

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No.28/RP/2023**

**in**

**Petition No. 257/GT/2020**

**Coram:**

**Shri Jishnu Barua, Chairperson  
Shri Arun Goyal, Member  
Shri Ramesh Babu. V, Member**

**Date of Order: 1<sup>st</sup> August, 2024**

**IN THE MATTER OF**

Review of Commission's Order dated 22.6.2023 in Petition No. 257/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 Rangit Power Station (60MW).

**AND**

**IN THE MATTER OF**

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

**....Review Petitioner**

**Vs**

1. West Bengal State Electricity Distribution Company Limited,  
Vidhyut Bhawan (8th Floor) Block-DJ, Sector-II, Salt Lake,  
Kolkata- 700091 (West Bengal)
2. Damodar Valley Corporation,  
DVC Towers, VIP Road,  
Kolkata -700054 (West Bengal).
3. Jharkhand Bijli Vitran Nigam Limited,  
H.E.C Dhruwa, Ranchi, Jharkhand-834002.
4. North Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road, Patna – 800001(Bihar).
5. South Bihar Power Distribution Company Limited,  
Vidyut Bhawan, Bailey Road, Patna – 800001(Bihar)
6. Department of Power,  
Govt. of Sikkim, Kazi Road,  
Gangtok Road – 737101 (Sikkim)

**....Respondents**



**Parties Present:**

Shri Bharat Gangadharan, Advocate, NHPC  
Shri Anant Singh Ubeja, Advocate, NHPC  
Shri Kunal Veer Chopra, Advocate, NHPC  
Shri Mohd. Faruque, NHPC  
Shri Piyush Kumar, NHPC  
Shri Jitendra Kumar Jha, NHPC  
Shri Ajay Shrivastava, NHPC

**ORDER**

Petition No. 257/GT/2020 was filed by the Review Petitioner, NHPC India Ltd, for truing-up of the tariff of Rangit Power Station (60 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 order dated 22.6.2023 (in short, the 'impugned order'), disposed of the said Petition. The annual fixed charges determined vide the impugned order dated 22.6.2023 are as under:

	<i>(Rs. in lakh)</i>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	892.58	894.88	896.44	898.80	901.34
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	3920.99	3942.18	3943.44	3944.94	3958.09
O&M Expenses	363.62	380.95	399.97	418.27	439.02
Interest on Working Capital	4576.46	4880.52	5223.65	5553.27	5922.30
<b>Total</b>	<b>9753.65</b>	<b>10098.54</b>	<b>10463.51</b>	<b>10815.29</b>	<b>11220.75</b>

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

*(A) Erroneous application for calculating the gross value of the assets being de-capitalized under 'assumed deletions for the period 2014-19.*

*(B) Non-consideration of the impact of the wage revision for 2018-19 for the calculation of additional O&M expenses for the period 2019-24.*

*(C) Disallowance of the certain additional capital expenditure for the period 2019-24;*

*(i) For replacement of 350 KVA DG Set for 2020-21; and*



**Hearing dated 29.11.2023**

3. During the hearing 'on admission,' the Commission, after hearing the learned counsel for the Review Petitioner, 'admitted' the Review Petition and issued notice to the Respondents. The Commission also directed the Review Petitioner to file an additional affidavit to confirm that the amounts indicated under the column of 'assumed deletions' are the gross value of the assets being de-capitalized after serving a copy of the same on the Respondents and for the completion of pleadings.

4. In response, the Review Petitioner has filed the additional affidavit on 14.12.2023. None of the Respondents have filed their replies in the matter.

**Hearing dated 4.4.2024**

5. During the hearing, the learned counsel for the Review Petitioner made detailed oral submissions in the matter. None appeared on behalf of the Respondents despite notice. Accordingly, the Commission reserved its order in the matter.

**Hearing dated 18.6.2024**

6. Since the order in the Review Petition 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 stated that since the pleadings and arguments have already been completed, the Commission may reserve its order in the matter. None appeared on behalf of the Respondents despite notice. Accordingly, based on the consent of the parties, the Commission reserved its order in the matter.



7. We, therefore, proceed to examine the issues raised by the Review Petitioner in the subsequent paragraphs:

**A. Erroneous application for calculating the gross value of the assets being de-capitalized under 'assumed deletions for the period 2014-19**

***Submissions of the Review Petitioner***

8. The Review Petitioner has submitted the following:

a) There is no methodology specified for "assumed deletion" in the 2014 Tariff Regulations. 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. 45.90 lakhs for the period 2014-19 in para 27 of the impugned order in place of the Review Petitioner's submission, indicating a value of Rs. 28.65 lakhs for the corresponding period in para 27, leading to a substantial reduction in the claimed cost.

c) In terms of the applicable Accounting Standards being followed by the Review Petitioner, 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 are not deleted from the books of accounts, and they may be deleted in future years. Accordingly, assumed deletion values are provided duly in Form-9B(i) of the tariff petition for the period 2014-19. The Commission has calculated the assumed deletion value as per methodology mentioned in Paragraph 26 of the impugned order, wherein " in the 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 capitalisation 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 the following counts:

(a) There is no provision for "assumed deletion" in the 2014 Tariff Regulations, so any methodology used to calculate it would be unsupported by the governing rules.

(b) The 5% per annum de-escalation rate used by the Commission appears to be arbitrary and lacks any clear rationale or justification.

(c) 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.

(d) 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 26 of the impugned order.

(e) 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 record.

(f) The Commission ought to have considered the assumed deletion values submitted by the Review Petitioner in the Petition. The assumed deletion is the gross value of the old asset and is 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.

(g) Therefore, it is evident that the Commission has adopted an inconsistent approach when the assumed deletion value provided in the tariff petition is higher than the assumed deletion calculated by it.

9. Accordingly, the Review Petitioner has submitted that 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.

### **Analysis and decision**

10. We have considered the submissions. 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 an "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 the other petitions of the Review Petitioner from the period 2014-15 onwards. Though the Review Petitioner, in the review Petition, had submitted that the methodology adopted by the Commission is erroneous as it has not been specified under the tariff regulations, it has, during the oral hearing of the Review Petition, made it clear that it has not challenged the methodology adopted by the Commission as regards assumed deletion, but has only pointed out that the assumed deletion values as furnished by it have not been considered by the Commission, while passing the impugned order. Accordingly, we find no error per se in the methodology adopted for 'assumed deletion' in the absence of the relevant information from the Review Petitioner. However, we note that in the present case, the Review Petitioner had submitted that the amounts indicated under the column of 'assumed deletions' in the main petition are the gross value of the assets being de-capitalized. This submission of the Review Petitioner was inadvertently not considered by the Commission while passing the impugned order. Thus, the non-consideration of the de-capitalization values furnished by the Review Petitioner is, in our view, an error



apparent on the face of the impugned order, and review on this count is maintainable. The prayer of the Review Petitioner to review the impugned order on this ground is, therefore, allowed. Accordingly, the assumed deletion values for the period 2014-19, as contained in the table under para 27 of the impugned order, are modified as under:

<i>(Rs. in lakh)</i>			
Sl. No.		Assumed Deletions for old assets claimed	Assumed Deletions for old assets allowed
<b>2014-15</b>			
1	Bus	6.83	6.83
2	Travelling Telescope for X and Y axis for inverted plumb line, EDS-51-TT	1.45	1.45
3	5 Nos Air Circuit Breaker, 800 AMPS, 3 Phase 415V, ABB MAKE,	3.73	3.73
4	Air Circuit Breaker, 1250 AMPS, 3 Phase 415V, ABB make	0.68	0.68
<b>Sub-Total</b>		<b>12.69</b>	<b>12.69</b>
<b>2015-16</b>			
1	Laser Sensor make/ model: ABB/LM80	8.63	8.63
<b>Sub-Total</b>		<b>8.63</b>	<b>8.63</b>
<b>2016-17</b>			
1	Fire Tender	2.90	2.90
2	630KVA Transformer, 11/0.415KV, Two Winding, DYN11, MIEL make	0.45	0.45
<b>Sub-total</b>		<b>3.35</b>	<b>3.35</b>
<b>2018-19</b>			
1	400KVA Transformer, 11/0.433KV, Two Winding, -	2.06	2.06
2	Air Compressor rated working Press:7.5 KG / CM2, Capacity:100 TO 120 CFM	1.92	1.92
<b>Sub-total</b>		<b>3.98</b>	<b>3.98</b>
<b>Total Assumed Deletions</b>		<b>28.65</b>	<b>28.65</b>

**B. Non-consideration of the impact of the wage revision for 2018-19 for the calculation of additional O&M expenses for the period 2019-24.**

11. The Review Petitioner has submitted the following:

- a) Based on the impact of pay revision of its staff and KV staff in 2018-19, the Review Petitioner had claimed an amount of Rs 568.34 lakh and Rs. 28.37 lakh in 2019-20 as additional O&M expenses. However, the Commission, in the impugned order, has erred in not considering the impact of wage revision while observing as follows: -



“92. Based on the impact of pay revision of Petitioner’s staff and KV staff in 2018- 19, the Petitioner has claimed expenses for Rs.568.34 lakh and Rs. 28.37 lakh in 2019-20, as additional O&M expenses, due to impact of pay revision of Petitioner’s Staff and KV staff, respectively. It is pertinent to mention that the Commission in its order dated 10.11.2022 in Petition No. 232/MP/2019, had observed that **there is no under recovery due to Impact of pay revision of Petitioner’s staff and KV staff in 2018-19 for this generating station. Accordingly, the claim of the Petitioner on account of impact due to pay revision of Petitioner’s staff and KV staff is not allowed. However, the Petitioner is granted liberty to approach the Commission for the same at the time of truing up of tariff along with relevant documents including auditor certified statement.**”

- b) The Review Petitioner had earlier filed Petition No. 232/MP/2019 before the Commission seeking the recovery of the impact of wage revision of its employees, deputed employees of KV staff/ DAV, and Central Industrial Security Force (CISF) in respect of this generating station for the period from 1.1.2016 to 31.3.2019. The Commission, vide its order dated 10.11.2022, had disposed of the said Petition, allowing a total impact of Rs. 162.61 lakh for 2015-19.

S. No.		2015-16	2016-17	2017-18	2018-19	Total
1	Actual O&M expenditure for generation station (a)	5110.00	6229.00	6127.00	6026.00	23492.00
2	Actual O&M Expenses (normalized) (b)	4822.35	5741.92	5579.00	5574.59	21717.85
3	Normative O&M (c)	4880.52	5204.78	5550.58	5919.36	21555.24
4	Under Recovery (d)=(b) – (c)	(-) 58.17	537.14	28.42	(-) 344.77	162.61
5	Wage Revision impact claimed, including impact of gratuity (excluding PRP/ex-gratia)	0.00	496.44	603.99	599.96	1700.39
Wage revision impact including impact of gratuity (excluding PRP/incentive) allowed for this generating station.						162.61

- c) Out of the total impact of Rs.1700.39 lakh for the period 2015-19, the Commission had allowed an impact of Rs.162.61 lakh only as per the margin between actual normalized O&M and normative O&M expenses during 2015-19. However, as reflected in the above table, the impact of wage revision for 2018-19 is Rs. 599.96 lakh. This impact of wage revision has not been transferred for arriving at the normative O&M expenses for the period 2019-24 while finalizing the 2019 Tariff Regulations. Accordingly, the Review Petitioner has claimed this impact of the wage revision of 2018-19 for calculating the additional O&M expenses for the subsequent period, i.e., for 2019-24. However, the Commission, in the said order, did not allow the impact of wage revision of 2018-19 in subsequent periods for calculating additional O&M expenses.





- d) Regulation 35(2) of the 2019 Tariff Regulations, applicable for the period of 2019-24 provides as follows:

*“35 (2) Hydro Generating Station: ...Note: The impact in respect of revision of minimum wage, pay revision and GST, if any, will be considered at the time of determination of tariff.”*

- e) On perusal of the above regulation, it is clear that the impact of pay revision was to be considered for 2019-24 in terms of the above regulation. Therefore, the Review Petitioner, in its tariff petition, had claimed the additional O&M expenses on account of the impact of wage/ pay revision and GST as under:

<b>Period</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Additional O&M expenses due to 7 <sup>th</sup> Pay Commission wage revision- 3 <sup>rd</sup> PRC applicable to CPSUs (a)	568.34	595.45	623.86	653.61	684.79
Additional O&M expenses due to 7 <sup>th</sup> Pay Commission wage Revision of Kendriya Vidyalaya (KV) Staff (b)	28.37	29.72	31.14	32.63	34.18
Impact of Goods & Service Tax (c)	53.16	55.70	58.35	61.14	64.05
Security Expenses (d)	331.78	347.61	364.19	381.56	399.76
<b>Total O&amp;M Expenses claimed (a+b+c+d)</b>	<b>981.65</b>	<b>1028.48</b>	<b>1077.54</b>	<b>1128.94</b>	<b>1182.78</b>

- f) In terms of the order dated 10.11.2022 (in Petition No. 232/MP/2019), there is an impact of Rs. 599.96 lakh (excluding impact of pay revision of CISF/Security Staff) on account of wage revision during 2018-19, which has to be considered for determination of the additional O&M expenses during the period 2019-24 as per Regulation 35(2)(a) of the 2019 Tariff Regulations.
- g) Therefore, the Commission has erred while disallowing the said claim in its impugned order. The Commission, in the impugned order, has considered the margin between the normative O&M and the normalized actual O&M expenses and had observed that there is no under-recovery due to the impact of pay revision of Petitioner's staff and KV staff in 2018-19 as per order dated 10.11.2022 in Petition No. 232/MP/2019. Instead, the Commission should have considered the actual impact of wage revision (i.e., Rs. 599.96 lakh) in 2018-19. In other words, the Commission, in the impugned order, should have considered the impact of wage revision amounting to Rs. 599.96 lakh for 2018-19 to calculate additional O&M expenses for the subsequent period. It is, therefore, evident that there is an error apparent on the face of the record.
- h) It is noteworthy that the Commission vide its order dated 9.5.2022 in Petition No. 146/GT/2020 (tariff of Dulhasti HEP) had considered the actual impact of



wage revision in 2018-19 (as per order dated 13.11.2021 in Petition No. 221/MP/2019) for allowing the wage revision impact of the said station, for the period 2019-24. Therefore, the Commission ought to have followed the same methodology in the impugned order, as well.

### **Analysis and Decision**

12. The matter has been considered. It is noticed that in terms of Regulation 35 (2)(a) of the 2019 Tariff Regulations for hydro generating stations, the additional O&M expenses due to wage revision are to be allowed beyond the normative O&M expenses for the period. To determine the wage revision impact for the period 2019-24, the Commission, in its tariff orders, with respect to the hydro generating stations, has adopted a consistent methodology, wherein the impact of wage revision for the generating station in 2018-19 is assessed. As per the said methodology, if, in 2018-19, there has been an impact due to wage revision, i.e., actual O&M expenses were more than normative O&M expenses for 2018-19, the impact due to wage revision of 2018-19 was then escalated by 3.88%, and the same is allowed for the period 2019-24. In case there was no impact of the wage revision in 2018-19 for a generating station, then no additional O&M expenses during the period 2019-24 were allowed by the Commission. It is pertinent to mention that the Commission, in its order dated 10.11.2022 in Petition No. 232/MP/2019, had observed that there is no under-recovery due to the impact of pay revision of the Petitioner's staff and KV staff in 2018-19 for this generating station. Accordingly, as per the consistent methodology adopted by the Commission, the claim of the Petitioner on account of impact due to pay revision of Petitioner's staff and KV staff was not allowed in the impugned order. However, it is noticed that the Review Petitioner has been granted liberty to approach the Commission on this issue at the time of the truing-up of tariff for the period 2019-24, along with all relevant documents, including the Auditor-certified statement. Since



liberty has been granted to the Review Petitioner to approach the Commission with the said claim at the time of truing-up of the tariff of the generating station for the period 2019-24, with relevant documents, we find no reason to re-consider the claim of the Review Petitioner in this order. The prayer of the Review Petitioner is disposed of accordingly.

**C. Disallowance of certain additional capital expenditure for the period 2019-24**

**(i) Replacement of 350 KVA DG set in 2020-21**

13. The Review Petitioner has submitted the following:

- (i) An expenditure for Rs. 40 lakhs was claimed in 2020-21 towards the Replacement of 350 KVA DG Set at Power House on the ground that there was an urgent requirement for replacing the old 350 KVA DG set with a new one for the supply of auxiliary power for starting the generating unit and for feeding basic station loads like dewatering of drainage pit to avoid flooding of the powerhouse.
- (ii) The Commission did not consider the submissions of the Review Petitioner and erroneously disallowed the claim for replacement of the DG set of the Review Petitioner, considering it as a spare asset.
- (iii) Accordingly, the Commission has erred in disallowing the claim of the Review Petitioner for additional capital expenditure (under replacement) in 2020-21 and ought to reconsider the same.

**(ii) Sewerage treatment plant for colony (Project inspection, designing, and consultancy services for STP) for 2021-22 and 2022-23**

14. The Review Petitioner has submitted the following:

- (a) An expenditure for Rs. 40 lakh in 2021-22 and Rs 95 lakh in 2022-23, was claimed by the Review Petitioner for Sewerage Treatment Plant for the colony (Project inspection, designing, and consultancy services for STP).
- (b) There was an urgent requirement to provide for a sewerage treatment plant for the colony to fulfil basic hygiene requirements and to prevent any waterborne diseases.
- (c) However, the Commission has erroneously disallowed the claim of the Review Petitioner, considering it to be in the nature of O&M expenses and not under the operation of the plant. Accordingly, the Commission has erred while disallowing the claim of the Review Petitioner for additional capital expenditure



and ought to reconsider the same.

- (d) As per 2019 Tariff Regulations, 'Generating Station' shall have the same meaning as defined under sub-Section 30 of Section 2 of the Act and, for the purpose of these regulations, shall also include stages or blocks or units of a generating station
- (e) Therefore, as per section 2(30) of the Act, housing buildings, i.e., colonies used for operating staff are an integral part of the generating station and are related to the generation of power. Thus, incurring such an expense for the Review Petitioner, is within the mandate of the Act and ought to be followed.
- (f) Further, in terms of Section 7 of the Environment (Protection) Act, 1986, no person carrying on any industry, operation, or process shall discharge, or emit, or permit to be discharged or emitted any environmental pollutants in excess of such standards as may be prescribed under the Environment (Protection) Rule, 1986.
- (g) Moreover, not complying with the standards prescribed under the aegis of the Environment (Protection) Act, 1986, shall lead to a disastrous situation for the Review Petitioner. The consequences of non-compliance are statutorily provided under Sections 15 and 16 of the Environment Protection Act, 1986, and they are reproduced as "15. Penalty for contravention of the provisions of the Act and the rules, orders and directions". "16. Offences by companies."
- (h) Therefore, the Review Petitioner has to comply with all the Environment Protection norms, to avoid any punitive action against the Company or at worst any coercive action on the generation of power by the Review Petitioner Company, which would *en masse* affect the beneficiaries and its consumers.

### **Analysis and Decision**

#### ***Replacement of 350 KVA DG set***

15. As regards the claim of the Review Petitioner for additional capital expenditure of Rs 40 lakh for the Replacement of 350 KVA DG set in 2020-21, the Commission in the impugned order, had disallowed the same (in sl. no.4 of the table for additional capital expenditure in 2020-21) holding as under:

*"It has been observed from the submission of the Petitioner that the asset under the projected additional capital expenditure is of spare in nature. Since capitalization of spares is not allowed beyond cut-off date, the same is **not allowed.**"*



16. It is however noticed that though the said asset has been claimed by the Review Petitioner as additional capital expenditure towards replacement, the same was inadvertently disallowed in the impugned order, considering the said asset/item as a 'spare.' Since the question of the replacement of the asset, as claimed by the Review Petitioner, was inadvertently not considered by the Commission in the impugned order, in terms of the relevant provisions of the 2019 Tariff Regulations, there exists an error apparent on the face of the impugned order. Accordingly, the review of the impugned order on this count is allowed. However, as the tariff of the generating station for the period 2019-24 is yet to be tried up, we grant liberty to the Review Petitioner to claim the said asset at the stage of trying up, and the same will be considered in accordance with the law.

***Sewerage treatment plant for the colony (Project inspection, designing, and consultancy services for STP) for 2021-22 and 2022-23***

17. As regards the claim of the Review Petitioner for additional capital expenditure towards the Sewerage Treatment Plant for Colony (Project inspection, designing, and consultancy services for STP) during the years 2021-22 and 2022-23, the Commission in the impugned order had disallowed the same as under:

*"It is noticed that the Petitioner has claimed expenditures under this head during the years 2021-22 and 2022-23. The claim for Power house location has been allowed in 2022-23 (Sl no.3 under the head of additional capital expenditure beyond the cut-off date) in this order below. However, the claim for other location such as school, hospital, etc. has not been allowed. Since the claim is for colony area and the same is in the nature of O&M expenses and not related to the operation of the plant, the same is **not allowed.**"*

18. It is evident from the above that the Commission in the impugned order, while allowing the additional capital expenditure claim of the Review Petitioner relating to the Sewerage Treatment Plant for the Powerhouse location in 2022-23, had by a conscious decision, denied the additional capital expenditure claims of the Review Petitioner for STP in respect of the other locations. The Review Petitioner, in our view,



cannot now be permitted to re-argue the case on merits. The submissions of the Review Petitioner are in the nature of an appeal in disguise, which is not permissible in review. We, therefore, find no error apparent on the face of the impugned order, warranting review on this count. Accordingly, we hold that the prayer of the Review Petitioner for review of the impugned order is not maintainable.

### **Revision of tariff for the period 2014-19**

19. Consequent to the review being allowed, as stated in para 10 above, the tariff of the generating station for the period 2014-19 is revised as under:

20. Accordingly, the net additional capital expenditure allowed for the period 2014-19 (in the table under para 28 of the impugned order) is modified as under:

*(Rs. in lakh)*

		<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
A	Additions allowed	72.41	37.60	55.36	32.85	73.83
B	Decapitalization allowed	(-)1.93	(-)0.39	(-)13.40	(-)1.81	(-)0.09
C	Assumed Deletions considered	(-)12.69	(-)8.63	(-)3.35	0.00	(-)3.98
D	Exclusions in deletions not allowed	(-)3.91	(-)0.00	0.00	(-)0.06	(-)7.79
E	Discharge of Liabilities	0.00	0.00	0.00	0.00	0.00
F	Reversal of liabilities	0.00	0.00	0.00	0.00	0.00
G	<b>Net Additional Capitalization allowed (G=A+B+C+D+E-F)</b>	<b>53.88</b>	<b>28.58</b>	<b>38.61</b>	<b>30.98</b>	<b>61.97</b>

### **Capital cost allowed for the period 2014-19**

21. Accordingly, the capital cost allowed for the period 2014-19 (in the table under para 29 of the impugned order) is modified as under:

*(Rs. in lakh)*

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Opening capital cost (a)	49475.59	49529.47	49558.05	49596.66	49627.64
Net additional capital expenditure allowed during the year/ period (b)	53.88	28.58	38.61	30.98	61.97
<b>Closing Capital Cost (a)+(b)</b>	<b>49529.47</b>	<b>49558.05</b>	<b>49596.66</b>	<b>49627.64</b>	<b>49689.61</b>



## Debt Equity Ratio

22. The debt-equity ratio (in the table under para 31 of the impugned order) is modified as under:

*(Rs. in lakh)*

	Capital cost as on 1.4.2014		Additional Capital Expenditure		Decapitalization		Capital cost as on 31.3.2019	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Debt (A)	30700.48	62.05	190.44	70.00	35.98	62.00	30854.93	62.10
Equity (B)	18775.11	37.95	81.62	30.00	22.05	38.00	18834.67	37.90
<b>Total (C)=(A)+(B)</b>	<b>49475.59</b>		<b>272.05</b>		<b>58.03</b>		<b>49689.61</b>	

## Return on Equity

23. Return on Equity (in the table under para 34 of the impugned order) is modified as under:

*(Rs. in lakh)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Equity (A)	18775.11	18789.79	18797.64	18807.89	18817.03
Addition of Equity due to additional capital expenditure (B)	14.68	7.85	10.24	9.14	17.64
Normative Equity- Closing (C) =(A) + (B)	18789.79	18797.64	18807.89	18817.03	18834.67
Average Equity (D)=(A+C)/2	18782.45	18793.72	18802.77	18812.46	18825.85
Base Rate (%) (E)	16.500%	16.500%	16.500%	16.500%	16.500%
Effective Tax Rate (%) (F)	20.961%	21.342%	21.342%	21.342%	21.549%
Effective ROE Rate (%) (G)	20.876%	20.977%	20.977%	20.977%	21.032%
<b>Return on Equity (H)= (D)*(G)</b>	<b>3921.02</b>	<b>3942.36</b>	<b>3944.26</b>	<b>3946.29</b>	<b>3959.45</b>

## Depreciation

24. Depreciation allowed (in the table under para 38 of the impugned order) is modified as under:

*(Rs. in lakh)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Gross block (A)	49475.59	49529.47	49558.05	49596.66	49627.64
Net Additional Capital Expenditure during 2014-19 (B)	53.88	28.58	38.61	30.98	61.97





	2014-15	2015-16	2016-17	2017-18	2018-19
Closing gross block (C=A+B)	49529.47	49558.05	49596.66	49627.64	49689.61
Average gross block (D)=(A+C)/2	49502.53	49543.76	49577.36	49612.15	49658.62
Value of Free Hold Land	294.80	294.80	294.80	294.80	294.80
Depreciable Value (E= (D *90%))	44286.96	44324.06	44354.30	44385.62	44427.44
Remaining Depreciable Value at the beginning of the year (F=E-Cum Dep at 'L' at the end of previous year)	18630.55	17784.82	16925.01	16068.92	15212.73
Balance useful Life (G)	20.87	19.87	18.87	17.87	16.87
<b>Depreciation (H=F/G)</b>	<b>892.60</b>	<b>894.96</b>	<b>896.82</b>	<b>899.10</b>	<b>901.64</b>
Cumulative Depreciation at the end of the year (I=H+ Cum Dep at 'K' at the end of previous year)	26549.01	27434.20	28326.11	29215.79	30116.35
Less: Depreciation adjustment on account of de-capitalization (J)	9.77	4.91	9.42	1.08	7.08
<b>Cumulative Depreciation at the end of the year (K)</b>	<b>26539.24</b>	<b>27429.29</b>	<b>28316.69</b>	<b>29214.71</b>	<b>30109.27</b>

\* Cumulative Depreciation as on 31.3.2014 is Rs.25656.41 lakh.

### Working Capital for Receivables

25. The Receivable component of working capital worked out based on two months of fixed cost (in the table under para 50 of the impugned order) is modified as under:

<i>(Rs. in lakh)</i>				
2014-15	2015-16	2016-17	2017-18	2018-19
1625.62	1683.13	1744.12	1802.83	1870.41

26. Accordingly, interest on working capital worked out and allowed (in the table under para 54 of the impugned order) is modified as under:

<i>(Rs. in lakh)</i>					
	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for Maintenance Spares (15% of operation and maintenance expense)	686.47	732.08	783.55	832.99	888.35
Working capital for Receivables (two months of fixed cost)	1625.62	1683.13	1744.12	1802.83	1870.41





	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Working capital for Maintenance Spares (15% of operation and maintenance expense)	686.47	732.08	783.55	832.99	888.35
Working capital for O&M Expenses (one month of O&M Expenses)	381.37	406.71	435.30	462.77	493.53
<b>Total working capital</b>	<b>2693.46</b>	<b>2821.92</b>	<b>2962.97</b>	<b>3098.59</b>	<b>3252.28</b>
Rate of Working Capital (%)	13.50%	13.50%	13.50%	13.50%	13.50%
<b>Interest on Working Capital</b>	<b>363.62</b>	<b>380.96</b>	<b>400.00</b>	<b>418.31</b>	<b>439.06</b>

### **Annual Fixed Charges approved for the period 2014-19**

27. Accordingly, the annual fixed charges approved for the period 2014-19 (in the table under para 55 of the impugned order) stand modified as under:

	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
					<i>(Rs. in lakh)</i>
Depreciation	892.60	894.96	896.82	899.10	901.64
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	3921.02	3942.36	3944.26	3946.29	3959.45
O&M Expenses	4576.46	4880.52	5223.65	5553.27	5922.30
Interest on Working Capital	363.62	380.96	400.00	418.31	439.06
<b>Total</b>	<b>9753.70</b>	<b>10098.80</b>	<b>10464.73</b>	<b>10816.97</b>	<b>11222.46</b>

### **Tariff for the period 2019-24**

28. We have, in paras 12 and 16 of this order, granted liberty to the Review Petitioner to approach the Commission at the time of truing-up of tariff for the period 2019-24 for consideration of the claims, as stated therein. Hence, there is no change in the tariff determined for the generating station for the period 2019-24 vide the impugned order dated 22.6.2023. However, the closing capital cost of Rs.49689.61 lakh, as on 31.3.2019, as approved in para 21 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.



29. Review Petition No. 28/RP/2023 (in Petition No.257/GT/2020) is disposed of in terms of the above.

**Sd/-**  
**(Ramesh Babu. V)**  
**Member**

**Sd/-**  
**(Arun Goyal)**  
**Member**

**Sd/-**  
**(Jishnu Barua)**  
**Chairperson**

