

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 230/2009

**Coram: Dr. Pramod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member**

Date of order: 23.3.2011

IN THE MATTER OF

Fixation of tariff in respect of NLC-TPS-I Expansion (2 x 210 MW) for the period from 1.4.2009 to 31.3.2014.

AND IN THE MATTER OF

Neyveli Lignite Corporation Ltd, NeyveliPetitioner
Vs	
1. Tamil Nadu Electricity Board, Chennai	
2. Power Company of Karnataka Ltd, Bangalore	
3. Kerala State Electricity Board, Thiruvananthapuram	
4. Puducherry Electricity Department, Puducherry	... Respondents

ORDER

This petition was filed by the petitioner, NLC for determination of tariff in respect of NLC-TPS-I Expansion (2 x 210 MW) (hereinafter referred to as “the generating station”) for the period from 2009-14, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as “the 2009 regulations”). The Commission by order dated 31.8.2010 determined the annual fixed charges for the generating station for the period 2009-14, as stated hereunder:

<i>(₹ in lakh)</i>					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	20977	19378	17774	16168	14562
Interest on Loan	424	409	393	378	363
Depreciation	7613	7615	7615	7615	7615
Interest on Working Capital	2620	2682	2764	2766	2840
O&M Expenses	7644	8081	8543	9034	9551
Cost of secondary fuel oil	1156	1156	1160	1156	1156
Compensation allowance	-	-	-	-	-
TOTAL	40435	39320	38248	37117	36087

2. The receivable component of the working capital equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor, considered in the above computation of working capital at para 44 of the order dated 31.8.2010 was as under:

(₹ in lakh)

Receivables	2009-10	2010-11	2011-12	2012-13	2013-14
Fixed charges	6739	6553	6375	6186	6015
Variable Charges	7106	7429	7838	7875	8238
Total	13845	13983	14213	14062	14252

3. Based on the above, the interest on working capital allowed by the Commission in para 47 of the said order was as under:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Lignite stock for 1 1/2 month (MT)	5185	5428	5734	5762	6034
Oil stock for 2 month (KL)	193	193	193	193	193
O & M expenses for 1 month	637	673	712	753	796
Maintenance Spares	1529	1616	1709	1807	1910
Receivables-2 months	13845	13983	14213	14062	14252
Total working capital	21389	21893	22560	22576	23185
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Total Interest on Working Capital	2620	2682	2764	2766	2840

4. While so, the respondent TNEB by its letter dated its letter dated 3.3.2011 addressed to the Commission has pointed out to certain errors in the computation of the interest on working capital in the order dated 31.8.2010 and has prayed for correction of the error and for revision of tariff for the generating station.

5. On examination of the above, it is noticed that certain inadvertent arithmetical errors had occurred in the calculation of the 'receivable' component of the working capital, based on which tariff for the generating station was determined by order dated 31.8.2010.

6. Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, provides as under:

“103. (1) The Commission may at any time, on its own motion, or on an application of any of the persons or parties concerned, within 45 days of making such decision, directions or order, review such decision, directions or orders and pass such appropriate orders as the Commission deems fit:

Provided that power of review by the Commission on its own motion under this clause may be exercised only for correction of clerical or arithmetical mistakes arising from any accidental slip or omission.”

7. In exercise of powers under Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, the inadvertent arithmetical error in the calculation of receivable component of the working capital based on which the tariff of the generating station was determined, is corrected by this order as under:

8. The arithmetical error in the table under Para 44 of the order dated 31.8.2010 is corrected as under:

“44. In terms of Regulation 18(1)(a)(iv), receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor, has been computed as under:

	(₹ in lakh)				
Receivables	2009-10	2010-11	2011-12	2012-13	2013-14
Fixed Charges	6735	6549	6371	6182	6011
Variable Charges	6913	7237	7645	7683	8045

9. Consequent upon the above, the table under paragraph 47 of the order pertaining to ‘interest on working capital’ is revised as under:

Interest on Working Capital

	(₹ in lakh)				
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Lignite Stock for 1 1/2 month (MT)	5185	5428	5734	5762	6034
Oil stock for 2 month (KL)	193	193	193	193	193
O & M expenses for 1 month	637	673	712	753	796
Maintenance Spares	1529	1616	1709	1807	1910
Receivables- 2 months	13648	13786	14015	13865	14056
Total working capital	21192	21696	22363	22379	22988
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Total Interest on Working Capital	2596	2658	2739	2741	2816

10. In view of the above, the summary of the annual fixed charges in the table under paragraph 56 of the order dated 31.8.2010 is revised as under:

Annual Fixed Charges

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Return on Equity	20977	19378	17774	16168	14562
Interest on Loan	424	409	393	378	363
Depreciation	7613	7615	7615	7615	7615
Interest on Working Capital	2596	2658	2739	2741	2816
O&M Expenses	7644	8081	8543	9034	9551
Cost of secondary fuel oil	1156	1156	1160	1156	1156
Compensation allowance	-	-	-	-	-
TOTAL	40410	39296	38224	37093	36063

11. The difference between the annual fixed charges approved by order dated 31.8.2010 and those approved now shall be refunded by the petitioner in three monthly installments.

12. All other terms contained in order dated 31.8.2010 remains unaltered.

Sd/-
[M.DEENA DAYALAN]
MEMBER

Sd/-
[V.S.VERMA]
MEMBER

Sd/-
[S.JAYARAMAN]
MEMBER

Sd/-
[DR.PRAMOD DEO]
CHAIRPERSON