Petition No.271/GT/2019

Subject : Petition for revision of tariff of Tripura Gas Based Power Plant (TGBP) (101 MW) based on truing-up exercise for the period 24.12.2015 to 31.3.2019

Petitioner : NEEPCO

Respondent : Tripura State Electricity Corporation Limited & ors

Date of hearing : 2.6.2020

Coram : Shri P.K. Pujari, Chairperson
         Shri I.S. Jha, Member
         Shri Arun Goyal, Member

Parties present : Shri Ranjan Mallik, NEEPCO
                 Shri Devapriya Choudhury, NEEPCO
                 Shri Elizabeth Pyrbott, NEEPCO

Record of Proceedings

The matter was heard through video conferencing.

2. During the hearing, the representative of the Petitioner submitted that the present petition has been filed for revision of tariff of Tripura Gas Based Power Plant (TGBP) (101 MW) for the period 24.12.2015 to 31.3.2019 based on truing-up exercise in terms of Regulation 8 of the 2014 Tariff Regulations. He submitted that tariff filing forms have been furnished in accordance with the provisions of the 2014 Tariff Regulations and copies have been served on the Respondents. The representative further pointed out that it has not received any reply from the Respondents. Accordingly, the representative submitted that the tariff of the generating station may be determined as claimed in the petition.

3. None appeared on behalf of the Respondents. The Commission directed the Petitioner to file additional information on the following, with copy to the Respondents, on or before 22.6.2020:

   a) Balance sheets for the period 2015-16 to 2018-19;


   c) It is noticed that as per Form 1(i), an amount of ₹216.56 lakh is claimed as additions for the year 2017-18. However, as per details furnished in Form-9A, this amount is on accrual basis. After removal of un-discharged liabilities of ₹4.19 lakh, the claim should have been ₹212.37 lakh, on cash basis. It is further noticed in Form 1(i) that discharge of liabilities has been added back without showing the deduction of un-discharged liabilities. Petitioner shall clarify/rectify the said discrepancies;
d) Reconciliation of the additional capital expenditure claimed for the purpose of tariff with that of the additional capital expenditure as per books of accounts for all years of the tariff period may be furnished. The consolidated reconciliation for all years should clearly bring out the exclusions (book entries not claimed for the purpose of tariff), position of un-discharged liabilities and discharged liabilities on all relevant dates of the tariff period i.e. as on opening date of each year and closing date of last year. Though the above information has been furnished, none of the forms have been signed by the Auditor. As such, the financial forms and the consolidated reconciliation as described above, should be submitted duly signed by Auditor;

e) The ‘addition’ for the year 2018-19 has been indicated as ₹6681.62 lakh in Form1 (i). However, as per Form- 9A, this figure is shown as ₹3340.81 lakh (on accrual basis). This shall be clarified;

f) Cost of initial spares capitalized as on COD of Gas Turbine, as on Station COD and as on 31.3.2019;

g) Clarification as to whether Gas Booster Compressor (GBC) was envisaged in FSA and was made a part of the original scope of works or not? In case GBC was envisaged at a later stage, it may be clarified whether or not the consent of beneficiaries was obtained for adding a system which would substantially increase the auxiliary power consumption from 3.5% to 5.5%. Also, the year of capitalization of the Gas Booster Compressor shall be submitted;

h) Auditor’s certificate to the effect that any revenue generated over and above the fuel cost from injection of infirm power, has been adjusted in the capital cost claimed;

i) Following details with regard to the impact of wage revision may be submitted:

   (i) PRP/Incentive included in the wage revision impact claimed (year wise details duly certified by the Auditor);

   (ii) Comparative statement of the normative O&M expenses allowed to the station versus the actual audited O&M expenses for the period from 2015-16 to 2018-19;

j) The Petitioner has considered different rates for different stations for grossing up of equity and has also not provided the bifurcation between generation earnings and earnings from other activities. In case the Petitioner does not have any earnings other than generation activities, the same shall be certified together with the basis of calculation of effective tax rate for grossing up of rate of Return on Equity with Tax Audit Reports for the period COD to 31.3.2019. In this regard, the details as per proforma in ‘Annexure-A’ enclosed herewith should be duly filled in and submitted;

j) Cost Audit Reports for the period from COD to 31.3.2019;

k) Details of the initial spares capitalized up to the cut-off date;

l) Reconciliation Statement (Form 9C) and Liability Flow Statement (Form-18) duly certified by Auditor;

m) Detailed calculation of IDC, FC and FERV in editable excel file (soft copy) with proper linkage and supporting documents towards the interest rates and exchange rates applied;
n) Form-13 with supporting documents in justification of the rate of interest on loan claimed.

4. The Respondents are directed to file their reply on or before 7.7.2020, with copy to the Petitioner, who shall file its rejoinder, if any, by 14.7.2020. The Commission directed that due date of filing of reply and/or rejoinder and for submitting information should be strictly complied with.

5. Subject to the above, order in the Petition was reserved.

By order of the Commission

Sd/-

(B. Sreekumar)
Dy. Chief (Law)
### A Information pertaining to the years when MAT rate is applicable

(i) Applicable MAT rate for the respective years

(ii) Tax paid by the petitioner

(iii) Book Profit

(iv) Interest Paid to the Income tax department

(iv)(a) Interest paid other than interest on additional tax demand (specify section wise details)

- (I) Section 234 (A)
- (II) Section 234 (B)
- (III) ...
- (IV) ...

(iv)(b) Interest Paid on additional tax demand

(v) Details about appeal filed with regard to interest payments on additional tax demand, as specified above

- (I) Appeal filed and allowed in favour of petitioner
- (II) Appeal filed and disallowed
- (III) Appeal is pending

- (IV) Interest on additional tax demand for which appeal not filed

(vi) Effective tax rate based on (tax paid plus interest paid on additional tax demand excluding for which appeal filed and allowed in favour of petitioner) divided by Book profit as stated above

### B Information pertaining to the years when Corporate Tax rate is applicable

(i) Applicable Corporate Tax rate including cess for the respective years as per I.T. Act

(ii) Income Tax including cess paid by the petitioner (A)

(iii) Taxable Income as per Income tax provisions (B)

(iv) Corporate Tax rate including cess for the respective years (C) \[ C = \frac{(A)}{(B)} \times 100 \]

(Note: If tax rate under Sr. no. (i) and (iv) are different, reason for the same shall be detailed as a note below the table.)

(v) PBT as per audited financial statements (D)

(vi) Effective tax rate based on tax paid by petitioner and PBT as per audited financial accounts (E)

\[ E = \frac{(A)}{(D)} \times 100 \]

(vii) Interest Paid to the Income tax department

(vii)(a) Interest paid other than interest on additional tax demand (specify section wise details)

- (I) Section 234 (A)
- (II) Section 234 (B)
- (III) ...
- (IV) ...

(vii)(b) Interest Paid on additional tax demand

(viii) Details about appeals filed with regard to interest payments on additional tax demand, as specified above

- (I) Appeal filed and allowed in favour of petitioner
- (II) Appeal filed and disallowed
- (III) Appeal is pending

- (IV) Interest on additional tax demand for which appeal not filed

(ix) Effective tax rate based on (tax paid plus interest paid on additional tax demand excluding for which appeal filed and allowed in favour of petitioner) divided by PBT as per audited financial accounts

\[(E) = \frac{(A)}{(D)} \times 100\]

**Note:**

1. Above data shall be certified by the auditor.
2. In case the corporate tax rate is applicable and if the effective tax rate reported above is more than the applicable corporate tax rate, the auditor shall specify the reason for such variances. The Auditor shall verify and certify that the reasons for such variances have been checked and found correct from the accounting point of view as well as the provisions of the Income Tax Act. The Auditor shall specify adjustment needed in books of accounts, if any, observed during verification and reconciliation of above variances.