

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 252/GT/2014

Coram:

**Shri Gireesh. B. Pradhan, Chairperson
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member**

Date of Order : 19.4.2017

In the matter of

Corrigendum to the order dated 29.3.2017 in Petition No. 252/GT/2014

In the matter of

Approval of generation tariff of Chutak Power Station (4x11MW) for the period 2014-19.

And in the matter of

NHPC Ltd
NHPC Office Complex,
Sector-33 Faridabad-121003
Haryana

...Petitioner

Vs

Power Development Department,
Govt. of J&K

...Respondents

Corrigendum

The petitioner, NHPC, has filed this petition for approval of generation tariff in respect of Chutak Power Station (4x11MW) ('the generating station') for the period 2014-19. The Commission vide order dated 29.3.2017 in Petition No. 252/GT/2014 had approved the tariff of Chutak Power Station (4x11MW) for the period 2014-19.as under:

	<i>(₹in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	4422.26	4486.48	4486.48	4486.48	4486.48



	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Loan	1923.36	1745.18	1527.94	1323.22	1144.59
Return on Equity	5185.60	5260.91	5260.91	5260.91	5260.91
Interest on Working Capital	373.73	380.03	382.70	386.17	390.78
O&M Expenses	1960.57	2090.76	2229.58	2377.63	2535.50
Total	13865.52	13963.36	13887.61	13834.41	13818.26

2. It is observed that certain arithmetical / clerical error had crept in the Order dated 29.3.2017 as regards the calculation of normative IDC, to the effect that the normative IDC of ₹4965.00 lakh was inadvertently considered as ₹50.00 lakh. This error has been rectified and the normative IDC of ₹4965.00 lakh has been considered. Based on this, the completion cost of the said project works out to ₹94206.00 lakh (89376 lakh + 4965 lakh - 135 lakh) instead of ₹89425.65 lakh as considered in order dated 29.3.2017. Based on the completion cost of ₹94206.00 lakh, the projected additional capital expenditure which has been restricted to ₹2560.19 lakh in order dated 29.3.2017 has been rectified as ₹7124.42 lakh including discharge of liabilities and allowed in exercise of Power under Regulation 103A of the CERC (Conduct of Business) Regulations, 1999 and the annual fixed charges as determined in order dated 29.3.2017 is modified and stated in the subsequent paragraphs.

3. Accordingly, the table under para13 of the order dated 29.3.2017 is rectified as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital cost	86865.46	91998.17	93989.88	93989.88	93989.88
Additional Capital expenditure allowed	5132.71	1991.71	0.00	0.00	0.00
Capital cost as on 31 march of the year	91998.17	93989.88	93989.88	93989.88	93989.88

Debt: Equity

4. The table under para16 of the order dated 29.3.2017 modified as under:



(₹ in lakh)

	As on 1.4.2014		Net Additional Capitalisation during 2014-19		As on 31.3.2019	
	Amount	%	Amount	%	Amount	%
Debt	60805.82	70%	4987.09	70%	65792.92	70%
Equity	26059.64	30%	2137.33	30%	28196.96	30%
Total	86865.46	100%	7124.42	100%	93989.88	100%

Return on Equity

5. The table under para 19 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Normative Equity- Opening	26059.64	27599.45	28196.96	28196.96	28196.96
Addition of Equity due to additional capital expenditure	1539.81	597.51	0.00	0.00	0.00
Normative Equity-Closing	27599.45	28196.96	28196.96	28196.96	28196.96
Average Normative Equity	26829.54	27898.21	28196.96	28196.96	28196.96
Return on Equity (Base Rate)	15.50%	15.50%	15.50%	15.50%	15.50%
Tax Rate for the year	20.960%	20.960%	20.960%	20.960%	20.960%
Rate of Return on Equity (Pre Tax)	19.610%	19.610%	19.610%	19.610%	19.610%
Return on Equity	5261.27	5470.84	5529.42	5529.42	5529.42

Interest on Loan

6. The table under para22 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Gross opening loan	60805.82	64398.72	65792.92	65792.92	65792.92
Cumulative repayment of loan upto previous year	5479.10	9965.89	14631.39	19346.86	24062.33
Net Loan Opening	55326.72	54432.83	51161.52	46446.06	41730.59
Addition due to additional capital expenditure	3592.90	1394.20	0.00	0.00	0.00
Repayment of loan during the year	4486.79	4665.50	4715.47	4715.47	4715.47
Net Loan Closing	54432.83	51161.52	46446.06	41730.59	37015.13
Average Loan	54879.77	52797.18	48803.79	44088.32	39372.86
Weighted Average Rate of Interest of loan	3.561%	3.459%	3.324%	3.190%	3.094%
Interest on Loan	1954.27	1826.25	1622.24	1406.42	1218.20



Depreciation

7. The table under para 24 of the order dated 29.3.2017 modified as under:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Gross block as on 31.3.2014	86865.46	91998.17	93989.88	93989.88	93989.88
Additional capitalization during 2014-19	5132.71	1991.71	0.00	0.00	0.00
Closing Gross block	91998.17	93989.88	93989.88	93989.88	93989.88
Average gross block	89431.81	92994.02	93989.88	93989.88	93989.88
Rate of Depreciation	5.017%	5.017%	5.017%	5.017%	5.017%
Depreciable Value	80488.63	83694.62	84590.89	84590.89	84590.89
Remaining Depreciable Value	75009.53	73729.39	69960.16	65244.69	60529.23
Depreciation	4486.79	4665.50	4715.47	4715.47	4715.47

O & M Expenses

8. The table under para 26 of the order dated 29.3.2017 modified as under:

	(₹ in lakh)		
	29.11.2012 to 31.1.2013	1.2.2013 to 31.3.2013	FY 2013-14
	3 Units (Pro-rata)	4 Units (pro-rata)	4 Units
Allowed Project cost	70,492.41	93,989.88	
Less: R&R cost	146.63	195.50	
Capital cost for the purpose of O&M	70,345.78	93,794.38	
Annualised O&M expenses @ 2% of capital cost	1,406.92	1,875.89	1,983.19*
O&M expenses (Pro rata)	246.69	303.23	1,983.19

*After escalation of annualized O&M expenses of FY 2012-13 (₹1875.89 Lakh) at the rate of 5.72%

9. The table under para 29 of the order dated 29.3.2017 modified as under:

(₹ in lakh)	
Complete capital cost allowed by the Commission	93,989.88
Less: R&R cost submitted by the petitioner	195.5
Capital cost for the purpose of O&M	93794.38

(₹ in lakh)	
FY 2012-13	Amount
O&M Expenses (@ 2% of ₹93794.38 lakh (N1))	1875.89
FY 2013-14	
O&M Expenses (Escalated @6.04 % of O&M Expenses of 2012-13) (N2)	1989.19
O&M Expenses @ 2013-14 Price Level (N=(N1+N2)/2)	1932.54



(₹ in lakh)

	29.11.2012 to 31.1.2013	1.2.2013 to 31.3.2013	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
O&M expenses	246.69	303.23	1,983.19	2060.86	2197.70	2343.63	2499.25	2665.20

Interest on Working Capital

10. The table under para 30 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

	29.11.2012 to 31.1.2013	1.2.2013 to 31.3.2013	FY 2013-14
	2 Units (Pro-rata)	3 Units (pro-rata)	4 Units
O & M expenses- 1 Month	20.56	25.27	165.2657
Maintenance Spares	37.00	45.48	297.48
Receivables- 2 months	255.55	357.44	2,287.94
Total Working Capital	313.11	428.20	2750.68
Rate of Interest	13.50%	13.50%	13.50%
Interest on Working Capital	42.27	57.81	371.34

Interest on Working Capital (2014-19)

Receivables

11. The table under para 32 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
2357.73	2426.18	2435.56	2426.13	2423.23

Maintenance Spares

12. The table under para 33 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
309.13	329.66	351.54	374.89	399.78

O & M Expense

13. The table under para 34 of the order dated 29.3.2017 modified as under:

(₹ in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
171.74	183.14	195.30	208.27	222.10



Interest on Working Capital (2014-19)

14. The table under para 37 of the order dated 29.3.2017 modified as under:

	(₹ in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
O & M expenses- 1 Month	171.74	183.14	195.30	208.27	222.10
Maintenance Spares	309.13	329.66	351.54	374.89	399.78
Receivables- 2 months	2357.73	2426.18	2435.56	2426.13	2423.23
Total Working Capital	2838.60	2938.97	2982.41	3009.29	3045.11
Rate of Interest	13.50%	13.50%	13.50%	13.50%	13.50%
Interest on Working Capital	383.21	396.76	402.63	406.25	411.09

Annual Fixed Charges (29.11.2012 to 31.3.2014)

15. Based on above the annual fixed charges determined by order dated 29.3.2017 for the period 2012-14 and 2014-19 stands modified as under:-

	(₹ in lakh)		
	29.11.2012 to 31.1.2013 (3 Units) (Pro-rata)	1.2.2013 to 31.3.2013 (4 Units) (Pro-rata)	2013-14 (4 Units)
Depreciation	524.35	669.78	4284.97
Interest on Loan	111.27	335.59	2054.82
Return on Equity	608.73	778.26	5033.29
Interest on Working Capital	42.27	57.81	371.34
O&M Expenses	246.69	303.23	1983.19
Total	1533.32	2144.67	13727.61

2014-19

	(₹ in lakh)				
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	4486.79	4665.50	4715.47	4715.47	4715.47
Interest on Loan	1954.27	1826.25	1622.24	1406.42	1218.20
Return on Equity	5261.27	5470.84	5529.42	5529.42	5529.42
Interest on Working Capital	383.21	396.76	402.63	406.25	411.09
O&M Expenses	2060.86	2197.70	2343.63	2499.25	2665.20
Total	14146.40	14557.06	14613.38	14556.81	14539.37

16. All other conditions in order dated 29.3.2017 shall remain unchanged.

Sd/-
(Dr. M.K. Iyer)
Member

Sd/-
(A.S Bakshi)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

