

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 183/2009

Coram

Dr. Pramod Deo, Chairperson

Shri S. Jayaraman, Member

Shri V.S.Verma, Member

Shri M.Deena Dayalan, Member

Date of Order: 20.2.2013

In the matter of

Revision of annual fixed charges for Rihand STPS, Stage-II (1000 MW) in terms of the judgment dated 2.1.2013 of the Appellate Tribunal for Electricity in Appeal No. 84/2011.

And in the matter of

Determination of impact of additional capital expenditure incurred during 2008-09 for Rihand STPS, Stage-II (1000 MW).

And in the matter of

NTPC Ltd, New Delhi

.....**Petitioner**

Vs

- (1) Uttar Pradesh Power Corporation Ltd, Lucknow
- (2) Jaipur Vidyut Vitaran Ltd, Jaipur
- (3) Ajmer Vidyut Vitaran Ltd, Ajmer
- (4) Jodhpur Vidyut Vitaran Ltd, Jodhpur
- (5) Delhi Transco Ltd, New Delhi
- (6) North Delhi Power Ltd, Delhi
- (7) BSES-Rajdhani Power Ltd, New Delhi
- (8) BSES Yamuna Power Ltd, Delhi
- (9) Haryana Power Purchase Ltd, Panchkula
- (10) Punjab State Electricity Board, Patiala
- (11) Himachal Pradesh State Electricity Board, Shimla
- (12) Power Development Department, Govt. of J&K, Srinagar
- (13) Power Department, Union Territory of Chandigarh, Chandigarh
- (14) Uttarakhand Power Corporation Ltd, Dehradun

.....**Respondents**

ORDER

The petitioner had filed this petition for approval of the revised fixed charges after considering the impact of additional capital expenditure incurred during the



period 2008-09 for Rihand STPS, Stage-II (1000 MW), (hereinafter referred to as “the generating station”) based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”). By order dated 20.4.2011, the Commission revised the annual fixed charges for the generating station as under:

	<i>(₹ in lakh)</i>			
	2005-06 (15.8.2005 to 31.3.2006)	2006-07	2007-08	2008-09
Interest on loan	8028.08	13728.46	12776.55	11852.85
Interest on Working Capital	1593.46	3045.03	3106.69	3134.24
Depreciation	5659.87	10180.49	10350.53	10491.85
Advance Against Depreciation	3553.57	5073.90	7068.01	7601.43
Return on Equity	6563.29	11838.27	12036.00	12200.34
O & M Expenses	4865.00	10120.00	10520.00	10950.00
Total	30263.27	53986.15	55857.78	56230.72

2. Aggrieved by the said order, the petitioner has filed Appeal No. 84/2011 before the Appellate Tribunal for Electricity ('the Tribunal') with the following issues.

(a) Whether the Central Commission was right in not allowing the NTPC to retain the capital cost of Wagons which had become unserviceable in the capital base for the purpose of tariff, under the Act, 2003.

(b) Whether the value of initial spares should be included for determination of amount of maintenance spares while computing the interest on working capital.

3. The Tribunal by its judgment dated 2.1.2013 while rejecting the issue at paragraph 2(a) above, decided the issue in 2(b) above in favour of the petitioner and directed the Commission to pass consequential orders in terms of the said judgment.

4. The Tribunal in its judgment dated 2.1.2013 while allowing the prayer of the petitioner for inclusion of the value of initial spares for determination of the amount of maintenance spares for computation of interest on working capital has observed as under:

"17. This issue has already been decided by this Tribunal in Appeal No.169 of 2010 in the judgment rendered by this Tribunal on 31.5.2011, which supports the claim of the Appellant on this issue. Hence, the order regarding the cost of maintenance spares by the Central Commission is set-aside and consequently the Central Commission is directed to work out the cost of the maintenance spares in accordance with the Tariff Regulations, 2004 and the judgment dated 31.5.2011 in Appeal No.169 of 2010"

5. In its judgment dated 31.5.2011 in Appeal No.169/2010, the Tribunal had allowed the similar prayer of the petitioner for inclusion of the value of initial spares as under:

"14.....Let us now cite the Regulation 21 (v) (a) (iv) of the Tariff Regulation which reads as under:

(v) Interest on Working Capital

(a) Working Capital shall cover

Coal based/Lignite fired generating stations

(i).....

(ii).....

(iii).....

(iv) Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation; and

(v)....."

15. Admittedly, the Central Commission has not followed this Regulation quoted above which states the value of the maintenance spares should be taken at 1% of the historical cost escalated at 6% per annum from the date of commercial operation. This would make it clear that the Central Commission excluded the cost of initial spares from the historical capital cost on which the working capital is calculated even though such cost of initial spares duly formed part of capital cost as per the Regulation 21 (v) (a) (iv) of the Tariff Regulation.

16. Therefore, the findings on this issue in the impugned order is set aside. The Central Commission is directed to pass a consequential order in the light of the Regulations referred to above. Accordingly, this issue is decided."

6. Accordingly, in compliance with the directions contained in the judgment of the Tribunal and after taking into consideration the relevant provisions of the 2004 Tariff Regulations, the annual fixed charges of the generating station has been revised as discussed below.

7. After inclusion of the value of initial spares for determination of maintenance spares, the computation of interest on working capital is revised as under:



(₹ in lakh)

	2005-06 (15.8.2005 to 31.3.2006)	2006-07	2007-08	2008-09
Coal Stock – 1.5 months	3276.80	6875.27	6894.11	6875.27
Oil Stock- 2 months	425.65	499.36	500.73	499.36
O & M expenses	405.42	843.33	876.67	912.50
Maintenance Spares	1618.45	2844.89	3055.66	3274.35
Receivables	9838.93	18664.42	19002.86	19038.55
Total Working Capital	15565.24	29727.27	30330.02	30600.04
Rate of Interest	10.2500%	10.2500%	10.2500%	10.2500%
Total Interest on Working capital	1595.44	3047.05	3108.83	3136.50

8. Consequently, the annual fixed charges of the generating station for the period from 15.8.2005 to 31.3.2009 is revised as under:

(₹ in lakh)

	2005-06 (15.8.2005 to 31.3.2006)	2006-07	2007-08	2008-09
Interest on loan	8028.08	13728.46	12776.55	11852.85
Interest on Working Capital	1595.44	3047.05	3108.83	3136.50
Depreciation	5659.87	10180.49	10350.53	10491.85
Advance Against Depreciation	3553.57	5073.90	7068.01	7601.43
Return on Equity	6563.29	11838.27	12036.00	12200.34
O & M Expenses	4865.00	10120.00	10520.00	10950.00
Total	30265.25	53988.16	55859.91	56232.98

9. The annual fixed charges determined by this order are subject to the outcome of Civil Appeals filed by the Commission which are pending before the Hon'ble Supreme Court.

10. The petitioner shall claim the difference in respect of the tariff determined by order dated 20.4.2011 and the tariff determined by this order from the beneficiaries in three equal monthly instalments.

Sd/-
[M.Deena Dayalan]
Member

Sd/-
[V.S.Verma]
Member

Sd/-
[S.Jayaraman]
Member

Sd/-
[Dr. Pramod Deo]
Chairperson