

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

**Review Petition No. 3/RP/2023 in
Petition. No. 145/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 the Commission's order dated 30.11.2022 in Petition No. 145/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 Chamera-I Hydroelectric Power Station (540 MW).

And

In the matter of

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

...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. Himachal Pradesh State Electricity Board,
Vidyut Bhawan, Kumar House, Shimla - 171 004 (H.P).



7. Uttar Pradesh Power Corporation Limited,
Shakti Bhavan, 14, Ashok Marg, Lucknow - 226 001 (U.P).
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. Power Development Department,
New Secretariat, Jammu -180 001 (J&K).

...Respondents

Parties present:

Shri Venkatesh, Advocate, NHPC
Shri Mohd. Faruquw, NHPC
Shri Piyush Kumar, NHPC
Shri Jitendra K. Jha, NHPC
Shri Mohhit 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.145/GT/2020 was filed by the Review Petitioner, NHPC Limited for truing up of tariff of Chamera-I Hydroelectric Power Station, 540 MW (in short “the generating station”) for the period 2014-19, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short “the 2014 Tariff Regulations) and for determination of tariff of the generating station for the period 2019-24, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short



'the 2019 Tariff Regulations) and the Commission vide its order dated 30.11.2022 (in short 'the impugned order') had disposed of the same.

2. Aggrieved by the impugned order dated 30.11.2022, the Review Petitioner has filed this Review Petition on the ground that there is error apparent on the face of the record on the following issues:

- A. *Error in disallowing the additional capital expenditure for the period 2014-19 and for the period 2019-24:*
- (i) *Disallowance of additional capital expenditure on account of purchase of CCTV camera amounting to Rs. 24.97 lakh during 2014-17 (Rs. 9.32 lakh in 2014-15, Rs. 0.89 lakh in 2015-16 and Rs. 14.76 lakh in 2016-17);*
 - (ii) *Disallowance of additional capitalisation for replacement of Sequential Event Recorder amounting to Rs. 52.91 lakh in 2017-18;*
 - (iii) *Disallowance of construction of Sewage Treatment Plant for Executive field hostel/transit camp amounting to Rs. 6.80 lakh in 2018-19;*
 - (iv) *Disallowance of Security Hut for newly built executive field hostel amounting to Rs. 4.70 lakh in 2019-20;*
 - (v) *Disallowance of Replacement of Motor Control Panel for Booster Pump, Drainage Pump and Main Cooling Water Pump amounting to Rs. 111.50 lakh during 2019-24;*
 - (vi) *Disallowance of Hospital Equipment's amounting to Rs. 26.00 lakh for 2019-24 (2021-22 Rs. 16.50 lakh, 2022-23 Rs. 5.80 lakh, 2023-24 Rs. 3.70 lakh);*
- B. *Error in the disallowance of impact of Goods & Services Taxes (GST) for the period 2014-19;*
- C. *Error in allowance of interest on arbitration cases as additional O&M expenses in place of additional capital expenditure for the periods 2014-19 and 2019-24;*
- D. *Error in the adoption of incorrect methodology and disallowance of the impact of wage revision for the periods 2014-19 and 2019-24.*

3. The Commission vide interim order dated 27.12.2023, admitted the issues A(i) to A(iii) raised by the Review Petitioner (in para 2 above) and directed the parties to complete their pleadings in the matter. All other issues raised by the Review Petitioner, viz., A(iv) to A(vi), including B, C and D were disposed of by the said order, as 'not maintainable' at the admission stage.



4. The Respondent BSES Rajdhani Power Limited (BRPL) and the Respondent, Uttar Pradesh Power Corporation Limited (UPPCL) have filed replies vide affidavit dated 18.1.2024 and 20.1.2024 respectively. The Review Petitioner has filed its rejoinder vide affidavit dated 6.2.2024.

Hearing dated 4.4.2024

5. Thereafter, the Review Petition was listed on 4.4.2024 and the Commission after hearing the learned counsel for the parties on the issues raised in A(i) to A(iii) above, reserved its order in the matter.

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

A. Error in disallowing the additional capital expenditure for the period 2014-19 and for the period 2019-24:

(i) Disallowance of additional capital expenditure on account of purchase of CCTV Camera amounting to Rs. 24.97 lakh during 2014-19 (Rs. 9.32 lakh in 2014-15, Rs. 0.89 lakh in 2015-16 and Rs. 14.76 lakh in 2016-17)

7. The Commission vide the impugned order dated 30.11.2022 for Petition No. 145/GT/2020 had disallowed the additional capital expenditure claimed by the Review Petitioner towards the Purchase of CCTV camera for the period 2014-19, as under:

For the period 2014-15 (Item 1, Page 67 of the Impugned Order)

“The Petitioner has claimed Rs. 27.19 lakh, on cash basis, towards Security and Surveillance System in 2014–15.... It is also observed that the Petitioner has claimed Rs.9.32 lakh towards cameras (fixed network camera - Rs.5.62 lakh and PTZ network camera - Rs. 3.7 lakh) purchased in the year 2020–21. Accordingly, the claim of Rs.24.91 lakh towards Boundary wall of 20 quarters, guest house related expenses and CCTV is not allowed...”

For the period 2015-16 (Item 2, Page 75 of the Impugned Order)

“The item has been dealt with in item no. 1 in 2014-15. It is observed that the Petitioner has claimed Rs. 0.89 lakh towards cameras purchased in 2020-21. Accordingly, an expenditure of Rs. 6.61 lakh (Rs 7.50-Rs 0.89) is allowed towards Security and Surveillance in 2015 -16 under Regulation 14(3)(iii) of the 2014 Tariff Regulations”

For the period 2016-17 (Item 1, Page 81 of the Impugned Order)

“This item has already been dealt with in item no. 1 in 2014-15 and in item no. 2 in 2015-16. In 2017-18. Since the claim of the Petitioner for Rs 14.76 lakh towards Camera, relate to the year 2020-21, the same is not allowed.”



Submissions of the Review Petitioner

8. The Review Petitioner has submitted that it has purchased the CCTV cameras for surveillance in the generating station for Rs. 9.32 lakh, Rs. 0.89 lakh and Rs. 14.76 lakh during the years 2014-15, 2015-16 and 2016-17 respectively and had also prayed for the additional capitalization of the same. The Review Petitioner has further submitted that Regulation 14(3)(iii) of the 2014 Tariff Regulations provides for the additional capital expenditure towards Security & Surveillance and in Petition No. 237/GT/2014 filed for determination of tariff for the generating station for the period 2014-19, the Commission vide order dated 4.9.2015 had allowed the projected additional capital expenditure of Rs. 70.00 lakh claimed by the Petitioner for 'Security and Surveillance'. The Review Petitioner has also submitted that in the original Petition, it had claimed the actual additional capital expenditure against these approved items, and it has also furnished the supporting documents vide compliance report dated 21.6.2021. Accordingly, the Review Petitioner has submitted that the Commission has erred in disallowing the expenditure for purchase of CCTV by linking the purchase of cameras during the period 2014-19 under the mistaken understanding that the same was done in 2020-21.

Reply and Rejoinder

9. Respondent BRPL vide affidavit dated 18.1.2024 has submitted that the Commission, while deciding the claim of Petitioner had observed that it had vide order dated 4.9.2015 in Petition No. 237/GT/2014, allowed an amount of Rs. 70.00 lakh during the period 2014-19, towards the installation of CCTV, water scanners, security devices such as HHMD, Dragon lights etc. It has also pointed out that the Commission in the impugned order had observed that the Review Petitioner had claimed an amount of Rs.

9.32 lakhs for installation of camera, without furnishing any supporting documents. The Respondent has referred to the submissions of Petitioner stating that the cameras were purchased in year 2020-21 (but claimed in 2014-15) , has submitted that the expenses, incurred in 2020-21, cannot be claimed in 2014-15. The Respondent UPPCL has submitted the following:

- a. CCTV cameras are essential for the safety, security, and surveillance of the Power stations. The Review Petitioner, based on the proposal made by CISF, had sought an approval of the projected overall expenditure of Rs. 70.00 lakh to be incurred during the period 2014-19 in Petition No. 237/GT/2014 for security and surveillance system which, among other items, included the installation of CCTV cameras and the Commission had allowed the said expenditure vide order dated 4.9.2015.
- b. As per para 15 of the order dated 30.11.2022, the installation of CCTV camera at the cost of Rs. 24.97 lakh is one of the constituents of the whole Security and Surveillance System proposed for a projected total expenditure of Rs. 70.00 lakh. The Commission had not allowed the expenditure of Rs. 24.97 lakh incurred on the installation of CCTV cameras considering them as purchased in the year 2020-21.
- c. At certain locations, CCTV cameras have been replaced. While at some other locations, CCTV cameras have been installed afresh, to bring such areas under the security and surveillance system. Therefore, the expenditure made during 2014-17 on CCTV cameras falls under two categories, i.e. (i) replacement of old/obsolete CCTV cameras and (ii) installation of CCTV at new locations.
- d. In the hearing of the Review Petition on 27.4.2023, the Review Petitioner has submitted that the expenditure claimed for period 2014-19 pertains to 2014-19, and is not associated with the period 2019-24. The Commission has accepted the submission in the hearing held on 27.4.2023.
- e. In light of the submissions made from paras- (a) to (d) above, the Commission is prayed to: Direct the Petitioner to submit the following information with the support documents for processing of the claim and computation of revised AFC:
 - Year wise expenditure made on the purchase of CCTV Camera during 2014-17.
 - Year wise expenditure incurred on replacement of obsolete cameras with new CCTV cameras during 2014-17.
 - Actual book value of replaced CCTV cameras during 2014-17 for decapitalization.
 - Year wise expenditure incurred on installation of CCTV Cameras at new locations during 2014-17; and consider to allow the claim.



10. In response to the above, the Review Petitioner in its rejoinder has clarified as under:

a. The year wise expenditure made on purchase of CCTV camera during the period 2014-17 is as under:

Year	Particulars	Amount (in lakh)	Location
2014-15	Fixed Network Camera 4 Nos.	5.62	Workshop, Powerhouse
2014-15	PTZ Network Camera 2 Nos.	3.70	Workshop
2015-16	Vivotek IP Camera & NRV	0.89	Police check post
2016-17	Fixed Network Camera (10 Nos.)	12.77	Switch yard, CISF line office, Dam site
2016-17	Video Management system license for 48 cameras	1.99	
Total		24.97	

b. All cameras purchased during 2014-17 are new and installed at new different locations. No expenditure was incurred for the replacement of old CCTV cameras during 2014-17. However, the CCTV cameras installed during 2014-17 have been replaced during 2019-24.

c. Year wise expenditure incurred on installation of fresh CCTV camera at new locations during 2014-17 is provided.

Analysis and Decision

11. The matter has been considered. The Review Petitioner has submitted that the Commission has erred in disallowing the additional capital expenditure for the Purchase of CCTV cameras, by mistakenly understanding that the said purchase was done in 2020-21, which is incorrect. It is observed that the Commission vide order dated 4.9.2015 in Petition No. 237/GT/2014 had allowed an additional capital expenditure of Rs. 70.00 lakh towards the installation of CCTV, water scanners, security devices such as HHMD, Dragon lights etc during the period 2014-19. Further, the Commission in the impugned order dated 30.11.2022, observed that an amount of Rs. 24.97 lakh (i.e. Rs. 9.32 lakh in 2014-15, Rs. 0.89 lakh in 2015-16 and Rs. 14.76 lakh in 2016-17) towards the Purchase of cameras related to the year 2020-21, which was claimed during the



period 2014-19 and accordingly, the claim of the Petitioner was disallowed. However, the Review Petitioner has stated that the expenditure claimed during 2014-17, pertains to the period 2014-19, and is not associated with the period 2019-24. In our considered view, since the impugned order was passed and the asst disallowed, based on the documentary/ submissions made by the Review Petitioner in the original petition, we find no reason to review the same based on the clarification, now furnished by the Review Petitioner. Accordingly, the review sought by the Review Petitioner on this count fails and the claim is rejected as not maintainable.

(ii) Disallowance of additional capitalization for replacement of Sequential Event Recorder amounting to Rs. 52.91 lakh in 2017-18.

12. The Commission vide impugned order dated 30.11.2022 in Petition No. 145/GT/2020 had disallowed the claim of the Review Petitioner towards the replacement of the Sequential event recorder in 2017-18, with the following observation:

(Item-9, Page 94 & 95 of the Impugned Order)

“Considering the fact that the expenditure incurred is in the nature of tools and tackles, the claim is not allowed under first proviso of Regulation 14(3) of the 2014 Tariff Regulations.”

Submissions of the Review Petitioner

13. The Review Petitioner has submitted that it had purchased the Sequential event recorder for Rs. 52.91 lakh in 2017-18 and had prayed for the additional capitalization of the same, but the Commission vide the impugned order had erred in disallowing the expenditure on the ground that the same was in the nature of ‘tools and tackles’. The Review Petitioner has submitted that the claim was made under Regulation 14(3)(viii) of the 2014 Tariff Regulations, which provides for the additional capital expenditure incurred for any additional work, which has become necessary for the successful and efficient plant operation. The Review Petitioner



has further submitted that the sequential event recorder is an equipment / device, which is used for recording and reporting each and every event of the generating station, on a continuous basis, with respect to the Power plant monitoring and control units, which enables the Review Petitioner to identify the reasons of tripping and maloperations, after confirming with Disturbance Recorder (DR) / Event Logger (EL). It has further stated that the CEA (Grid Standards) Regulations, 2007 and CEA (Technical Standards for Connectivity to Grid), 2010 provides for disturbance recorder and event logger and data of these equipment shall be shared with RLDC. The Review Petitioner has also added that such report to RLDC requires the Sequential event recorder also and therefore the 'said asset is not in the nature of 'tools or tackles' but is an important equipment for the functioning of the generating units. Accordingly, the Review Petitioner has submitted that the Commission had erred in disallowing the said claim towards Sequential event recorder.

Reply and Rejoinder

14. Respondent BRPL has submitted that the Commission in its order had rightly observed that the expenditure incurred are in the nature of tools and tackles and had not allowed the same in terms of the proviso to Regulation 14 of the 2014 Tariff Regulations. It has submitted that the Commission has not made any error in rejecting the claim of the Review Petitioner, and hence, review sought by the Review Petitioner challenging the disallowance of the expenses incurred for the replacement of Sequential Event Recorder is liable to be rejected. Respondent UPPCL has submitted the following:

- a. Sequential Event Recorder is an essential equipment required for recording operational data of generating units for various purposes including evaluation of operational efficiency of machine and analysis of trappings.
- b. It is not in the nature of "tools & tackles".



- c. The Petitioner has submitted that it has claimed “assumed deletion” in 2017-18 for the replaced/old Sequential Event Recorder.
- d. Therefore, in light of the above submission, the Commission may:
 - i. Direct the Petitioner to submit actual book value of the old/replaced Sequential Event Recorder for the purpose of decapitalization and computation of revised AFC; and then allow the admissible claim in this regard.

15. In response to the above, the Review Petitioner has clarified that the actual value of old sequential event recorder is Rs. 11.82 lakh, which has already been submitted in the tariff filing forms in Petition No. 145/GT/2020.

Analysis and Decision

16. The matter has been examined. It is noticed that the Review Petitioner has claimed the said item/asset (Sequential Event Recorder) under Regulation 14(3)(viii) of the 2014 Tariff Regulations and the Commission vide impugned order dated 30.11.2023 had disallowed the same considering the said item to be in the nature of tools and tackles in terms of the first proviso to Regulation 14(3) of the 2014 Tariff Regulations. However, the nature and necessity of the asset for the generating station, as submitted by the Review Petitioner, in the original petition and reiterated in para 13, has inadvertently been overlooked by the Commission while considering the claim of the Review Petitioner, for this asset, in the impugned order. This according to us, is an error apparent on the face of the order, and is required to be reviewed. Accordingly, the additional capital expenditure incurred for Rs 52.91 lakh in 2017-18 for Sequential Event Recorder is allowed as capital spares. Consequently, the revision of tariff will be undertaken in the subsequent paragraphs.



(iii) Disallowance of construction of Sewage Treatment Plant for Executive field Hostel / transit camp amounting to Rs. 6.80 lakh in 2018-19

17. The Commission vide the impugned order dated 30.11.2022 had disallowed the claim of the Review Petitioner towards the cost of construction of sewage treatment plant in 2018-19, as under:

(Item no. 8, Page 100 of the Impugned order)

“The item has already been dealt with in item no. 6 in 2017-18. It is noticed that the additional capital expenditure claimed is Rs. 4.46 lakh on cash basis (Rs. 6.80 on accrual basis) towards the Construction of Septic Tank (STP) for field hostel, which is a new claim and is over and above the amount of Rs. 321.02 lakh allowed towards the construction of executive filed hostel/transit camp. Accordingly, the claim of the Petitioner is not allowed.”

Submissions of the Review Petitioner

18. The Review Petitioner has submitted that it had constructed the Sewage Treatment Plant (STP) for the Executive field hostel / transit camp at the generating station for Rs. 6.80 lakh in 2018-19 and had claimed the additional capitalization of the same, which was disallowed by the Commission vide impugned order dated 30.11.2022. The Review Petitioner has also submitted that vide order dated 4.9.2015 in Petition No. 237/GT/2014, an amount of Rs. 300.00 lakh was allowed for the Construction of Executive field hostel / transit camp in 2015-16 with the observation that the same was “allowed under Regulation 14(3)(viii) as the work has been approved works by the Commission in order dated 12.7.2013.” It has further submitted that while carrying out the said work for Construction of Executive field hostel, the award for Construction of the Executive Field hostel and STP were awarded separately by the Review Petitioner, and the same was also brought to the notice of the Commission. The Review Petitioner has also submitted that in terms of the award, the Executive field hostel was completed in 2017-18 for Rs. 314.22 lakh and thereafter, the



Construction of STP was completed in 2018-19 for Rs.6.80 lakh (4.46 lakh on cash basis). Accordingly, it has pointed out that the Commission had allowed the cost for construction of Executive field hostel i.e., Rs. 291.82 lakh in 2017-18 vide impugned order dated 30.11.2022, but had erroneously disallowed the claim of the Review Petitioner for the Construction of STP for the Executive field hostel, mistakenly proceeding on the basis that the same was a new claim, and not covered under the permitted expenses for the Construction of Executive field hostel. Accordingly, the Review Petitioner has submitted that the disallowance of the item is an error apparent on face of record and the claim for Rs. 6.80 lakh for Construction of STP for Executive field hostel / transit camp may be allowed as it is against the asset approved vide order dated 4.9.2015 in Petition No. 237/GT/2014.

Reply and Rejoinder

19. Respondent BRPL has submitted that the Commission vide impugned order dated 30.11.2022 had observed that the claim of Petitioner is completely new, as the Commission had already allowed an expenditure Rs. 321.02 lakh towards the construction of executive filed hostel / transit camp. It has therefore submitted that any claim beyond that amount was not permissible. Respondent UPPCL has submitted the following:

- a. It appears that prior to construction of the new executive field hostel, for which the Commission had allowed a projected expenditure of Rs. 300.00 lakh for 2015-16 in Petition No. 237/GT/2014, there existed as old Executive Field Hostel having a disposal system through septic tank. Accordingly, the Petitioner sought an approval of Rs. 300.00 lakh in 2015-19 for replacement of old Executive Field Hostel. The work was awarded accordingly, and new Executive Field Hostel completed in 2017-18 for an amount of Rs. 314.22 lakh.
- b. The Petitioner made a separate award, admittedly, for construction of STP and construction was completed in 2018-19 for Rs. 6.80 lakh. The



Petitioner has not submitted if it had ever formally obtained prior approval of the Commission for construction of STP as part of new Executive Field Hostel.

- c. In light of the said facts, STP was not part of the original scope of work of new Executive Field Hostel which was made in place of the old Executive Field Hostel having disposal through septic tanks. It was in the afterthought that the Petitioner contemplated to construct STP in place of septic tanks, as such, it made a separate award for Rs. 6.80 Lac for construction of STP and completed the same in 2018-19, after a year of the completing construction of the new Executive Field Hostel.
- d. Hence, new Executive Field Hostel and STP are two different assets conceived and awarded separately. However, at the stage of claim, the Petitioner is now trying to combine them into one asset on the pretext that STP was awarded separately in place of septic tank. If STP was to be made in place of septic tank, then why it was not in the original scope of work of the new Field Hostel and awarded with the work of construction of new Executive Field Hostel itself.
- e. In light of the above submission, the Respondent has submitted the following:
 - i. The Commission had allowed a projected expenditure of Rs. 300.00 lakh for construction of a new Executive Field Hostel in place of the old Executive Field Hostel having a disposal system through septic tank.
 - ii. The Petitioner has not submitted any prior approval of the Commission for construction of STP as part of new Executive Field Hostel.
 - iii. The Petitioner made a separate award, admittedly, for construction of STP. As such, STP was not included in the scope of work of the new Field Hostel.
 - iv. New Executive Field Hostel completed in 2017-18 and STP after a year in 2018-19. Hence, new Executive Field Hostel and STP are two different assets.
 - v. The Commission has rightly considered STP as new asset and rejected the claim of Rs. 6.80 lakh incurred on its construction; and
 - vi. Therefore, there is no error in the Commissions' decision for not disallowing the claim of Rs. 6.80 lakh for construction of STP and the Commission is prayed to reject the Review sought by the Petitioner in this regard.

20. In response to the above submissions, the Review Petitioner has clarified as under:

- a. Vide order dated 4.9.2015 in Petition No. 237/GT/2014, the Commission had allowed an amount of Rs. 300.00 lakh for construction of the executive field hostel / transit camp during 2015-16.



- b. While carrying out the said work for construction of Executive Field Hostel, the award for the construction of the Executive Field Hostel and its STP were awarded separately by the Review Petitioner, and the same was also brought to the attention of the Commission in the Petition.
- c. In terms of the award, the Executive Field Hostel was completed during 2017-18 for an amount of 314.22 lakh and thereafter, the construction of the STP was completed in 2018-19 for an amount of Rs.6.80 lakh.
- d. Accordingly, the Commission had allowed the cost of construction for the Executive Field Hostel i.e., Rs. 291.82 lakh in 2017-18 in the impugned order dated 30.11.2022, but erroneously disallowed the claim for the construction of STP for the Executive Field Hostel, while mistakenly proceeding on the basis that the same was a new claim, not covered under the permitted expense for construction of the Executive Field Hostel.
- e. It is clear that the Commission has erred in disallowing the cost of construction of STP for field hostel by mistakenly considering it a new work, over and above the construction cost of filed hostel, which is an error apparent on face of record. It is submitted that the Construction of the said STP is very much a part of the construction of the Executive Field Hostel which was duly approved and completed in 2018-19. It is emphasized that the Review Petitioner had already mentioned that "Prior to completion of STP, the mode of disposal is through Septic Tank which is a part of Executive Field Hostel". Therefore, it is evident that the construction of the STP for the Executive Field Hostel is not a new claim as has been held in the Impugned Order. Accordingly, it is prayed that this Commission may review its decision on this account and allow the claim of Rs. 6.80 lakh for construction of STP for Executive filed hostel / transit camp against the already approved item vide its order dated 4.9.2015 in Petition No. 237/GT/2015, as prayed for by the Review Petitioner in the Petition.

Analysis and Decision

21. The matter has been examined. It is noticed that the Review Petitioner, in Petition No. 145/GT/2020, had claimed the additional capital expenditure for Rs. 314.20 lakh towards the 'Construction of Executive field hostel/transit camp' in 2017-18 and Rs. 6.80 lakh towards 'Sewage Treatment Plant for Executive field hostel / transit camp' in 2018-19 and Rs. 246.00 lakh towards 'Construction of field hostel, barrack along with boundary wall for CISF near Power House'. In justification for the same, the Review Petitioner had submitted that the Commission had allowed the projected additional capital expenditure of Rs. 300.00 lakh towards the



'Construction of Executive field hostel/transit camp' and the proposal for the Construction of Executive field hostel and STP were different. Accordingly, the Executive field hostel was completed in 2017-18 and same was put to use in the said year. Prior to the completion of STP, the mode of disposal was through Septic Tank, which form part of the Executive field hostel. Therefore, the expenditure of Rs. 314.22 lakh for the Main building was capitalized in the books of account in 2017-18. Subsequently, the construction of STP was completed in 2018-19 and the same was capitalized in 2018-19. The Commission while passing the impugned order dated 30.11.2022 had allowed Rs. 314.20 lakh towards the 'Construction of Executive field hostel/transit camp' in 2017-18 and Rs. 246.00 lakh towards the 'Construction of field hostel, barrack along with boundary wall for CISF near Power House' during the period 2019-24. However, as regards the additional capital expenditure of Rs. 4.46 lakh claimed on a cash basis (Rs. 6.80 on accrual basis) for the construction of STP for field hostel, it was noticed that the same was a new claim, which was over and above the expenditure allowed for the construction of Executive filed hostel / transit camp and therefore, the said claim of the Petitioner was disallowed. The Review Petitioner has submitted that STP works were part of Construction of Executive Field Hostel only, but the works were awarded separately. It is noticed that the Commission, based on the information furnished by the Review Petitioner in the original Petition including the cost claimed thereof, had observed that the construction of STP was a new work, over and above the works allowed for construction of filed hostel. The Review Petitioner had neither furnished any reasons for the issuance of a separate award for STP, apart from the work awarded for the Construction of a field hostel nor had demonstrated through supporting documents that the said claim formed part of the 'Construction of field



hostel', which was already approved. In the above background, we find no merit in the submissions of the Review Petitioner to review the impugned order on this count. Accordingly, the review on this ground is rejected.

22. We have in para 16 of this order allowed the additional capital expenditure incurred for Rs 52.91 lakh in 2017-18 for Sequential Event Recorder as capital spares and observed that the revision of tariff will be undertaken in the subsequent paragraphs. Accordingly, the tariff determined for the generating station for the period 2014-19 vide the impugned order dated 30.11.2022 is modified, as stated in below.

Period 2014-19

23. Accordingly, the relevant paragraphs of the impugned order are modified as under:

Capital Spares

50.the details of capital spares consumption allowed for the 2014-19 tariff period is summarized as under:...

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Spares (not part of capital cost) claimed (A)	104.16	40.59	6.81	52.91	0.00
Value of capital spares (of Rs 1 lakh and below) disallowed on individual basis (B)	5.38	0.00	6.81	0.00	0.00
Net total value of capital spares considered (C) = (A) - (B)	98.78	40.59	0.00	52.91	0.00

“51. Therefore, on prudence check of the information furnished by the Petitioner and on applying the said ceiling limit along with deduction of the salvage value @10%, the net capital spares allowed as additional O & M expenses as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Net total value of capital spares considered (A)	98.78	40.59	0.00	52.91	0.00
Salvage value @ 10% (B)	9.88	4.06	0.00	5.29	0.00
Net Claim allowed (C) = (A)-(B)	88.90	36.53	0.00	47.62	0.00



Interest on Working Capital

Working capital for Receivables

55. Accordingly, the Receivable component of working capital has been worked out on the basis of two months of fixed cost as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
4868.20	5005.05	5138.88	5297.27	5483.94

Working capital for Maintenance Spares

56. Maintenance spares @15% of O&M expenses are worked out and allowed as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
1613.08	1711.51	1819.38	1947.40	2069.17

Working capital for O&M Expenses

57. The O&M expenses for 1 month for the purpose of working capital are as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
896.15	950.84	1010.77	1081.89	1149.54

Rate of Interest on Working Capital

59. Accordingly, Interest on working capital is worked out and allowed as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Working capital for O&M expenses	896.15	950.84	1010.77	1081.89	1149.54
Working capital for Maintenance Spares	1613.08	1711.51	1819.38	1947.40	2069.17
Working capital for Receivables	4868.20	5005.05	5138.88	5297.27	5483.94
Total Working Capital	7377.43	7667.39	7969.03	8326.56	8702.65
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	995.95	1035.10	1075.82	1124.09	1174.86

Annual Fixed Charges

60. Based on the above, the annual fixed charges approved for the generating station for the 2014-19 tariff period stands modified as summarized below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	4218.16	4251.92	4276.25	4304.54	4430.57
Interest on Loan	0.00	0.00	0.00	0.00	0.00
Return on Equity	13241.25	13333.20	13352.03	13372.32	13503.78
Interest on Working Capital	995.95	1035.10	1075.82	1124.09	1174.86
O&M Expenses	10753.85	11410.06	12129.19	12982.67	13794.46
Total	29209.21	30030.28	30833.29	31783.62	32903.67
Total AFC allowed in order dated 30.11.2022	29209.21	30030.28	30833.29	31733.37	32903.67

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.

24. The difference between the tariff determined by this order and the tariff recovered by the Review Petitioner in terms of the impugned order dated 30.11.2022 in Petition No.145/GT/2020 shall be adjusted in terms of Regulation 8(13) of the 2014 Tariff Regulations.

25. Review Petition No. 3/RP/2023 (in Petition No.145/GT/2020) is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(Jishnu Barua)
Chairperson

