15.500%
Effective Tax Rate for the year (F)	20.961%	21.342%	21.342%	21.342%	21.549%
Rate of Return on Equity (Pre-Tax) (G) = (E)/(1-F)	19.610%	19.705%	19.705%	19.705%	19.758%
Return on Equity (Pre-Tax) annualized (H) = (D) x (G)	6907.35	7083.79	7170.74	7246.43	7342.84

Interest on Loan

15. Also, the interest on loan is worked out as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross opening loan (A)	80976.62	83400.26	84362.58	85459.64	86155.10
Cumulative repayment of loan upto previous year (B)	69244.85	71885.78	74972.20	78592.46	82321.57
Net Loan Opening (C) = (A) - (B)	11731.77	11514.49	9390.39	6867.18	3833.53
Addition due to additional capital expenditure (D)	2423.64	962.32	1097.06	695.45	1121.25
Repayment of loan during the period (E)	3154.03	3428.78	3619.16	3766.89	3942.95



	2014-15	2015-16	2016-17	2017-18	2018-19
Repayment adjustment on account of de-capitalization (F)	513.10	349.34	0.39	78.17	43.22
Add: Repayment adjustment on a/c of discharges / reversals corresponding to un-discharged liabilities deducted as on 1.4.2009 (G)	0.00	6.97	1.49	40.39	27.84
Net Repayment of during the year (H) = (E) - (F) + (G)	2640.93	3086.42	3620.26	3729.11	3927.57
Net Loan Closing (I) = (C) + (D) - (H)	11514.49	9390.39	6867.18	3833.53	1027.22
Average Loan (J) = (C+I)/2	11623.13	10452.44	8128.79	5350.36	2430.37
Weighted Average Rate of Interest on loan (K)	6.2029%	6.8149%	8.0348%	8.4986%	8.3378%
Interest on Loan (L) = (K) x (J)	720.97	712.32	653.13	454.71	202.64
Less: Interest capitalized (M)	109.07	2.03	0.00	0.02	23.52
Net Interest on loan (N) = (L) - (M)	611.90	710.29	653.13	454.69	179.12

Depreciation

16. Accordingly, depreciation has been computed as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
	<i>(Rs. in lakh)</i>				
Average Capital Cost (A)	117412.06	119830.61	121301.59	122581.96	123879.61
Value of freehold land included in average capital cost (B)	1674.71	1674.71	1674.71	1674.71	1674.71
Depreciable Value (C) = (A-B) x 90%	104163.62	106340.31	107664.19	108816.52	109984.41
Remaining aggregate depreciable value at the beginning of the year (D) = (C) - Cumulative Depreciation (shown at K) at the end of the previous year]	34032.00	33567.76	31812.38	29344.07	26772.64
Balance useful life at the beginning of the year (E)	10.79	9.79	8.79	7.79	6.79
Weighted Average Rate of Depreciation (WAROD) (F) = (G) / (A) x 100	2.6863%	2.8614%	2.9836%	3.0730%	3.1829%
Depreciation during the year/ period (G) = (D) / (E)	3154.03	3428.78	3619.16	3766.89	3942.95
Cumulative depreciation at the end of the year (before adjustment for de-capitalization) (H) = (G) + (Cumulative Depreciation (shown at K, at the end of the previous year)	73285.65	76201.33	79470.97	83239.35	87154.72
Add: Cumulative Depreciation adjustment on a/c of un-	0.00	8.74	1.87	50.60	34.87



discharged liabilities deducted (I)						
Less: Depreciation adjustment on account of de-capitalization (J)	513.10	358.24	0.39	78.17	45.75	
Cumulative depreciation at the end of the year (K) = (H) + (I) - (J)	72772.55	75851.82	79472.46	83211.77	87143.84	

Working Capital for Receivables

17. Receivables equivalent to two months of capacity charge and energy charges have been worked out duly taking into account the mode of operation of the generating station on secondary fuel and are allowed as under:

	<i>(Rs.in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Variable Charges - for two months (A)	16478.62	16523.77	16478.62	16875.69	16875.69
Fixed Charges – for two months (B)	5404.22	5850.69	6027.42	6196.99	6364.45
Total (C) = (A+B)	21882.84	22374.46	22506.04	23072.68	23240.15

Interest on Working Capital

18. Accordingly, Interest on working capital has been computed as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for Coal towards stock - 30 days (A)	8049.80	8049.80	8049.80	8243.77	8243.77
Working capital for Coal towards generation - 30 days (B)	8049.80	8049.80	8049.80	8243.77	8243.77
Working capital for Secondary Fuel Oil - 2 months (C)	155.29	155.71	155.29	159.03	159.03
Working Capital for O&M expenses - 1 month (D)	1332.65	1498.22	1564.23	1633.50	1712.59
Working Capital for Maintenance Spares - 20% of O&M (E)	3198.35	3595.72	3754.15	3920.41	4110.20
Working Capital for Receivables - 2 months (F)	21882.84	22374.46	22506.04	23072.68	23240.15
Total Working Capital (G) = (A+B+C+D+E+F)	42668.71	43723.70	44079.30	45273.16	45709.50
Rate of Interest (H)	13.50%	13.50%	13.50%	13.50%	13.50%
Total Interest on Working capital (I) = (G x H)	5760.28	5902.70	5950.71	6111.88	6170.78



Annual Fixed Charges approved for the period 2014-19

19. Consequent upon the above, the annual fixed charges approved in respect of the generating station for the period 2014-19 vide order dated 16.4.2024 stand revised as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	3154.03	3428.78	3619.16	3766.89	3942.95
Interest on Loan	611.90	710.29	653.13	454.69	179.12
Return on Equity	6907.35	7083.79	7170.74	7246.43	7342.84
Interest on Working Capital	5760.28	5902.70	5950.71	6111.88	6170.78
O&M Expenses	15991.76	17978.61	18770.77	19602.04	20551.02
Total	32425.32	35104.17	36164.51	37181.92	38186.72
Annual Fixed Charges allowed in an order dated 16.4.2024	32407.79	35002.29	35990.51	37012.52	38024.67

Note: All figures are on an 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.

20. The difference between the tariff determined by this order and the tariff already recovered by the Review Petitioner in terms of the impugned order dated 16.4.2024 in Petition No. 450/GT/2020 shall be adjusted in terms of Regulation 8(13) of the 2014 Tariff Regulations.

21. The Review Petition No. 23/RP/2024 in Petition No. 450/GT/2020 stands disposed of in terms of the above.

Sd/-
(Harish Dudani)
Member

Sd/-
(Ramesh Babu V)
Member

Sd/-
(Jishnu Barua)
Chairperson

