

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Sh A.H.Jung, Member**

Petition No.94/2002

In the matter of

Approval of tariff from 1.4.2000 to 31.3.2001 of Gandhar Gas Power Station

And in the matter of

National Thermal Power Corporation Ltd

. **Petitioner**

Vs

1. Madhya Pradesh State Electricity Board, Jabalpur
2. Maharashtra State Electricity Board, Mumbai
3. Gujarat Electricity Board, Vadodara
4. Chhattisgarh State Electricity Board, Raipur
5. Electricity Department, Govt of Goa, Panaji, Goa
6. Electricity Department, Admn. Of Daman & Diu, Daman
7. Electricity Department, Admn. of Dadra and Nagar Haveli, Silvassa ...**Respondents**

ORDER

The petitioner had filed this petition for approval of tariff in respect of Gandhar Gas Power Station (Gandhar GPS) for the period from 1.4.2000 to 31.3.2001 and claimed fixed charges as under:

SI No	Particulars	Rs in lakh
1	Interest on Loan	16241
2	Interest on Working Capital	2910
3	Depreciation	19087
4	Return on Equity	19137
5	O&M Expenses including water Charges	5627
	TOTAL	63002

2. In addition, the petitioner claimed the variable charges @ 74.54 paise/kWh.
3. By its order dated 13.4.2004, the Commission had allowed the fixed charges as under:

		(Rs. in lakh)
	Particulars	2000-01
1	Interest on Loan	15215
2	Interest on Working Capital	2215
3	Depreciation	19087
4	Return on Equity	19137
5	O & M Expenses	2654
	TOTAL	58308

4. The Commission also allowed the energy charges @ 74.54 paise/kWh as claimed by the petitioner, with Fuel Price Adjustment formula.

5. The petitioner filed an appeal (No.94/2005) before the Appellate Tribunal for Electricity against the order of the Commission in so far as it related to O & M expenses allowed and computation of interest on loan. The petitioner, as appellant before the Appellate Tribunal, had claimed O & M expenses of Rs 5627 lakh, based on actual expenses of Rs 5115 lakh of the preceding year (1999-2000) escalated by 10% instead of actual O & M expenses for 2000-2001 allowed by the Commission. The petitioner also sought revision of methodology for computation of interest on loan considered by the Commission in the said order dated 13.4.2004.

6. The said appeal was disposed by the Appellate Tribunal with the following directions:

“17. Accordingly we allow the appeal, set aside the impugned order and remit the matter to the Central Electricity Regulatory Commission for determining the O & M expenses of the Gandhar generating station afresh, on the basis of formula based on Escalation Factor. The determination shall be made within a period of four weeks from the date of receipt of a copy of the Order.”

7. A copy of the order of the Appellate Tribunal was received in the Commission's office on 5.9.2006 under the petitioner's letter dated 4.9.2006. In compliance with the order of the Appellate Tribunal O & M expenses of Gandhar GPS are to be determined afresh and fixed charges for the period 1.4.2000 to 31.3.2001 are to be revised accordingly based on O & M expenses to be determined in keeping with the directions of the Appellate Tribunal.

8. Through this order, O & M expenses for the year 2000-01 are being determined afresh. Since O & M expenses are component of working capital, revision of O & M expenses calls for revision of interest on working capital element of fixed charges also. In all other respects, tariff determined by order dated 13.4.2004 shall be valid.

O&M EXPENSES

9. The petitioner had claimed O&M expenses of Rs. 5627 lakh based on the actual O&M expenses of Rs.5115 lakh for the year 1999-2000, and escalating those at the rate of 10%. The petitioner's claim in this regard has been upheld by the Appellate Tribunal. Accordingly, the claim of the petitioner is accepted and an amount of Rs. 5627 lakh is allowed on account of O&M expenses for the year 2000-2001.

INTEREST ON WORKING CAPITAL

10. Working capital has been calculated considering the following elements:

- (a) Fuel Cost: The fuel cost component of Rs 2377 lakh, allowed in the working capital in the order dated 13.4.2004 has been allowed.
- (b) O&M Expenses: O&M expenses of Rs 469 lakh for one month applicable during the year 2000-2001 have been considered in the working capital in accordance with Ministry of Power notification dated 28.4.1997.

(c) Spares: For the reasons given in the order dated 13.4.2004, the amount of spares in the working capital in the spares has been considered as 'nil'.

(d) Receivables: Receivables have been worked out afresh on the basis of two months of fixed and variable charges. The amount of receivables works out to Rs 14981 lakh.

(e) Naphtha Stock: Naphtha stock has not been considered in the working capital for the year 2000-01, since this was not considered in the order dated 13.4.2004.

11. The working capital margin of Rs.5240 lakh has been adopted for the purpose of calculating working capital for the year 2000-01. 50% of the working capital margin has been treated as equity and remaining 50% has been treated as loan by retaining the debt-equity ratio of 50:50 and respective return and interest is allowed thereon. The SBI PLR of 11.5% for the year 2000-2001 has been considered as the rate of interest on working capital. Based on the above methodology, the interest on working capital payable by the respondents to the petitioner shall be Rs. 2302 lakh. The details in support of interest on working capital allowed in tariff are extracted below:

(Rs. in lakh)	
Fuel Cost	2377
Naphtha stock	0
O & M expenses	469
Spares	0
Receivables	14981
Total Working Capital	17826
Working Capital Margin (WCM)	5240
Total Working Capital allowed	12586
Rate of Interest	11.50%
Interest on allowed Working Capital	1447
Interest on WCM	436
Return on WCM	419
Total Interest on WCM	2302

12. The revised Annual fixed charges for the period 1.4.2000 to 31.3.2001 allowed are summed up as below:

(Rs. in lakh)

	Particulars	2000-01
1	Interest on Loan	15215
2	Interest on Working Capital	2302
3	Depreciation	19087
4	Return on Equity	19137
5	O & M Expenses	5627
	TOTAL	61368

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRPERSON

New Delhi dated the 27th September 2006