CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 573/GT/2020

Coram:
Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member

Date of Order: **3rd July, 2023**

In the matter of

Petition for truing up of annual fixed charges for the period 2014-19 and for determination of tariff for the period 2019-24 in respect of Durgapur Steel Thermal Power Station, Units 1 & 2 (1000 MW).

And

In the matter of

Damodar Valley Corporation
DVC Towers, VIP Road, Kolkata ...**Petitioner**

Vs

1. BSES-Rajdhani Power Limited,
   PMG Office, 2nd Floor, B-Block,
   BSES Bhawan, Nehru Place,
   Delhi- 110 019

2. BSES-Yamuna Power Limited,
   Shakti Kiran Building, Karkardooma,
   Delhi- 110072

3. Tata Power Delhi Distribution Limited,
   Grid Substation Building, Hudson Lines,
   Kingsway Camp, New Delhi- 110 009

4. Punjab State Power Corporation Limited
   Shed No. TI-A, Patiala - 147001

5. Madhya Pradesh Power Management Company Limited,
   Shakti Bhawan, Vidyut Nagar,
   Jabalpur -482008

6. Tata Steel Limited,
   PGP Works, General Office (W-175),
   Jamshedpur – 831001 . ...**Respondents**

7. Damodar Valley Power Consumers Association,
   9, A J C Bose Road, 4th Floor, Kolkata – 700017 ...**Objector**

Parties Present:

Shri M. G. Ramachandran, Advocate, DVC
Ms. Anushree Bardhan, Advocate, DVC
Ms. Srishti Khindaria, Advocate, DVC
Ms. Surbhi Kapoor, Advocate, DVC
Shri Anukirat Singh, Advocate, DVC
Ms. Swati Rai, DVC
Shri Samit Mandal, DVC
Shri Rajiv Yadav, Advocate, DVPCA
Shri Himanshu Yadav, Advocate, DVPCA
Shri Ravin Dubey, Advocate, MPPMCL
Ms. Suparna Srivastava, Advocate, PSPCL
Shri Tushar Mathur, Advocate, PSPCL

ORDER

This Petition has been filed by the Petitioner, Damodar Valley Corporation, for truing-up of tariff of Durgapur Steel TPS, Units 1 to 2 (1000 MW) (in short 'the generating station') for the period 2014-19, in term of Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations') and for determination of tariff of the generating station for the period 2019-24, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short 'the 2019 Tariff Regulations').

2. The Petitioner is a statutory body established by the Central Government under the Damodar Valley Corporation Act, 1948 (in short 'DVC Act') for the development of the Damodar Valley, with three participating Governments, namely, the Central Government, the Government of West Bengal and the Government of Jharkhand. The generating station is a non-pit head station, with a capacity of 1000 MW comprising of two units of 500 MW each. The cut-off date of the generating station in terms of

Regulation 2(13) the 2014 Tariff Regulations is 31.3.2016. The date of commercial operation of the units of the generating station are as under:

	Actual COD
Unit – I	15.5.2012
Unit – II	5.3.2013

Background

3. Petition No. 66/2005 was filed by the Petitioner for approval of the revenue requirements and for determining the tariff for electricity related activities, that is, the generation, transmission and distribution of electricity, undertaken by it for the period from 1.4.2004 to 31.3.2009. The Commission by its order dated 3.10.2006 determined tariff in respect of the generating stations and inter-state transmission systems of the Petitioner, after allowing a special dispensation to the Petitioner to continue with the prevailing tariff till 31.3.2006. Against the Commission's order dated 3.10.2006, the Petitioner filed Appeal No.273/2006 before the Appellate Tribunal for Electricity (in short 'the APTEL') on various issues. Similarly, appeals were also filed before the APTEL by some of the objectors / consumers, namely, Maithon Alloys Ltd and others (Appeal No.271/2006), Bhaskhar Shrachi Alloys Ltd. and others (Appeal No. 272/2006), State of Jharkhand (Appeal No.275/2006) and the West Bengal State Electricity Regulatory Commission (Appeal No.8/2007) challenging the order of the Commission dated 3.10.2006 on various grounds. The APTEL by its judgment dated 23.11.2007 disposed of the said appeals ('Appeal Nos. 273/2006 & batch') as under:

> *"113. In view of the above, the subject Appeal No. 273 of 2006 against the impugned order of Central Commission passed on October 3, 2006 is allowed to the extent described in this judgment and we remand the matter to Central Commission for de novo consideration of the tariff order dated October 3, 2006 in terms of our findings and observations made hereinabove and according to the law. Appeal No. 271, 272 and 275 of 2006 and No. 08 of 2007 are also disposed of, accordingly"*

4. Against the above judgment dated 23.11.2007, some of the parties namely, the Central Commission (Civil Appeal No.4289/2008), the West Bengal State Electricity

Regulatory Commission (Civil Appeal No.804/2008), M/s Bhaskhar Shrachi Alloys Ltd & ors (Civil Appeal No 971-973/2008), the State of Jharkhand (Civil Appeal No.4504-4508/2008) and the State of West Bengal (Civil Appeal No.1914/2008) filed Civil Appeals before the Hon'ble Supreme Court. Thereafter, in terms of the directions contained in the judgment of APTEL dated 23.11.2007 in Appeal No.273/2006 and other connected appeals, for a de novo consideration of the order dated 3.10.2006, the Petition No. 66/2005 (with I.A. Nos.19/2009 and 23/2009) was heard by the Commission and tariff of the generation and inter-state transmission systems of the Petitioner for the period 2006-09 was re-determined by order dated 6.8.2009, subject to the final outcome of the said Civil Appeals pending before the Hon'ble Supreme Court. Against the Commission's order dated 6.8.2009, the Petitioner filed appeal (Appeal No.146/2009) before APTEL on various issues. However, APTEL by its judgment dated 10.5.2010, rejected the prayers of the Petitioner and upheld the order of the Commission dated 6.8.2009. Against the judgment of APTEL dated 10.5.2010, the Petitioner filed appeal (Civil Appeal No.4881/2010) before the Hon'ble Supreme Court and the Hon'ble Supreme Court by interim order dated 9.7.2010 stayed the directions of APTEL for refund of excess amount billed, until further orders. However, on 17.8.2010, the Hon'ble Court had passed interim order in the said appeal. During the pendency of these appeals, the Commission, in terms of the judgment of APTEL, while notifying the 2014 Tariff Regulations, applicable for the period 2014-19, incorporated Regulation 53, containing special provisions related to the generating stations of the Petitioner. Accordingly, the tariff of the generating stations of the Petitioner for the period 2014-19, were determined by this Commission, subject to the final decision of the Hon'ble Supreme Court, in the said civil appeals. Similar provisions were made by the Commission under Regulation 72, while notifying the 2019 Tariff Regulations, applicable for the period 2019-24.

5. Meanwhile, the Hon'ble Supreme Court vide its common judgment dated 23.7.2018 in Civil Appeal No(s) 971-973/2008 (along with C.A Nos. 1914/2008, C.A No. 4504-4508/2008 and C.A No. 4289/2008) dismissed all the Civil Appeals thereby affirming the judgment of APTEL dated 23.11.2007 in Appeal Nos. 273/2006 & batch. Further, vide judgment dated 3.12.2018, the Hon'ble Supreme Court dismissed the Civil Appeal No. 4881/2010 filed by the Petitioner, against the judgment of APTEL dated 10.5.2010. In this background and in terms of the special provisions under the 2014 and 2019 Tariff Regulations, the tariff of the generating station of the Petitioner, is trued-up for the period 2014-19 and also determined for the period 2019-24, as stated in the subsequent paragraphs.

6. The Commission vide its order dated 17.3.2017 in Petition No. 205/GT/2015, had approved the capital cost and the annual fixed charges for the period 2014-19 as under:

Capital cost allowed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost (A)	503248.04	510610.50	510610.50	510610.50	510610.50
Add: Additional Capital Expenditure allowed (B)	7362.46	0.00	0.00	0.00	0.00
Closing Capital Cost (C) = (A) + (B)	510610.50	510610.50	510610.50	510610.50	510610.50
Average Capital Cost (D) = (A+C) / 2	506929.27	510610.50	510610.50	510610.50	510610.50

Annual fixed charges allowed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	37192.67	37462.75	37462.75	37462.75	37462.75
Interest on loan	36595.49	32498.09	27985.26	23557.29	19154.33
Return on Equity	18656.50	18827.68	18827.68	18827.68	18827.68
Interest on Working Capital	8809.72	8796.11	8750.96	8856.93	8830.78
O&M Expenses	16000.00	17010.00	18080.00	19220.00	20430.00
Sub-Total (A)	**117254.38**	**114594.63**	**111106.65**	**107924.65**	**104705.54**
Additional Claims allowed					
Share of Common Office Expenses	79.44	78.17	78.17	78.17	78.17

	2014-15	2015-16	2016-17	2017-18	2018-19
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	4297.37	4598.18	4920.06	5264.46	5632.97
Sub-Total (B)	**4376.80**	**4676.35**	**4998.23**	**5342.63**	**5711.14**
Total Annual Fixed Charges (C = A+B)	**121631.19**	**119270.98**	**116104.88**	**113267.29**	**110416.69**

<u>Truing-up of tariff for the period 2014-19</u>

7. Regulation 8(1) of the 2014 Tariff Regulations provides as follows:

"(1) The Commission shall carry out truing up exercise along with the Tariff petition filed for the next Tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2019, as admitted by the Commission after prudence check at the time of truing up.

Provided that the generating company or the transmission licensee, as the case may be, shall make an application for interim truing up of capital expenditure including additional capital expenditure in FY 2016-17."

8. In terms of the above Regulation, the Petitioner, in the present petition, has claimed the capital cost (in Form 1(I) of the petition) and the annual fixed charges for the period 2014-19, as under:

Capital Cost claimed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost (A)	503248.04	512776.19	519789.84	532186.67	535744.30
Add: Addition during the year / period (B)	7362.46	2541.55	7246.79	3597.55	430.81
Less: De-capitalization during the year / period (C)	-	-	-	-	-
Less: Reversal during the year / period (D)	-	-	-	-	-
Less: Undischarged liabilities (E)	741.24	650.06	1280.57	793.94	52.38
Add: Discharges during the year / period (F)	2906.93	5122.16	6430.61	754.01	262.26
Closing Capital Cost (G)=(A+B-C-D-E+F)	**512776.19**	**519789.84**	**532186.67**	**535744.30**	**536385.00**
Average Capital Cost (H)=(A+G/2)	508012.12	516283.02	525988.25	533965.49	536064.65

Annual fixed charges claimed

(Rs in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	35139.89	35713.18	36126.21	36557.80	36681.08
Interest on loan	36774.23	33055.74	27416.93	23278.57	19603.56
Return on Equity	23667.73	24271.35	24845.08	25316.67	25507.96

	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital	11435.09	11680.50	11715.07	11710.33	11560.02
O&M Expenses	16000.00	17010.00	18080.00	19220.00	20430.00
Water Charges	0.00	2369.94	874.30	704.36	936.50
Sub-Total (A)	**123016.94**	**124100.71**	**119057.59**	**116787.74**	**114719.13**
Additional Claims					
Capital Spares	-	-	-	104.77	769.17
DVC's share of savings in interest cost due to loan restructuring	-	-	543.39	728.87	603.40
Loan pre-payment charges (cost of loan restructuring)	-	-	5830.50	-	-
Impact of Pay Revision due to recommendation of 7th Pay Commission	-	-	1214.62	1528.78	1076.82
Impact of GST as 'change in law'	-	-	-	81.74	190.12
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	4336.79	4640.37	4965.20	5312.76	5684.65
Share of P&G	1462.04	3755.79	4135.52	9315.10	1783.72
Share of Common Office Expenditure	194.80	182.27	154.94	167.78	179.55
Expenses due to Ash evacuation, Mega insurance, CISF expenditure & expenditure for Subsidiary activity	2074.57	2608.59	2604.83	2619.38	2508.24
Sub-Total (B)	**8068.20**	**11187.02**	**19449.01**	**19859.18**	**12795.68**
Total annual fixed charges claimed (C = A+B)	**131085.14**	**135287.73**	**138506.60**	**136646.92**	**127514.80**

9. The Petitioner vide affidavits dated 29.5.2020 & 15.11.2021 had submitted certain additional information along with revised tariff filing Forms (Form 1, Form 13B and Appendix-5) for the period 2014-19 and tariff filing forms for the period 2019-24, after correction of certain inadvertent errors, after serving copy on the Respondents / Objector. The Objector, Damodar Valley Power Consumers Association (DVPCA) has filed its objections vide affidavit dated 19.4.2021 and the Petitioner has filed its response to the same vide affidavit dated 3.6.2021. The Respondents, PSPCL and MPPMCL have filed their replies vide affidavit dated 24.5.2021 and 12.4.2021/31.10.2022, respectively, and the Petitioner has filed its rejoinders to the said replies vide affidavits dated 3.6.2021 (PSPCL) and 28.5.2021/10.11.2022 (MPPMCL), after serving copy on the Respondents/Objector. The Petition was heard on 13.4.2021 and 27.7.2021, through video conferencing and the Commission, after directing the Petitioner to submit certain additional information, reserved its order in the petition. The Petitioner has also

filed its written note of submissions and circulated the same to the parties, during the hearing on 13.4.2021 and 27.7.2021. In compliance to the directions, the Petitioner, has furnished the additional information, vide affidavit dated 17.5.2021, after serving copies on the Respondents/Objector. However, as the order in the Petition could not be issued prior to the then Chairperson demitting office, the Petition was re-listed and heard through virtual hearing on 25.2.2022 and the Commission, reserved its order in the Petition, after directing the Petitioner to submit additional information. In compliance, the Petitioner vide affidavit dated 20.9.2022, has filed additional information, after serving copy on the Respondents/Objector. Considering the submissions of the parties and the documents available on record, we proceed to examine the claims of the Petitioner, in this Petition, on prudence check, as stated in the subsequent paragraphs.

Capital Cost

10. Regulation 9 (3) of the 2014 Tariff Regulations provides as follows:

> *"9. Capital Cost:*
> *(3) The Capital cost of an existing project shall include the following:*
> *(a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014.*
> *(b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and*
> *(c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.*
> *xxx…"*

11. The Commission vide its order dated 27.2.2017 in Petition No. 204/GT/2015, had allowed the closing capital cost of Rs. 503248.04 lakh as on 31.3.2014. The same has been considered as the opening capital cost as on 1.4.2014, in accordance with Regulation 9(3)(a) of the 2014 Tariff Regulations.

Additional Capital Expenditure

12. Regulation 14 of the 2014 Tariff Regulations, provides as under:

"14. Additional Capitalization and De-capitalization:

(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:
(i) Un-discharged liabilities recognized to be payable at a future date;
(ii) Works deferred for execution;
(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;
(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and
(v) Change in law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff."

(2) The capital expenditure incurred or projected to be incurred in respect of the new project *on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:*
(*i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*
(ii) Change in law or compliance of any existing law;
(iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and
(iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.

(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:
(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
(ii) Change in law or compliance of any existing law;
(iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;
(iv) Deferred works relating to ash pond or ash handling system in the original scope of work;
(v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;
(vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;
(vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal / lignite-based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;
(viii) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure

incurred due to any additional work which has become necessary for successful and efficient plant operation;
(ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolesce of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and
(x) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialization of coal supply corresponding to full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station:
Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2014:
Provided further that any capital expenditure other than that of the nature specified above in (i) to (iv) in case of coal / lignite-based station shall be met out of compensation allowance:
Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation."

13. The additional capital expenditure allowed in order dated 17.3.2017 in Petition No. 205/GT/2015 is summarized as follows:

(Rs. in lakh)

Head of Work/ Equipment	**Regulation**	**Additional capital expenditure allowed**				
		2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Land	14(1)(i) & 14(1)(ii)	69.80	0.00	0.00	0.00	0.00
Building		1248.29	0.00	0.00	0.00	0.00
Roads, Bridges & Railway Sidings		1341.81	0.00	0.00	0.00	0.00
Barrage & Barrage Gates		1462.97	0.00	0.00	0.00	0.00
Plant and Machinery		2967.57	0.00	0.00	0.00	0.00
Switch gears		249.60	0.00	0.00	0.00	0.00
Other Assets		22.41	0.00	0.00	0.00	0.00
Total		**7362.46**	**0.00**	**0.00**	**0.00**	**0.00**

14. The Petitioner has submitted that the un-discharged liabilities included in additional capital expenditure, cash expenditure, and IDC included in additional capital expenditure for individual items, could not be furnished, as data are not recorded in that fashion and therefore, the additional capital expenditure claimed for each item is on

accrual basis. Accordingly, the additional capital expenditure claimed by the Petitioner for the period 2014-19, is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Land & Land Rights	69.80	78.63	4656.61	1804.38	173.81	6783.22
Building	1248.29	71.10	6.92	531.74	273.60	2131.66
Roads, Bridges & Railway Sidings	1341.81	346.64	137.70	44.13	17.08	1887.36
Barrage & barrage Gates	1462.98	845.70	607.68	-	-	2916.36
Plant & Machinery	2967.57	230.80	438.90	938.29	(-)77.13	4498.44
Initial Spares in Power House Plant & Machinery embedded in different packages	-	464.21	389.87	241.22	-	1095.30
Balance Initial Spares in Power House Plant & Machinery procured separately	-	421.12	940.20	-	-	1361.32
Switch gears	249.60	-	-	-	-	249.60
Other Assets	19.84	37.42	83.22	10.73	3.73	154.94
Computer and IT Assets	2.57	45.92	(-)14.31	27.06	-	61.24
Towers and Poles	-	-	-	-	39.72	39.72
Total	**7362.46**	**2541.55**	**7246.79**	**3597.55**	**430.81**	**21179.16**

15. The Respondent MPPMCL has submitted that the Petitioner has claimed additional capital expenditure to the tune of Rs. 21179.16 lakh during the period 2014-19, however the COD of the generating station is 5.3.2013 and therefore, the plant has completed only one year of its useful life, as on 1.4.2014. The Respondent has further submitted that the claim of additional capital expenditure has to be considered in accordance with the provisions contained in appropriate Regulations 14 of 2014 Tariff Regulations which is applicable for additional capital expenditure incurred or proposed to be incurred prior to and after the cut-off date. The Respondent has also submitted that the Petitioner has not furnished any such information along with its tariff petition and therefore the claim of Petitioner is liable to be rejected.

16. The Respondents PSPCL has submitted that the COD of Units 1 and 2 of the generating station has been 15.5.2012 and 5.3.2013 respectively and accordingly, the cut-off date is 31.3.2016. The Respondent has stated that the additional capital

expenditure incurred after the date of COD and up to the cut-off date may be admitted by the Commission provided that the Petitioner submits details of works, asset-wise/work wise included in the original scope of work along with estimates of future deferred payments. However, the Respondent has stated that, the Petitioner has failed to disclose any such information while claiming additional capital expenditure for 2014-15 and 2015-16, in absence of which, the claims of the Petitioner are liable to be rejected. Respondent has also submitted that as is evident from the claims raised by the Petitioner in Petition No.205/GT/2015, the Petitioner failed to estimate such huge expenditure for the period 2016-19, even on a projection basis, during the previous Petition process and is now directly seeking additional capitalization under true-up, without submitting Auditor's Certificate towards undischarged and discharge of liability for the said periods. The Respondent has further submitted that despite being a newly commissioned plant, the Petitioner has claimed additional capital expenditure towards land, buildings and plant and machinery for 2017-18 and 2018-19, without attaching any sanction orders issued under original scope of work of the generating station. The Respondent has submitted that the additional capital expenditure claimed towards such heads is liable to be disallowed due to absence of any documentary evidence, approvals etc.

17. The Objector, DVPCA has submitted that the Petitioner has claimed most of the additional capital expenditure under Regulation 14(1) (i) (ii) & (iii) and Regulation 14(2) (ii) & (iv) of the 2014 Tariff Regulations for the period 2014 -19. The Objector has stated that the Petitioner has not submitted any details of asset wise/work wise expenditure included in original scope of work along with the estimate of expenditure, liabilities recognised to be payable in future date and the work deferred for the execution along with the petition. It has further submitted that the Petitioner has not provided any proper

justification or documentary evidence for claiming the additional capital expenditure as per Regulations 14(1) & 14(2) of the 2014 Tariff Regulations. It has also submitted that COD of Unit-1 is 15.5.2012 and Unit-2 is 3.5.2013 and both are newly commissioned plants, however despite being a newly commissioned plant, the Petitioner has claimed additional capital expenditure towards Land, Buildings and Plant & Machinery for 2017-18 and 2018-19, without attaching any sanction orders issued under original scope of work of the generating station. The Objector has further stated that the Petitioner has also claimed Rs. 407.84 lakh of additional capital expenditure towards fencing of Power House under the head of Buildings, however, it can be inferred from the Form-9A of the Tariff Formats that the claim of the Petitioner towards Fencing of Power House was originally in scope of work of BHEL. However, the inability of BHEL should not be imposed on the beneficiaries of the generating station. Therefore, the Commission may disallow all such claims made by the Petitioner in the instant Petition. The Objector has further submitted that Petitioner has failed to estimate such huge expenditure during previous Petition process and is now directly seeking additional capital expenditure under True-Up. The Objector, has also submitted a comparative of the additional capital expenditure claimed by the Petitioner and to be allowed as follows:

(Rs. in lakh)

	2014-15		**2015-16**		**2016-17**		**2017-18**		**2018-19**	
	Claimed	**As per DVPCA**	**Claimed**	**As per DVPCA**	**Claimed**	**As per DVPCA**	**Claimed**	**As per DVPCA**	**Claimed**	**As per DVPCA**
Land	69.80	69.80	0.00	0.00	Petitioner has not provided any breakup or details of claiming Add. Cap for FY 2016-17 in Form - 9A of the Tariff formats	Petitioner has not provided any breakup or details of claiming Add. Cap for FY 2016-17 in Form - 9A of the Tariff formats	1804.38	1262.97	173.81	173.81
Building	1248.29	1248.29	149.74	149.74			531.74	9.37	273.60	0.00
Roads Bridges & Railway Sidings	1341.81	1341.81	346.64	346.64			44.13	44.13	17.08	17.08
Barrage & barrage Gates	1462.98	1462.98	845.70	845.70			0.00	0.00	0.00	0.00
Plant & Machinery	2967.57	2967.57	1116.13	1116.13			1179.51	824.38	(-)77.12	(-)77.12
Switch Gears	249.59	249.59	0.00	0.00			0.00	0.00	0.00	0.00
Computer & IT Assets	0.00	0.00	45.92	45.92			27.06	27.06	0.00	0.00
Other Assets	22.41	22.41	37.42	37.42			10.73	10.73	0.00	0.00
Grand Total	**7362.45**	**7362.45**	**2541.55**	**2541.55**	**7246.79**	**0.00**	**3597.55**	**2178.64**	**430.81**	**113.77**

18. In response, the Petitioner has submitted that the additional capital expenditure

claimed, the liability created and discharged has been duly reconciled with books of account and audited by the Comptroller & Auditor General (C&AG) of India. The Petitioner has further submitted that detailed justification against each item has been furnished along with documentary evidence, wherever necessary. It has also submitted that all the additional capital expenditure items incurred by the Petitioner for the generating station are critical in nature to ensure reliable, safe and efficient operation of the station and are therefore unavoidable. Accordingly, the Petitioner has claimed additional capital expenditure under Regulations 14(1), 14(2) and 14(3) of the 2014 Tariff Regulations read with Regulations 54 (Power to relax) requesting the Commission to relax the provisions of these regulations and through Regulation 55 (Power to Remove Difficulty) to support the Petitioner to remove the difficulty which arises in giving effect to the provisions of these Regulations and allow the claims of the Petitioner.

19. The matter has been examined. In terms of Regulation 2(13) of 2014 Tariff Regulations, the 'cut-off' date of the generating station is 31.3.2016. Based on the submissions and documents on record, the claim of the Petitioner for additional capital expenditure claimed for the period 2014-19, is examined on prudence check, and allowed as under:

(Rs. In lakh)

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
2014-15						
A	**Land**					
1	001/01/05 Grading & Levelling Land	69.80	14 (1) (i) & (ii)	Actual expenditure for add-cap for FY 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated 17.3.2017	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **is allowed** under	69.80

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
					Regulation 14(1)(ii) of the 2014 Tariff Regulations.	
	Total claimed	**69.80**				
	Total allowed					**69.80**
B	**Building**					
1	002/01 Power House Building	167.59	14 (1) (i) & (ii)	Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated 17.3.2017.	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	167.59
2	002/03/01 DM Trans Building	0.20				0.20
3	002/04/02 Technical Building	22.05				22.05
4	002/06 Store Building	15.89				15.89
5	002/19 Garage Building	20.16				20.16
6	002/22 Canteen Building	13.97				13.97
7	002/24/02 Fire Station Building	9.44				9.44
8	002/24/03 Safety Building	8.85				8.85
9	002/24/08 ESP Control Room	0.34				0.34
10	002/24 Other Building	1.73				1.73
11	002/34 Residential Building	967.55				967.55
12	002/61/01 Fencing Power House	20.53				20.53
	Total Claimed	**1248.29**				
	Total Allowed					**1248.29**
C	**Roads, Bridges & Railway Sidings**					
1	003/01 Access Roads	112.00		Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated 17.3.2017	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the	112.00
2	003/05 Railway Sidings	1229.81				1229.81

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
					additional capital expenditure claimed **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	
	Total claimed	**1341.81**				
	Total allowed					**1341.81**
D	**Barrage & barrage Gates**					
1	005/06 Ash Bund	1438.74	14 (1) (i) & (ii)	Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated 17.3.2017	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	1438.74
2	005/07 Drainage & Sewage (PH)	20.82				20.82
3	005/10 Transfer Point	3.42				3.42
	Total claimed	**1462.98**				
	Total allowed					**1462.98**
E	**Plant & Machinery**					
1	008/01/02 Drum	28.52	14 (1) (i) & (ii)	Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated. 17.3.2017.	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed (Sl nos.1 to 112) **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	28.52
2	008/01/03/01 FD Fan Motor	0.35				0.35
3	008/01/03/02 Mill Motor	0.89				0.89
4	008/01/03/03 CEP Motor	0.40				0.40
5	008/01/03/04 ACWP Motor	0.18				0.18
6	008/01/03/05 ID Fan Motor	1.23				1.23
7	008/01/03/06 CWP Motor	1.42				1.42
8	008/01/03/07 PA Fan Motor	0.53				0.53
9	008/01/03/08 BFP Motor	0.81				0.81
10	008/01/03 Furnace	3.17				3.17
11	008/01/04 Boiler Foundation	4.05	14 (1) (i) & (ii)			4.05

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
12	008/01/05 Boiler Framework	35.90				35.90
13	008/01/06 Boiler Fittings	0.10				0.10
14	008/01/07 Chimney Stack	31.47				31.47
15	008/01/08/Pulveriser & Feeder	234.33				234.33
16	008/01/09 Fuel Firing Equipment	2.55				2.55
17	008/01/10 Super Heater	4.50				4.50
18	008/01/11 Reheater	3.19				3.19
19	008/01/13 Economiser	3.48				3.48
20	008/01/14 Water Wall	50.10				50.10
21	008/01/15 Air Preheater	5.62				5.62
22	008/01/16 Forced Draft Fan	4.91				4.91
23	008/01/17 Induced Draft Fan	10.06				10.06
24	008/01/18 Shoot Blowers	0.37				0.37
25	008/01/19 Blowdown Valves	0.37				0.37
26	008/01/20 Boiler Safety Valves	0.48				0.48
27	008/01/21 Water Level Indicator	0.49				0.49
28	008/01/22 Oil Pumping Heating Unit	1.94				1.94
29	008/01/24 Tubes	2.77				2.77
30	008/01/25 Boiler Panel	1.16				1.16
31	008/01/26 Gravimetrick Feeder	0.16	14 (1) (i) & (ii)			0.16

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
32	008/01 Boiler & Accs. Equip	573.95				573.95
33	008/02/01 BFP	159.66				159.66
34	008/03/01 Shell & Tubes	0.49				0.49
35	008/03/02 Drain Cooler	0.21				0.21
36	008/03/03/01 Disc Insulator	0.17				0.17
37	008/03/03 LP Heater No.1	0.80				0.80
38	008/03/04 LP Heater 3	0.45				0.45
39	008/03/07 Hp Heater 5A	0.62				0.62
40	008/03/08 HP Heater 6A	0.65				0.65
41	008/03/09 HP Heater 7 A	0.67				0.67
42	008/03/10 HP Heater5B	0.62				0.62
43	008/04/02 Storage Tank	0.46				0.46
44	008/05/02 Power Cycle Valves	224.83				224.83
45	008/05 Piping System	33.59				33.59
46	008/06/01/01 Turbine	26.88				26.88
47	008/06/01/02 Oil Pump	0.39				0.39
48	008/06/01/03 Turbine Oil Reservoir	0.54				0.54
49	008/06/01/04 Turbine Oil Cooler	3.07				3.07
50	008/06/01/05/01 Stator	5.41				5.41
51	008/06/01/05/02 Rotor	8.54				8.54
52	008/06/01/06 Exciter	1.94				1.94
53	008/06/01/07 Hydrogen Cooling System	0.29				0.29
54	008/06/01/08 Seal Oil Pump	0.88	14 (1) (i) & (ii)			0.88

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
55	008/06/01/09 Cooler	0.25				0.25
56	008/06/01/10 Turning Gear	0.03				0.03
57	008/06/01/11 Turbine House Crane	0.01				0.01
58	008/06/01 Turbo Generator	201.40				201.40
59	008/06/02/01 Shell & Holwell	0.51				0.51
60	008/06/02/02 CW Pumps	1.38				1.38
61	008/06/02/03 Condensate Pump	2.95				2.95
62	008/06/02/04 Steam Jet Air Ejector	0.02				0.02
63	008/06/02/05 Inter & After Condensers	0.18				0.18
64	008/06/02/05 Misc Tanks	1.72				1.72
65	008/06/02/06 Priming Ejector	0.01				0.01
66	008/06/02/07 Condenser Tubes	2.91	14 (1) (i) & (ii)			2.91
67	008/06/04/1 Condensate Storage Tank	0.11				0.11
68	008/06/04 Fuel Oil Storage	2.69				2.69
69	008/06/05/01 CW Pump House	37.99				37.99
70	008/06/05 Side Stream Filtration Tank	1.23				1.23
71	008/06/06 Mill Rejecting System	4.11				4.11
72	008/06/07 Hydrogen Generation Plant	13.89				13.89

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
73	008/06 Turbo Generator & Accs.	2.34	14 (1) (i) & (ii)			2.34
74	008/07/01/01 TG & SG Control & Instr.	65.14				65.14
75	008/07/03 Diesel Generator Set	1.28				1.28
76	008/07/04 Switch Yard	19.05				19.05
77	008/07/05 Misc Electrical Items	422.21				422.21
78	008/08/01/01 Intake Water System	0.93				0.93
79	008/08/01/02 Coal Slurry Setting Syst.	0.36				0.36
80	008/08/01/03 ETP Block	3.26				3.26
81	008/08/01/04 DM PT DM Plant	23.12				23.12
82	008/08/01/05 CW PT Plant	66.91				66.91
83	008/08/01/06 Raw Water Intake System	54.23				54.23
84	008/08/01/07 Raw Water Reservoir	71.54				71.54
85	008/08/03/09 Fire Protection Sys.	28.04				28.04
86	008/08/03/13 Misc. Pumps	0.00				0.00
87	008/08/04 Condensate Polishing Plant	21.70				21.70
88	008/09/01 Generator Transformer	11.98				11.98
89	008/09/02 Station Transformer	2.01				2.01
90	008/09/05 Chimney	9.01				9.01
91	008/10/01 Cable Gallery	1.47				1.47

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
92	008/10/02 DS System	1.03	14 (1) (i) & (ii)			1.03
93	008/10/03 DE/Ventilation Sys.	0.23				0.23
94	008/10/04 MCC Control & Switchgear Rooms	36.46				36.46
95	008/10/05 Transfer Point	3.67				3.67
96	008/10/06 Ground Conveyor	2.07				2.07
97	008/10/07 Gallery & Trestle for Conveyor	1.70				1.70
98	008/10/08 Conveyor	4.30				4.30
99	008/10/09 Wagon Tippler	2.51				2.51
100	008/10/10 Crusher House	1.61				1.61
101	008/10/11 Stacker Reclaimer	5.61				5.61
102	008/10/13 Track Hoppers	41.48				41.48
103	008/11/01 Ash Handling Plant	198.30				198.30
104	008/12/01 Fuel Oil Pump	0.34				0.34
105	008/15/05 Air Conditioning Plant	41.90				41.90
106	008/15/06 Ventilation System	11.11				11.11
107	008/15/07 EOT Crane	0.67				0.67
108	008/15/08 CWPH Crane	0.16				0.16
109	008/15/09 Elevators	30.24				30.24
110	008/15/10 Stake Elevator - Chimney	0.06				0.06
111	008/15/11 Ar Compressor System	0.96				0.96

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
112	008/15/12 Workshop Equipment	26.60	14 (1) (i) & (ii)			26.60
	Total claimed	**2967.57**				
	Total allowed					**2967.57**
F	**Switchgears**					
1	013/01/01 Switchgears 3.3 Kv&11kv	249.60	14 (1) (i) & (ii)	Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dt. 17.03.2017	The claim of the Petitioner fall within the original scope of work and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **is allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	249.60
	Total claimed	**249.60**				
	Total allowed					**249.60**
G	**Other Assets**					
1	016/01 Office Furniture-Steel (O/assets)	19.09	14 (1) (i) & (ii)	Actual expenditure for add-cap for 2014-15 is already approved by the Commission vide Tariff Order for DSTPS dated 17.3.2017	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	19.09
2	016/05 Office Equipment (O/assets)	0.75				0.75
3	016/25 Personal Computer (PC)	2.57				2.57
	Total claimed	**22.41**				
	Total allowed					**22.41**
	Total claimed for 2014-15	**7362.46**				
	Total allowed for 2014-15					**7362.46**
2015-16						
A	**Buildings:**					
1	Greenbelt development	78.63	14 (1) (i), (ii) and (v)	The work is within the original scope (under head 4(b)(iii) of the DSTPS Sanction Order No. 405 dated	The claims of the Petitioner fall within the original scope of works and the expenditure	78.63

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				18.3.2015). Work includes Greenbelt development within the periphery of different Buildings in the plant, to comply with the stipulations of the Ministry of Environment, Forest and Climate Change, Government of India. The work has been taken up through the Forest Department, Government of West Bengal. Expenditure has been incurred by DVC under this head as and when Greenbelt development has been undertaken in phased manner by the Forest Department, Government of West Bengal.	pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed (@sl nos. 1 to 5) **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	
2	002/34 Residential Building	35.30	14 (1) (i) and (ii)	The works are within the original scope (under head 4(a) and 4(b)(iv) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and have been executed within the cut-off date. Works include civil and electrical works at Officers Dormitory and Staff Dormitory in order to make the Dormitories ready and convenient for staying for the plant officers and staffs. The works also include balance works related to boundary wall construction at different locations of the DSTPS premises.		35.30
3	002/04/02 Technical Building	29.26	14 (1) (i) and (ii)	The work is within the original scope (under head 4(b)(iv) of the		29.26

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Work includes aluminium partition work in the Technical Building inside the plant in order to facilitate the day-to-day office activities carried out by the plant officials sitting inside the Technical Building.		
4	002/24 Other Building	5.54	14 (1) (i) and (ii)	The work is within the original scope (under head 4(b)(iv) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Work includes development of surrounding area of the Coal Handling Plant (CHP) building in order to facilitate man and material movements in and around the building.		5.54
5	002/06 Store Building	1.00	14 (1) (i) and (ii)	The work is within the original scope (under head 4(b)(iv) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Work includes water proofing treatment over the roof of Bay Store-2 at the plant, in order to facilitate stores operations.		1.00
	Total claimed	**149.74**				
	Total allowed					**149.74**
B	**Roads Bridge and Railway Siding**					
1	003/05 Railway Siding	290.64	14 (1) (i) and (ii)	The work is within the original scope (under head 4(f)(ii) of the DSTPS Sanction Order No. 405 dated	The claims of the Petitioner fall within the original scope of works and the expenditure	290.64

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				18.3.2015) and has been executed within the cut-off date. Work includes detailed engineering, management and construction works of the railways infrastructure that facilitates timely supply of fuel to the plant. The work was awarded to RITES Ltd. on **16.6.2009**. However, completion of the work was deferred due to delayed approval of DPR and Engineering Scale Plan (ESP), Signalling Interlocking Plan (SIP) drawings from the Railway Authority. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against original scope of work after COD are now being transferred to Fixed Assets.	pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed (@sl nos 1 & 2) **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	
2	003/01 Access Road	56.00		The work is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Work involves development of access road to the site, in order to facilitate man and material movements to and from the site.		56.00
	Total claimed	**346.64**				
	Total allowed					**346.64**

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
C	**Barrage Gates & Other Civil Work**					
1	005/06 Ash Bund	845.70	14 (1) (i) and (ii)	The work is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and involves balance work for construction of the ash bund, in order to facilitate disposal of ash generated in the course of plant operation. Major portion of the ash pond construction work was already executed and the corresponding expenditure was transferred to Fixed Assets in the previous year. However, construction of the second compartment of the ash pond was delayed due to delay in handover of land by Steel Authority of India Ltd (SAIL) to DVC. After prolonged follow up at the top level and intervention at Ministries level, finally, in January 2016, SAIL made a formal offer for allotment of the requisite land to DVC, to which DVC conveyed its approval, which led to formal handover of the land. Accordingly, balance construction work of the ash bund was expedited and corresponding capital expenditure as transferred to Fixed Asset during the year is now being claimed. The work under this	The claim of the Petitioner fall within the original scope of work and the expenditure pertains to work capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **is allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	845.70

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				head also involves miscellaneous civil works (within the original scope under head 4(b)(iv) of the DSTPS Sanction Order No. 405 dated 18.3.2015) with respect to the ash bund, including balance works for construction of ram-down stream-side of the ash pond and ash disposal pipe pedestal from DP2 to DP6 of the ash pond. Progress of the miscellaneous civil works took place in tandem with the main developmental works of the ash bund, and any delay in the main developmental works also affected the associated civil works.		
	Total claimed	**845.70**				
	Total allowed					**845.70**
D	**Power House Plant & Machinery**					
1	008/06/01 Turbo Generator	8.10	14 (1) (i) and (ii)	The work is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015 Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against original scope of work after COD are now	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed (@sl nos.1 to 10) **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	8.10
2	008/06/01/01 Turbine	68.98				68.98
3	008/06/06 Mill Rejecting System	0.16				0.16
4	008/06/07 Hydrogen Generation Plant	2.00				2.00
5	008/07/01/01 TG & SG Control & Instrumentation	8.42				8.42
6	008/11/01 Ash Handling Plant	5.97				5.97
7	008/15/05 Air Conditioning Plant	1.05	14 (1) (i) and (ii)			1.05

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
8	008/15/06 Ventilation System	32.37	14 (1) (i) and	being transferred to Fixed Assets.		32.37
9	008/08/01/06 Raw Water intake System	34.12		The work is within the original scope (under head 3(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against original scope of work after COD are now being transferred to Fixed Assets.		34.12
10	008/10/13 Track Hopper	69.64	14 (1) (i) and (ii)	The work is within the original scope (under head 3(ii) - Coal Handling Plant Package of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been executed within the cut-off date. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against original scope of work after COD are now being transferred to Fixed Assets.		69.64
	Total claimed	**230.80**				
	Total allowed					**230.80**
11	**Initial Spares in Power House Plant & Machinery embedded in different packages (e.g. Main Plant Package, Plant Water System Package)**					
i	008/01 Boiler & Accs. Equip	148.75	14 (1) (iii)	Procurement of initial spares is within the	Considering the fact that the	148.75

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
ii	008/02/01 BFP	55.68	14 (1) (iii)	original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date.	expenditures claimed towards Initial spares are within the permissible ceiling limit of initial spares as Regulations in vogue at the time of COD, the expenditures claimed **are allowed** under Regulation 14(1)(iii) of the 2014 Tariff Regulations, in exercise of the power under Regulation 54 (power to relax) of the 2014 Tariff Regulations.	55.68
iii	008/05/02 Power Cycle Valves	103.34				103.34
iv	008/06/01 Turbo Generator	32.80				32.80
v	008/06/07 Hydrogen generation Plant	56.50				56.50
vi	008/07/01/01 TG & SG Control & Instrumentation	24.36				24.36
vii	008/11/01 Ash Handling Plant	19.78				19.78
viii	008/15/05 Air Conditioner Plant	12.50				12.50
ix	008/08/01/06 Raw Water Intake System	10.51		Procurement of initial spares is within the original scope (under head 3(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date.		10.51
	Total claimed	**464.21**				
	Total allowed					**464.21**
12	**Balance Initial Spares in Power House Plant & Machinery procured separately**					
i	008/01 Boiler & Accs. Equipment	157.38	14 (1) (iii)	Procurement of balance initial spares is within the original scope (under head 3(v) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date. Since both the units of DSTPS are running, these additional spares are procured to remain prepared for any unforeseen	Considering the fact that the expenditure claimed towards initial spares is within the permissible ceiling limit of initial spares as Regulations in vogue, at the time of COD, the expenditures claimed are **allowed** under Regulation 14(1)(iii) of the 2014 Tariff Regulations, in exercise of the	157.38
ii	008/01/03/05 ID Fan	51.34				51.34
iii	008/02/01 Boiler Feed Pump	43.47				43.47
iv	008/07/05 Misc Electrical Items	56.63				56.63
v	008/08/03/13 Misc Pumps	21.46				21.46
vi	008/10/09 Wagon Tripler	0.48				0.48
vii	008/10/13 Track Hopper	59.89				59.89

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
viii	008/11/01 Ash Handling Plant	30.48	14 (1) (iii)	eventuality. Such procurements have been made through normal tendering process approved by competent authority.	power under Regulation 54 (power to relax) of the 2014 Tariff Regulations.	30.48
	Total claimed	**421.12**				
	Total allowed					**421.12**
	Total PH Plant & Machinery claimed	1116.13				
	Total PH Plant & Machinery allowed					**1116.13**
E	**Computer and IT Assets**					
1	016/25 Personal Computer	45.92	14 (1) (i) and (ii)	Procurement and installation of Personal Computer are within the original scope (under head 4(c)(vii) - Computerization and Networking of the DSTPS Sanction Order No. 405 dt. 18.03.2015) and has been capitalized within the cut-off date. The Personal Computers are an essential and integral part for effectively performing day-to-day office activities including but not limited to Finance & Accounts, Stores, HR, Planning, MIS, etc. Computers with updated operating systems are essential to ensure protection against cyber threat. This purchase is in compliance with the directives of the Ministry of Power, GOI dated 12.4.2010 and dated 2.8.2017 regarding steps to be taken to prevent cyber-attacks..	The claim of the Petitioner falls within the original scope of work and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed **is allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	45.92
	Total claimed	**45.92**				

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
	Total allowed					**45.92**
F	**Other Assets**					
1	016/01 Office Furniture Steel	34.57	14 (1) (i) and (ii)	Office furniture and Air Conditioner are within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and have been capitalized within the cut-off date. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against original scope of work after COD are now being transferred to Fixed Assets.	The claims of the Petitioner fall within the original scope of works and the expenditure pertains to works capitalized before the cut-off date. In view of this, the additional capital expenditure claimed (@sl nos.1 to 5) **are allowed** under Regulation 14(1)(ii) of the 2014 Tariff Regulations.	34.57
2	016/18/01 Air Conditioner	0.18				0.18
3	016/22 Weighing Machine (Weigh Bridge)	1.96	14 (1) (i) and (ii)	The work has been undertaken utilizing the Contingency fund within the original scope (under head 5 of the DSTPS Sanction Order No. 405 dated 18.3.2015) and has been capitalized within the cut-off date. This work is a balance work for construction of the In-motion Weigh Bridge. The In-motion Weigh Bridge is necessary for weighment of loaded as well as empty coal rakes. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets as on COD. Only residual expense against		1.96

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				original scope of work after COD are now being transferred to Fixed Assets.		
4	016/55 Hospital Equipment	0.24	14 (1) (i) and (ii)	For procurement of miscellaneous hospital equipment's / apparatus to facilitate hospital activities, with the aim to provide adequate and proper healthcare services to the personnel working at the plant.		0.24
5	016/99 Miscellaneous	0.49		Miscellaneous expenditure involves the expenditure for various activities required to ensure efficient and reliable operation of the system and for purchasing the equipment / materials.		0.49
	Total claimed	**37.42**				
	Total Allowed					**37.42**
	Total claimed for 2015-16	2541.55				
	Total allowed for 2015-16					**2541.55**
2016-17						
A	**Land & Land Rights**					
1	Cost of Land Lease (0111010201)	4415.25	14 (2) (iv)	This expenditure is within the original scope (under head 2 of the DSTPS Sanction Order No. 405 dated 18.3.2015) and indicates the cost of land handed over to DVC on lease by Durgapur Steel Plant (DSP), Steel Authority of India Ltd (SAIL). There has been delay in handover of land by SAIL to DVC. After prolonged follow up at the top level and intervention at Ministries level, finally, in January 2016, SAIL made a	Since the expenditure claimed is within the original scope of work, the claim of the Petitioner is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	4415.25

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				formal offer for allotment of the requisite land to DVC, to which DVC conveyed its approval, which led to formal handover of the land. Accordingly, the land premium as paid to SAIL by DVC and capitalized in Fixed Asset during the year is now claimed.		
2	001/01/05 Grading & Levelling (0111010401)	228.38	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work involves grading and levelling of the land within the main plant package at the start of the project. The work has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	228.38
3	Greenbelt Development	12.98	14 (2) (ii)	The work is within the original scope (under head 4(b)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). Work includes Greenbelt development within the periphery of different Buildings in the plant, to comply with the stipulations of the Ministry of Environment, Forest and Climate Change, Government of India.	Since the expenditure claimed is within the original scope of work, the claim of the Petitioner is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	12.98

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				The work has been taken up through the Forest Department, Government of West Bengal. Expenditure has been incurred by DVC under this head as and when Greenbelt development has been undertaken in phased manner by the Forest Department, Government of West Bengal. Execution and any delay in this work has remained beyond the control of DVC.		
	Total claimed	**4656.61**				
	Total allowed					**4656.61**
B	**Building**					
1	002/01 Power House Building	2.54	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	2.54
2	002/04/02 technical building	2.38				2.38
3	002/04/01 Administrative Building	0.79				0.79
4	002/24 Other Building	0.90				0.90
5	002/04/03 Main Gate & Gatehouse	0.32				0.32
	Total claimed	**6.92**				
	Total allowed					**6.92**
C	**Roads Bridge & Railway Siding**					
1	003/05 Railway Siding	137.70	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 4(f)(ii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work involves detailed	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off	137.70

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				engineering, management and construction works of the railways infrastructure that facilitates timely supply of fuel to the plant. The work was awarded to RITES Ltd. on **10.06.2009** However, completion of the work was deferred due to delayed approval of DPR and Engineering Scale Plan (ESP), Signalling Interlocking Plan (SIP) drawings from the Railway Authority. The work has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now directly booked in Fixed Assets.	date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	
	Total claimed	**137.70**				
	Total allowed					**137.70**
D	**Barrage Gates & Other Civil Works**					
1	005/08/02 Excavation and Backfill	489.42	14 (2) (iv)	This pertains to the rectification works in the Natural Draft Cooling Tower (NDCT) as defect liability job of the Main Package contractor BHEL. The work has been funded from the original project cost (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). BHEL in August 2015 conveyed its request to DVC to undertake the rectification works in NDCT. DVC on 02.12.2015 placed	Since the expenditure claimed is within the original scope of work, the claim of the Petitioner is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	489.42

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				LOA to M/S PCTL for carrying out the said rectification works with a target to finish the works by 25.12.2015. DVC and BHEL agreed that this work will be done at the risk and cost of BHEL. The work was executed within the cut-off date. Only residual expense has been capitalized this year to Fixed Asset and claimed as add-cap expenditure.		
2	005/06 Ash Bund	118.27	14 (2) (iii)	The work is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and involves balance work for construction of the ash bund, in order to facilitate disposal of ash generated in the course of plant operation. Major portion of the ash pond construction work was already executed, and the corresponding expenditure was transferred to Fixed Assets within the cut-off date. However, construction of the second compartment of the ash pond was delayed due to delay in handover of land by Steel Authority of India Ltd (SAIL) to DVC. After prolonged follow up at the top level and intervention at Ministries level, finally, in January 2016, SAIL made a formal offer for	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	118.27

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				allotment of the requisite land to DVC, to which DVC conveyed its approval, which led to formal handover of the land. Accordingly, balance construction work of the ash bund was expedited. Balance capital expenditure as transferred to Fixed Asset during the year is now being claimed.		
	Total claimed	**607.68**				
	Total allowed					**607.68**
E	**Power House Plant & Machinery**					
1	008/01 Boiler Accessories Equipment - (0111080601)	32.70	14 (2) (iv)	This is balance expenditure against the works that are within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The works under these heads have been executed within the cut-off date. Major portion of the expenditure under this head have already been capitalized in previous years. Only residual expenses are now being transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	32.70
2	008/06/01/01 TURBINE-(0111080446)	1.10				1.10
3	008/06/05/01 CW Pump House	1.06				1.06
4	008/07 Accessories Elec Equipment - (0111080607)	22.29				22.29
5	008/07/01/01 TG & SG Control & Instr.-(0111080472)	16.87				16.87
6	Miscellaneous expenses under Main Plant Package	2.08				2.08
7	008/01 Boiler Accessories Equipment - (0111080601)	173.31		This expenditure involves procurement of Cup-Lock Scaffolding by DVC. The scaffolding material originally supplied by BHEL were found damaged. Upon a joint inspection made by BHEL and DVC in	Since the expenditure claimed is within the original scope of work, the claim of the Petitioner is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations. Further, the	22.28

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				August 2015, most of the scaffolding materials were found unusable. As BHEL did not agree to replace the materials, DVC decided to procure the materials on risk and cost of BHEL in the interest of time and safety. The same was conveyed to BHEL by DVC in Meeting dt. 9.12.2015, and it was agreed that BHEL will revert latest by 25.12.2015 on this issue, failing which DVC will go ahead for procurement of the materials on risk and cost basis. Accordingly, DVC placed order on M/S BSL on 3.3.2016 (within the cut-off date) for procurement of the materials. The work has been funded from the original project cost (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The expense has been capitalized in Fixed Asset during this year and claimed as add-cap expenditure.	Petitioner has claimed negative entry for this item in 2018-19 for excess booking, which is allowed and adjusted here itself. Rs. 22.28 lakh [Rs. 173.31 lakh – Rs. 151.03 lakh]	
8	008/08/01/06 Raw Water Intake System-(0111080481)	5.00	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(iii) of the DSTPS Sanction order No. 405 dated 18.3.2015). The work has been executed within the cut-off date. Only residual expenses are now	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to the cut-off date, the claim for additional capital expenditure	5.00

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				being transferred from CWIP to Fixed Assets.	is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	
	Total claimed	**254.41**				
	Total allowed					**103.38**
9	**Initial Spares in Power House Plant & Machinery embedded in Main Plant Package**					
i	008/01 Boiler & Accs. Equip	2.00	14 (2) (iv)	Procurement of initial spares is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date. Only balance expenditure has been transferred from CWIP to Fixed Assets during this year.	Considering the fact that the expenditure claimed towards initial spares is within the permissible ceiling limit of initial spares as Regulations in vogue, at the time of COD, the expenditures claimed are **allowed** under Regulation 14(1)(iii) of the 2014 Tariff Regulations, in exercise of the power under Regulation 54 (power to relax) of the 2014 Tariff Regulations.	2.00
ii	008/01 Boiler Accessories Equipment - (0111080601)	163.07				163.07
iii	008/02/01 BFP-(500 MW Green Belt) (0111080431)	0.49				0.49
iv	008/05/02 Power Cycle Valves	8.87				8.87
v	008/06/01 Turbo Generator	36.03				36.03
vi	008/06/01 TURBO Generator-(0111080445)	23.54				23.54
vii	008/06/07 Hydrogen Generation Plant-(0111080471)	2.27				2.27
viii	008/07/01/01 TG & SG Control & Instrumentation	29.20				29.20
ix	008/07/05 MISC Electrical Items-(0111080475)	80.58				80.58
x	008/08 Accessories Mech Equipment - (0111080608)	17.53				17.53
xi	008/10 Coal Handling Plant (0111080610)	1.83	14 (2) (iv)			1.83

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
xii	Miscellaneous	24.47	14 (2) (iv)			24.47
	Total claimed	**389.87**				
	Total allowed					**389.87**
10	**Balance Initial Spares in Power House Plant & Machinery procured separately**					
i	008/10/13 Track Hoppers-(0111080512)	684.19	14 (2) (iv)	Procurement of balance initial spares is within the original scope (under head 3(v) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date. Balance expenses are now transferred from CWIP to Fixed Assets. Since both the units of DSTPS are running, these additional spares are procured to remain prepared for any unforeseen eventuality. Such procurements have been made through normal tendering process approved by competent authority.	Considering the fact that balance limit of initial spares [as discussed in para with heading of 'Initial spares' above] is Rs.931.81 lakh after 2016-17, the balance amount is allowed against initial spares is restricted to Rs.541.94 lakh after having allowed Rs.389.87 lakh at Sl. No.9 above.	541.94
ii	008/11/01 Ash Handling Plant-(0111080513)	9.06			As the expenditures claimed are beyond the ceiling limit of permissible ceiling limit of spares , the claims are **not allowed**. However, they may be claimed as capital spares consumed as and when put to use in accordance with the applicable Regulations.	0.00
iii	Additional Mandatory Spares supplied by BHEL	190.96				0.00
iv	Other Mandatory Spares	55.99				0.00
	Total claimed	**940.20**				
	Total allowed					**541.94**
11	008/11/01 Ash Handling Plant-(0111080513) - Capital Spares	99.58	14 (3) (vii), 54 & 55	This expenditure includes modular spares in the Ash Handling Plant which are capital in nature and are used as and when required to improve the efficient operations related to ash collection, storage, conveyance and disposal.	As the expenditures claimed are beyond the permissible ceiling limit of spares, as above, the claims are **not allowed**. However, they may be claimed as capital spares consumed as and when put to use in accordance with the applicable Regulations.	0.00
12	Miscellaneous Capital Spares	16.82		This expenditure includes modular spares in the Coal Handling Plant		0.00

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				Conveyors, Wagon Tipplers and Electrical Accessories, which are capital in nature and are used as and when required to facilitate efficient operations related to coal storage and handling.		
13	008/07 Accessories Elec Equipment - DSTPS (0111080607) (Weighbridge)	17.05	14 (3) (vii), 54 & 55	This expenditure involves cost of materials for construction of a new Road Weigh Bridge that is necessary for weighment of inbound as well as outbound materials being transported by road (e.g. coal, ash), thereby facilitating plant O&M through better monitoring.	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not applicable. Also, the requirement of such item, should have formed part of the original scope of work of the project. Accordingly, the claim of the Petitioner, is **not allowed.**	0.00
14	Planetary Gear Box	22.43	14 (2) (iv)	One set of Planetary gear box along with Input sun pinion, Set of oil seal, and Set of bearings for Paddle Wheel in the Coal Handling Plant has been procured and kept as spare for any eventuality. The purchase order was placed on 7.8.2013, i.e., within the cut-off date. Only the residual expense is now being transferred to Fixed Asset.	As the expenditures claimed are beyond the ceiling limit of permissible ceiling limit of spares, as above, the claims are **not allowed**. However, they may be claimed as capital spares consumed as and when put to use in accordance with the applicable Regulations	0.00
15	HT Motor for Intake pump House	28.61	14 (3) (vii), 54 & 55	One HT Motor was installed in the Intake Pump House to ensure smooth operation of the Intake Water System and to meet the water requirements of the	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not	0.00

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				plant operations in an uninterrupted manner.	applicable. Also, the 2014 Tariff Regulations, do not provide for the replacement of equipment's so early in plant life. Accordingly, the claim of the Petitioner, is **not allowed.**	
	Total claimed	**184.49**				
	Total allowed					**0.00**
	Total Power House Plant & Machinery Claimed	1768.97				
	Total Power House Plant & Machinery allowed					**1035.19**
F	**Other Assets**					
1	016/01 Office Furniture Steel	50.72	14 (2) (iv)	Office furniture's are within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and have been installed within the cut-off date. Only residual expense against original scope of work under this head is now being transferred to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure (@sl nos. 1 to 6) are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	50.72
2	016/05 Office Equipment (O/assets)	18.15		One set of Portable vibration analyser (along with Data collector / balancer with diagnostic software) was procured within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) for use by the Condition Monitoring Cell of DSTPS for online vibration monitoring of		18.15

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				plant equipment's as part of predictive maintenance. The order for procurement was placed on 15.02.2016, i.e., within the cut-off date. Only residual expense is now being transferred to Fixed Assets.		
3	Weighing Machine (O/assets) (0111160315) (Weigh Bridge)	10.20	14 (2) (iv)	This is balance expenditure against the construction work for the Electronic In-motion Weigh Bridge utilizing the Contingency fund within the original scope (under head 5 of the DSTPS Sanction Order No. 405 dated 18.3.2015). The In-motion Weigh Bridge is necessary for weighment of loaded as well as empty coal rakes. Major portion of the expenditure under this head within the original scope of work was already incurred and transferred to Fixed Assets within the cut-off date. Only residual expense are now being transferred to Fixed Assets.		10.20
4	Television and Radio (O/ assets) (0111160312)	2.41		Furniture for the Admin. Building, Tech. Building, Maint. Building at DSTPS were procured within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The procurements were made within the cut-off date. Only residual expense is now being		2.41

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				transferred to Fixed Assets.		
5	016/18/01 Air Conditioner- (0111160501)	1.26	14 (2) (iv)	Air Conditioner Machines for the Admin. Building, Tech. Building, Maint. Building at DSTPS were procured within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The procurements were made within the cut-off date. Only residual expense is now being transferred to Fixed Assets.		1.26
6	Refrigerators & Ice Box (O/assets) (0111160314)	0.20		Refrigerators & Ice Box for various buildings at DSTPS were procured within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The procurements were made within the cut-off date. Only residual expense is now being transferred to Fixed Assets.		0.20
7	016/99 Miscellaneous	0.28	14 (3) (vii), 54, 55	Miscellaneous expenditure involves the expenditure for various activities required to ensure efficient and reliable operation of the system and for purchasing the equipment / materials.	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not applicable. Accordingly, the claim is **not allowed.**	0.00
8	016/25 Personal Computer	(-)14.31		Advance for computer refunded	Allowed as rectification entry	(-)14.31
	Total claimed	**68.91**				
	Total allowed					**68.63**
	Total claimed for 2016-17	7246.79				

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
	Total allowed for 2016-17					**6512.73**
2017-18						
A	**Land & Land Rights**					
1	Cost of Land Lease (0111010201)	1109.05	14 (2) (ii) and (iv)	This expenditure is within the original scope (under head 2 of the DSTPS Sanction Order No. 405 dated 18.3.2015) and indicates the reimbursement made by DVC to SAIL for the Service Tax paid by SAIL-DSP (inclusive of Interest) with respect to the land handed over to DVC on lease by Durgapur Steel Plant (DSP), Steel Authority of India Ltd (SAIL). There has been delay in handover of land by SAIL to DVC. After prolonged follow up at the top level and intervention at Ministries level, finally, in January 2016, SAIL made a formal offer for allotment of the requisite land to DVC, to which DVC conveyed its approval, which led to formal handover of the land. Accordingly, the land premium was paid to SAIL by DVC in the previous year as claimed in the add-cap. During this year, reimbursement of the Service Tax paid by SAIL with respect to the land handed over to DVC has been capitalized to Fixed Asset and claimed as add-cap expense.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	1109.05

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
2	001/01/05 Grading & Levelling (0111010401)	541.41	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work involves grading and levelling of the land within the main plant package at the start of the project. The work has been executed within the cut-off date. Major portion of the expenditure against this head has already been capitalized in previous years. Only residual expense is now transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	541.41
3	Greenbelt Development	153.92	14 (2) (ii)	The work is within the original scope (under head 4(b)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). Work includes Greenbelt development within the periphery of different Buildings in the plant, to comply with the stipulations of the Ministry of Environment, Forest and Climate Change, Government of India. The work has been taken up through the Forest Department, Government of West Bengal. Expenditure has been incurred by DVC under this head as and when Greenbelt development has been undertaken in phased manner by the Forest Department,	The expenditure claimed is within the original scope of work of the project and hence **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	153.92

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				Government of West Bengal. Execution and any delay in this work has remained beyond the control of DVC.		
	Total claimed	**1804.38**				
	Total allowed					**1804.38**
B	**Building**					
1	Power House Building (Main Plant & Building in Equipment Tree) (0111020101)	2.40	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now being transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	2.40
2	Store Building (0111020106)	1.50				1.50
3	Workshop Building (0111020103)	0.24				0.24
4	002/24/06 Re-generation Building-(0111020412)	0.13				0.13
5	002/61/01 Fencing Power House-(0111020414)	407.84	14 (2) (iv), 54, 55	This expenditure is for Construction of boundary wall, watch tower, patrol road within the original scope of Main Package contractor BHEL (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The works have been executed by DVC on risk and cost of BHEL, as agreed between BHEL and DVC in meeting dated 9.12.2015. Subsequently, the scope of work was assessed jointly by BHEL and DVC, tendering process was executed, and the work was awarded	The expenditure claimed is within the original scope of work of the project and hence **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	407.84

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				to M/S Coal Mines Associated Traders Pvt Ltd vide LOA dated 19.9.2016. The work was within the original scope of BHEL, and if BHEL could have carried out the work, it could have been taken up by 2015 itself (i.e. within the cut-off date). However, it was the inability of BHEL that forced DVC to expedite the work through other contractor at risk and cost of BHEL in the interest of security of the plant.		
6	Residential Building (0111020127)	5.10	14 (2) (iv)	The works are within the original scope (under head 4(b)(iv) of the DSTPS Sanction Order No. 405 dated 18.3.2015). Works include construction works at Staff Dormitory in order to make the Dormitories ready and convenient for staying for the plant personnel. Works have been executed within the cut-off date. Major portion of expenditure under this head has already been capitalized in previous years. Only the residual expenses are now being transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to the cut-off date, the claim is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	5.10
7	Other Building (0111020122)	114.53		This is balance expenditure against the works that are within the original scope (under head 4(b)(iv) of the DSTPS Sanction Order No.		114.53

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				405 dated 18.3.2015). The works involve balance works in relation to providing shed at vehicle gate for portico of CISF personnel, constriction of new open yard. The works have been executed within the cut-off date. Major portion of expenditure under this head has already been capitalized in previous years. Only the residual expenses are now being transferred from CWIP to Fixed Assets.		
	Total claimed	**531.74**				
	Total allowed					**531.74**
C	**Roads Bridge and Railway Siding**					
C1	Rail way Infrastructure	44.13	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 4(f)(ii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work involves detailed engineering, management and construction works of the railways infrastructure that facilitates timely supply of fuel to the plant. The work was awarded to RITES Ltd. on **16.6.2009**. However, completion of the work was deferred due to delayed approval of DPR and Engineering Scale Plan (ESP), Signalling Interlocking Plan (SIP) drawings from the Railway Authority. The work	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	44.13

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now transferred to Fixed Assets.		
	Total claimed	**44.13**				
	Total allowed					**44.13**
D	**Power House Plant & Machinery**					
1	008/01 Boiler Accessories Equipment - (0111080601)	519.73	14 (2) (iv)	This is balance expenditure against the works that are within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The works under these heads have been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now being transferred from CWIP to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure (@sl nos. 1 to 6) are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	519.73
2	008/15/05 AIR Conditioning Plant- (0111080515)	20.40				20.40
3	008/06/07 Hydrogen Generation Plant- (0111080471)	10.50				10.50
4	008/07 Accessories Elec Equipment - (0111080607)	2.40				2.40
5	008/10 Coal Handling Plant(0111080 610)	0.68				0.68
6	008/15 Misc Power Plant Equip - (0111080615)	0.10				0.10
7	Boiler Circulating Water (BCW) Pump - Capital Spare	355.13	14 (3) (vii), 54 & 55	One BCW Pump with Motor (Torishima Make) has been procured and kept as a standby spare pump-motor-set to use in exigencies during the outage / overhauling of the existing BCW pump-motor, with the aim to avoid shutdown of plant operation.	Since the expenditure is beyond the ceiling limit of the permissible spares as above, the claim of the Petitioner, is **not allowed**. However, the same may be claimed as capital spares consumed as and when put to use in accordance with the	0.00

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
					applicable Regulations.	
	Total claimed	**908.94**				
	Total allowed					**553.81**
8	**Initial Spares in Power House Plant & Machinery embedded in Main Plant Package**					
i	008/01 Boiler Accessories Equipment - (0111080601)	36.70	14 (2) (iv)	Procurement of initial spares is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and such procurement has been made within the cut-off date. Only balance expense has been made during the year and transferred from CWIP to Fixed Assets.	Since the expenditure claimed on initial spares is beyond the permissible limit of initial spares as per prevailing Regulations at the time of COD, the expenditure claimed are **not allowed.** However, the same may be claimed as capital spares consumed as and when put to use in accordance with the applicable Regulations.	0.00
ii	008/06 Turbo Generator and Accessories- (0111080606)	85.27				0.00
iii	008/06/01 TURBO GENERATOR - (0111080445)	29.40				0.00
iv	008/08 Accessories Mech Equipment - DSTPS (0111080608)	72.77				0.00
v	008/06/07 HYDROGEN GENERATION PLANT- (0111080471)	8.08				0.00
vi	008/15/06 VENTILATION SYSTEM- (0111080516)	7.27				0.00
vii	008/15 Misc Power Plant Equip - (0111080615)	1.74				0.00
	Total claimed	**241.22**				
	Total allowed					**0.00**
9	008/15 Misc Power Plant Equip - (0111080615)	29.35	14 (3) (vii), 54 & 55	Direct procurement of miscellaneous new works including construction of Pedestal for support of 150 mm NB dia fire water pipe line, Construction of two nos. foundation for BAHP, etc. These works are needed to provide necessary support/ stability to the existing	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not applicable. Also, the 2014 Tariff Regulations, do not contain any provision for replacement of	0.00

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
				equipment's and to facilitate O&M activities.	equipment so early in plant life. Accordingly, the claim of the Petitioner is **not allowed.**	
	Total Power House Plant & Machinery Claimed	1179.51				
	Total Power House Plant & Machinery Allowed					**553.81**
E	**Computer and IT Assets**					
E1	016/25 Personal Computer	27.06	14 (2) (iv)	Procurement and installation of Personal Computer are within the original scope (under head 4(c)(vii) - Computerization and Networking of the DSTPS Sanction Order No. 405 dated 18.3.2015) and within the cut-off date. The Personal Computers are an essential and integral part for effectively performing day-to-day office activities including but not limited to Finance & Accounts, Stores, HR, Planning, MIS, etc. Computers with updated operating systems are essential to ensure protection against cyber threat. This purchase is in compliance with the directives of the Ministry of Power, GOI dated. 12.4.2010 and dated 2.8.2017 regarding steps to be taken to prevent cyber-attacks. The said directives of the Ministry of Power,	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to the cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	27.06

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				GOI are enclosed as **Annexure 20**.		
	Total Claimed	**27.06**				
	Total Allowed					**27.06**
F	**Other Assets**					
1	Weighing Machine (O/assets) (0111160315) (Weigh Bridge)	10.57	14 (3) (vii), 54, & 55	This expenditure is for the civil construction work of a new electronic Road Weigh Bridge with RFID compatible facility utilizing the Contingency fund within the original scope (under head 5 of the DSTPS Sanction Order No. 405 dated 18.3.2015). The Road Weigh Bridge is necessary for weighment of inbound as well as outbound materials being transported by road (e.g. coal, ash), thereby facilitating plant O&M through better monitoring. (For this same Road Weigh Bridge, the cost of materials as capitalized in Fixed Asset was claimed as add-cap for 2016-17)	Since the generating station is a coal based thermal station, Regulation 14(3)(vii) is not applicable. Accordingly, the claim is **not allowed.**	0.00
F2	016/01 Office Furniture Steel	0.16	14 (2) (iv)	Office furniture's are within the original scope (under head 4(d)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015) and have been installed within the cut-off date. Only residual expense against original scope of work under this head is now being transferred to Fixed Assets.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure (@sl nos. 1 to 6) are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	0.16
	Total claimed	**10.73**				

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
	Total allowed					**0.16**
	Total claimed for 2017-18	3597.55				
	Total allowed for 2017-18					**2961.28**
2018-19						
A	**Land & Land Rights**					
1	Greenbelt Development	173.81	14 (2) (ii)	The work is within the original scope (under head 4(b)(iii) of the DSTPS Sanction Order No. 405 dated 18.3.2015). Work includes Greenbelt development within the periphery of different Buildings in the plant, to comply with the stipulations of the Ministry of Environment, Forest and Climate Change, Government of India. The work has been taken up through the Forest Department, Government of West Bengal. Expenditure has been incurred by DVC under this head as and when Greenbelt development has been undertaken in phased manner by the Forest Department, Government of West Bengal. Execution and any delay in this work has remained beyond the control of DVC.	The work is within original scope of work and has been carried out to comply with the stipulations of the Ministry of Environment, Forest and Climate Change, GOI. Accordingly, the claim of the Petitioner **is allowed** under Regulation 14(2)(ii) of the 2014 Tariff Regulations.	173.81
	Total claimed	**173.81**				
	Total allowed					**173.81**
B	**Building**					
1	002/61/01 Fencing Power House-(0111020414)	273.60	14 (2) (iv), 54 & 55	This expenditure is for balance work regarding Construction of boundary wall, watch tower, patrol road within the original scope of Main	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off	273.60

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				Package contractor BHEL (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The works have been executed by DVC on risk and cost of BHEL, as agreed between BHEL and DVC in meeting dated 9.12.2015. Subsequently, the scope of work was assessed jointly by BHEL and DVC, tendering process was executed, and the work was awarded to M/S Coal Mines Associated Traders Pvt Ltd vide LOA dated 19.9.2016. The Hon'ble Commission may please note that the work was within the original scope of BHEL, and if BHEL could have carried out the work, it could have been taken up by 2015 itself (i.e. within the cut-off date). However, it was the inability of BHEL that forced DVC to expedite the work through other contractor at risk and cost of BHEL in the interest of security of the plant. The Hon'ble Commission is humbly requested to allow the delay in taking up the work and kindly admit the corresponding add-cap expenditure. The expenditure capitalized this year for this work is now	date, the claim for additional capital expenditure (@sl nos. 1 to 6) are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations.	

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				claimed as add-cap expenditure.		
	Total claimed	**273.60**				
	Total allowed					**273.60**
C	**Roads Bridge and Railway Siding**					
1	003/01 Access Roads (0111032106)	17.08	14 (2) (iv)	This is balance expenditure against the work that is within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The work involves development of access road to the site, in order to facilitate man and material movements to and from the site. The work has been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now being transferred from CWIP to Fixed Asset.	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure is **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	17.08
	Total claimed	**17.08**				
	Total allowed					**17.08**
D	**Power House Plant & Machinery**					
1	008/08 Accessories Mech Equipment - (0111080608)	60.34	14 (2) (iv)	This is balance expenditure against the works that are within the original scope (under head 3(i) of the DSTPS Sanction Order No. 405 dated 18.3.2015). The works under these heads have been executed within the cut-off date. Major portion of the expenditure under this head has already been capitalized in previous years. Only residual expense is now being transferred	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	60.34

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
				from CWIP to Fixed Assets.		
2	008/07/05 Misc Electrical Items-(0111080475)	13.03	14 (3) (iii)	This expenditure is against the installation of High Mast Lighting (30 Mtr.) for proper illumination within Plant premises for safety and security reason at night as well as to improve visibility, as per advise of the local CISF Authority. The work has been funded from the Contingency fund within the original scope (under head 5 of the DSTPS Sanction Order No. 405 dated 18.3.2015).		13.03
3	Misc Power Plant Equip - (0111080615)	0.54	14 (3) (vii), 54 & 55	Miscellaneous works to facilitate O&M and ensure reliable and efficient operation of the system.	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not applicable. Also, the 2014 Tariff Regulations, do not contain any provision for replacement of equipment so early in plant life. Accordingly, the claim of the Petitioner is **not allowed.**	0.00
	Total claimed	**73.91**				
	Total allowed					**73.36**
4	008/01 Boiler Accessories Equipment - (0111080601)	(-)151.03		Withdrawal of excess booking in 2016-17 with respect to CUP Lock Scaffolding	Adjusted to additional capitalisation in 2016-17	0.00
	Total - Power House Plant & Machinery Claimed	(-) 77.13				

Sl. No.	Asset/Work	Amount Claimed	Regulations	Petitioner Submission	Remarks for admissibility	Amount Allowed
	Total - Power House Plant & Machinery allowed					**73.36**
E	**Towers and Poles**					
1	Intake pump House	39.72	14 (2) (iv)	Balance expense against construction of 33 KV transmission line for power supply to the River Intake Pump House of DSTPS	Since the expenditure claimed is the balance amount paid to contractor for works executed and capitalized prior to cut-off date, the claim for additional capital expenditure are **allowed** under Regulation 14(3)(v) of the 2014 Tariff Regulations	39.72
	Total claimed	**39.72**				
	Total allowed					**39.72**
F	**Other Assets**					
1	Weighing Machine (O/assets) (0111160315) (Weigh Bridge)	3.27	14 (3) (vii), 54 & 55	This expenditure is towards the balance civil construction work for the new electronic Road Weigh Bridge with RFID compatible facility utilizing the Contingency fund within the original scope (under head 5 of the DSTPS Sanction Order No. 405 dated 18.3.2015). The Road Weigh Bridge is necessary for weighment of inbound as well as outbound materials being transported by road (e.g. coal, ash), thereby facilitating plant O&M through better monitoring.	Since the generating station is a coal based thermal generating station, Regulation 14(3)(vii) of the 2014 Tariff Regulation is not applicable. Also, the 2014 Tariff Regulations, do not contain any provision for replacement of equipment so early in plant life. Accordingly, the claim of the Petitioner is **not allowed.**	0.00
2	Office Furniture-Elec. (O/assets) (0111160103)	0.45		To support office activities		0.00
	Total claimed	**3.73**				

Sl. No.	Asset/Work	Amount Claimed	Regula tions	Petitioner Submission	Remarks for admissibility	Amount Allowed
	Total allowed					**0.00**
	Total claimed in 2018-19	430.81				
	Total allowed in 2018-19					**577.58**

Initial Spares

20. As per Appendix-15 to Annexure-I of the Petition, Initial spares amounting to Rs.13657.52 lakh has been capitalized from COD till 2017-18, including initial spares for Rs.885.33 lakh, Rs.1330.07 lakh and Rs. 241.22 lakh claimed during the years 2015-16, 2016-17 and 2017-18 respectively, under Regulation 14(1)(iii) and Regulation 14(2)(iv) of the 2014 Tariff Regulations. In justification for the same, the Petitioner has submitted that the capitalized spares pertain to the original scope of work and are within the ceiling limit of 4.00%.

21. The Respondents have submitted that initial spares procured after the cut-off date are not allowable in terms of Regulation 14(1)(iii) of the 2014 Tariff Regulations and accordingly the Commission may disallow the expenditure of Rs.1330.07 lakh and Rs. 241.22 lakh claimed for initial spares during 2016-17 and 2017-18. In response, the Petitioner has submitted that these spares are balance initial spares in original scope and are within the allowable ceiling limit as per the 2014 Tariff Regulations. i.e. 4.00% of plant and machinery cost as on cut-off date.

22. The matter has been examined. Considering the fact that the station COD was in the year 2013, the generating station is an existing station in terms of the 2014 Tariff Regulations and as such ceiling limit of initial spares within the original scope, shall be governed by the provisions of the 2009 Tariff Regulations, which is 2.50% of the capital cost as on cut-off date. The cut-off date of the generating station is 31.3.2016 and the Petitioner has claimed initial spares even beyond the cut-off date. The capital cost as

on 31.3.2016 is Rs. 519789.84 lakh including initial spares of Rs. 12086.23 lakh capitalized in books till 31.3.2016. Accordingly, as per Regulation 8(i) of the 2009 Tariff Regulations, the limit of total allowable initial spares i.e. 2.50% of the project cost including initial spares, works out to Rs.13018.04 lakh {(519789.84-12086.23) x 2.5/97.5} as against Rs.12086.23 capitalized till 31.3.2016. As such, the balance limit as on 31.3.2016 works out to Rs. 931.81 lakh. It is noted that the Petitioner has incurred further expenditure of Rs.1330.07 lakh and Rs. 241.22 lakh on procurement of initial spares during 2016-17 and 2017-18, which is not allowable for the purpose of tariff after the cut-off date i.e. 31.3.2016. However, considering the fact that project cost is reasonable and considerable amount of IDC and IEDC has already been disallowed in petition no.66/GT/2012 on account of time overrun disallowed, the Commission is inclined to allow the balance amount of Rs. 931.81 lakh (against the claim of Rs. 1330.07 lakh) during the year 2016-17 by invoking power to relax under Regulation 54 of 2014 Tariff Regulations for relaxing provisions of Regulation 14(i)(iii) of 2014 Tariff Regulations for allowing initial spares after the cut-off date. Accordingly, the claim of Rs. 241.22 lakh in 2017-18 is also disallowed as the same is beyond the ceiling limit of initial spares. The summary of the workings of as discussed above are summarised as under:

		Amount ***(Rs. in lakh)***
Capital Cost as on 1.4.2014	A	503248.04
Net additional capital expenditure for 2014-15	B	9528.15
Net additional capital expenditure for 2015-16	C	7013.64
Capital Cost as on 31.3.2016 including Initial Spares	D = (A+B+C)	519789.84
Cumulative Initial Spares till 31.3.2016 forming part of above	E	12086.23
Capital Cost as on 31.3.2016 excluding Initial Spares	F = (D - E)	507703.61
Initial Spares allowable as per Regulations	G = F x {2.50%/(100% - 2.50%)}	13018.04
Balance limit of Initial spares available for allowance	H = G - E	931.81
Initial Spares claimed in 2016-17	I	1330.07
Initial Spares allowed in 2016-17	J = H	931.81
Initial Spares not allowed in 2016-17	K = I - J	398.26

23. Accordingly, Initial spares allowed in additional capital expenditure for the period 2014-19 is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Claimed	0.00	885.33	1330.07	241.22	0.00	2456.62
Allowed	0.00	885.33	931.81	0.00	0.00	1817.14
Disallowed	0.00	0.00	398.26	241.22	0.00	**639.48**

24. Further, the disallowed initial spares amounting to Rs. 639.48 lakh may be claimed as capital spares consumed as these are not part of capital cost for the purpose of tariff. Accordingly, additional capital expenditure allowed/disallowed for the period 2014-19, is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Claimed	7362.46	2541.55	7246.79	3597.55	430.81
Allowed	7362.46	2541.55	6512.73	2961.28	577.58
Disallowed	0.00	0.00	734.06	636.27	(-) 146.76

Decapitalisation

25. The Petitioner has not claimed any decapitalisation during the period 2014-19.

Un-discharged liabilities

26. The Petitioner has submitted that the total undischarged liabilities created during the period 2014-19 is Rs. 3518.18 lakh (Rs. 741.24 lakh for 2014-15, Rs. 650.06 lakh for 2015-16, Rs. 1280.57 lakh for 2016-17, Rs. 793.94 lakh for 2017-18 and Rs. 52.38 lakh for 2018-19). However, it is observed that the information submitted by the Petitioner is not line with the 2014 Tariff Regulations i.e. details of item-wise undischarged/discharge of liabilities has not been furnished. In the absence of item-wise availability of undischarged liability, the same is determined on a *pro-rata* basis, considering the admitted additional capital expenditure against the claimed additional capital expenditure, during each year for the period 2014-19. Accordingly, as against an un-discharged liability amounting to Rs. 3518.18 lakh claimed for the period 2014-

19 by the Petitioner, a corresponding amount of Rs. 3248.05 lakh (Rs. 741.24 lakh for 2014-15, Rs. 650.06 lakh for 2015-16, Rs. 1150.85 lakh for 2016-17, Rs. 653.52 lakh for 2017-18 and Rs. 52.38 lakh for 2018-19) for allowed assets has been allowed for the period 2014-19.

Discharge of Liabilities

27. The Petitioner has submitted year-wise details of total liability discharged for Rs. 15475.98 lakh (Rs. 2906.93 lakh for 2014-15, Rs. 5122.16 lakh for 2015-16, Rs. 6430.61 lakh for 2016-17; and Rs. 754.01 lakh for 2017-18 and Rs. 262.26 lakhs for 2018-19) during the period 2014-19, instead of item-wise liability discharges. In the absence of the item-wise availability of liabilities discharged, the same is determined on a *pro-rata* basis, considering the admitted additional capital expenditure against the claimed expenditure, during each year of the period 2014-19. Further, the opening balance of liability discharged as on 1.4.2014, has been allowed to be discharged in full. Accordingly, the discharge of liabilities, allowed as part of additional capital expenditure, corresponding to the assets allowed, are as under:

(Rs. in lakh)

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Opening Un-discharged liabilities (A)	29511.82	27346.13	22874.03	17628.81	17537.91
Additions during the period 2014-19 (corresponding to allowed additional capital expenditure, subject to maximum of additions claimed) (B)	741.24	650.06	1150.85	653.52	52.38
Discharges during the period 2014-19 (corresponding to allowed additional capital expenditure) (C)	2906.93	5122.16	6396.08	744.42	258.93
Reversal of Liabilities out of liabilities added during the period 2014-19 (corresponding to allowed additional capital expenditure) (D)	0.00	0.00	0.00	0.00	0.00
Closing Un-discharged liabilities (E) = (A+B-C-D)	27346.13	22874.03	17628.81	17537.91	17331.35

Capital cost allowed for the period 2014-19

28. Accordingly, the capital cost approved for the period 2014-19 is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost (A)	503248.04	512776.19	519789.84	531547.79	534599.97
Add: Addition during the year / period () (B)	7362.46	2541.55	6512.73	2961.28	577.58
Less: De-capitalization during the year /period (C)	0.00	0.00	0.00	0.00	0.00
Less: Undischarged liabilities (D)	741.24	650.06	1150.85	653.52	52.38
Add: Discharges during the year /period (E)	2906.93	5122.16	6396.08	744.42	258.93
Closing Gross Block (F) = (A+B-C-D+E)	**512776.19**	**519789.84**	**531547.79**	**534599.97**	**535384.11**
Average Gross Block (F) = (A+F)/2	508012.12	516283.02	525668.81	533073.88	534992.04

Debt-Equity Ratio

29. Regulation 19 of the 2014 Tariff Regulations provides as follows:

"19. Debt-Equity Ratio: (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that

(i) where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:

(ii) the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:

(iii) any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

Explanation-*The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.*

(2) The generating company or the transmission licensee shall submit the resolution of the Board of the company or approval from Cabinet Committee on Economic Affairs (CCEA) regarding infusion of fund from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2014, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered:

(4) In case of the generating station and the transmission system including communication

system declared under commercial operation prior to 1.4.2014, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2014, the Commission shall approve the debt: equity ratio based on actual information provided by the generating company or the transmission licensee as the case may be."

30. The gross normative loan and equity amounting to Rs. 383987.87 lakh and Rs. 119260.17 lakh, as considered in the Commission's order dated 27.2.2017 in Petition No. 204/GT/2015, has been retained for the purpose of tariff. Further, the additional capital expenditure admitted as above has been allocated in the debt-equity ratio of 70:30. Accordingly, the details of debt-equity ratio in respect of the generating station as on 1.4.2014 and as on 31.3.2019 are as follows:

(Rs. in lakh)

	Capital Cost as on 1.4.2014	**%**	**Net Additional Capital Expenditure for period 2014-19**	**%**	**Capital Cost as on 31.4.2019**	**%**
Debt	383987.87	76.30%	22495.25	70.00%	406483.12	75.92%
Equity	119260.17	23.70%	9640.82	30.00%	128900.99	24.08%
Total	**503248.04**	**100.00%**	**32136.07**	**100.00%**	**535384.11**	**100.00%**

Return on Equity

31. Regulation 24 of the 2014 Tariff Regulations provides as follows:

"24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with regulation 19.
(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of the river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:
Provided that:
(i) in case of projects commissioned on or after 1st April, 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:
(ii) the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:
(iii) additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:
(iv) the rate of return of a new project shall be reduced by 1% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO)/ Free Governor Mode
(v) Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:

(vi) as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

(vii) additional RoE shall not be admissible for transmission line having length of less than 50 kilometer."

32. Regulation 25 of the 2014 Tariff Regulations provides as follows:

"25. Tax on Return on Equity:

(1) The base rate of return on equity as allowed by the Commission under Regulation 24 shall be grossed up with the effective tax rate of the respective financial year. For this purpose the effective tax rate shall be considered on the basis of actual tax paid in the respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee as the case may be. The actual tax income on other income stream (i.e. income of non-generation or non-transmission business as the case may be) shall not be considered for the calculation of "effective tax rate".

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:
Rate of pre-tax return on equity = Base rate / (1-t) Where "t" is the effective tax rate in accordance with Clause (1) of this regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business as the case may be and the corresponding tax thereon. In case of generating company or transmission licensee paying Minimum Alternate Tax (MAT) "t" shall be considered as MAT rate including surcharge and cess.
Illustration.
(i) In case of the generating company or the transmission licensee paying Minimum Alternate Tax (MAT) @ 20.96% including surcharge and cess: Rate of return on equity = 15.50/(1-0.2096) = 19.610%
(ii) In case of generating company or the transmission licensee paying normal corporate tax including surcharge and cess:

(a)Estimated Gross Income from generation or transmission business for FY 2014-15 is Rs 1000 crore.
(b)Estimated Advance Tax for the year on above is Rs 240 crore.
(c) Effective Tax Rate for the year 2014-15 = Rs 240 Crore/Rs 1000 Crore = 24%
(d)Rate of return on equity = 15.50/ (1-0.24) = 20.395%

(2) The generating company or the transmission licensee as the case may be shall true up the grossed up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2014-15 to 2018-19 on actual gross income of any financial year. However, penalty if any arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee as the case may be. Any under-recovery or over recovery of grossed up rate on return on equity after truing up shall be recovered or refunded to beneficiaries or the long-term transmission customers/DICs as the case may be on year to year basis."

33. The Respondent, MPPMCL has submitted that impact of true up of Income Tax rate should not be the subject matter of this petition in accordance with Regulation 25(3)

of the 2014 Tariff Regulations and therefore no claim in this head may be allowed. It has also submitted that the Petitioner has considered applicability of MAT rate for grossing up of Return on Equity (‘ROE’) which is in gross contravention to the provision of the Regulation 25 of the 2014 Tariff Regulations, and therefore the claim of Petitioner is liable to be disallowed and ROE @ 15.5%. may only be allowed

34. The Respondent, PSPCL and the Objector, DVPCA have submitted that the audited annual accounts of the Petitioner reveal that Petitioner has not paid any actual tax during the period 2014-18. It is further submitted by the Respondent that it is apparent from the annual accounts of 2018-19, that the deferred tax liability which gets materialised in 2018-19 pertains to 2012-13. In view of the above, there is neither any basis for the Petitioner to claim the effective tax rates of 20.9605%, 21.3416%, 21.3416%, 21.3416% and 21.548% for the period 2014-19 nor the Petitioner is entitled to its claim of deferred tax liability pertaining to FY 2012-13 to be claimed in true-up for FY 2018-19. Accordingly, they have submitted that the ROE as claimed by the Petitioner is liable to be revised in terms of Regulation 25 and Regulation 49 of the 2014 Tariff Regulations. Further, referring to Regulation 49 of the 2014 Tariff Regulations, the Objector, DVPCA has stated that the claim is in contravention to the 2014 Tariff Regulations and ROE is to be allowed at a rate of 15.50% only, without considering any effective tax rate. In response, the Petitioner, has clarified that there is no income tax liability on the Petitioner for the period 2014-19. However, it has sought leave of the Commission, to claim income tax liability, if any, which may arise in future.

34. The submissions have been considered. Since the Petitioner has not been paying any income tax in any of the financial year of the period 2014-19, ‘Nil’ rate has been considered as the effective tax rate for the purpose of grossing up of ROE, in terms of the 2014 Tariff Regulations. Accordingly, ROE has been worked out as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Normative Equity-Opening (A)	119260.17	122118.62	124222.71	127750.09	128665.75
Addition of Equity due to additional capital expenditure (B)	2858.45	2104.09	3527.39	915.66	235.24
Normative Equity-Closing (C) = (A) + (B)	122118.62	124222.71	127750.09	128665.75	128900.99
Average Normative Equity (D) = (A+C)/2	120689.39	123170.66	125986.40	128207.92	128783.37
Return on Equity (Base Rate) (E)	15.50%	15.50%	15.50%	15.50%	15.50%
Effective Tax Rate (F)	0.00%	0.00%	0.00%	0.00%	0.00%
Rate of Return on Equity (Pre-Tax) (G) = (E)/(1-F)	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity (Pre-Tax) annualized (H) = (D)*(G)	**18706.86**	**19091.45**	**19527.89**	**19872.23**	**19961.42**

Interest on Loan

35. Regulation 26 of the 2014 Tariff Regulations provides as follows:

"26. Interest on loan capital: (1) The loans arrived at in the manner indicated in regulation 19 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2014-19 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of Decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such asset

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the

beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

(8) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

36. Interest on loan has been worked out as under:

a. The gross normative loan of Rs. 383987.87 lakh has been considered on 1.4.2014, in line with the gross normative loan balance as on 31.3.2014, allowed vide order dated 27.2.2017 in Petition No. 204/GT/2015. In addition to this, loan component towards additional capitalization has been considered as per the approved debt equity ratio.

b. Cumulative repayment of loan of Rs.52557.58 lakh as on 31.3.2014 has been considered as cumulative repayment as on 1.4.2014.

c. Addition to normative loan on account of additional capital expenditure approved above has been considered on year-to-year basis.

d. Depreciation allowed has been considered for repayment of normative loan during the respective years of the period 2014-19.

e. In line with the Regulations, the weighted average rate of interest (WAROI) has been calculated by applying the actual loan portfolio existing as on 1.4.2014 along with subsequent additions during the period 2014-19, if any, for the generating station. In case of loans carrying floating rate of interest the rate of interest as provided by the Petitioner has been considered for the purpose of tariff. The necessary calculation for interest on loan is as under:

(Rs in lakh)

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Gross opening loan (A)	383987.87	390657.58	395567.13	403797.69	405934.22
Cumulative repayment of loan upto previous year (B)	52557.58	87697.47	123410.66	159514.92	196011.68
Net Loan Opening (C) = (A) - (B)	331430.29	302960.10	272156.47	244282.77	209922.55
Addition due to additional capital expenditure (D)	6669.71	4909.55	8230.57	2136.53	548.89
Repayment of loan during the year (E)	35139.89	35713.18	36104.27	36496.75	36607.68
Less: Repayment adjustment on account of de-capitalization (F)	0.00	0.00	0.00	0.00	0.00
Net Repayment	35139.89	35713.18	36104.27	36496.75	36607.68

	2014-15	2015-16	2016-17	2017-18	2018-19
(G) = (E) - (F) + (H)					
Net Loan Closing (H) =(C) +(D) -(G)	302960.10	272156.47	244282.77	209922.55	173863.76
Average Loan (I) = (C+H)/2	317195.20	287558.29	258219.62	227102.66	191893.15
Weighted Average Rate of Interest of loan (J)	10.1035%	10.1035%	10.1035%	10.1035%	10.1035%
Interest on Loan (K) = (I)*(J)	**32047.70**	**29053.34**	**26089.12**	**22945.23**	**19387.85**

37. Further, the Petitioner has claimed its share of savings due to REC loan restructuring (i.e., one-third share) amounting to Rs. 1875.67 lakh (Rs. 543.39 lakh, Rs. 728.87 lakh and 603.40 lakh for the years 2016-17, 2017-18 and 2018-19 respectively), and Rs. 5830.50 lakh towards loan prepayment charges (cost of loan restructuring) in the year 2016-17, in terms of Regulation 26(7) of the 2014 Tariff Regulations. In this regard, it is observed that as per the Petitioner's submission vide affidavit dated 21.1.2020, refinanced loan pertaining to T&D is not considered in the actual loan portfolio, for the purpose of computation of WAROI. Therefore, the claim for sharing of savings, due to loan restructuring does not merit consideration in this petition.

Depreciation

38. Regulation 27 of the 2014 Tariff Regulations provides as follows:

"27. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units or elements thereof.

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall

be allowed up to maximum of 90% of the capital cost of the asset: Provided that in case of hydro generating station, the salvage value shall be as provided in the agreement signed by the developers with the State Government for development of the Plant:

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets.

(7) The generating company or the transmission license, as the case may be, shall submit the details of proposed capital expenditure during the fag end of the project (five years before the useful life) alongwith justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure during the fag end of the project.

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful services."

xx.

39. Regulation 53(2)(iii) of the 2014 Tariff Regulations provides as follows:

"53. Special Provisions relating to Damodar Valley Corporation. *(1) Subject to clause (2), these regulations shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).*

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:

(i)….

(ii)….

(iii) Depreciation: The depreciation rate stipulated by the Comptroller and Auditor General of India in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be applied for computation of depreciation of projects of DVC."

40. The cumulative depreciation amounting to Rs. 52557.59 lakh as on 1.4.2014, as per order dated 27.2.2017 in Petition No. 204/GT/2015, has been retained for the purpose of tariff. The weighted average rate of depreciation calculated in terms of the regulation 53(2)(iii) read with Regulation 27 of the 2014 Tariff Regulations has been

considered for the calculation of depreciation. The cumulative depreciation has been adjusted on account of de-capitalization, considered during the period 2014-19, for the purpose of tariff. Accordingly, depreciation worked out and allowed as under:

	2014-15	2015-16	2016-17	2017-18	2018-19
Average Capital Cost (A)	508012.12	516283.02	525668.81	533073.88	534992.04
Value of freehold land included in average capital cost (B)	15241.00	15241.00	15241.00	15241.00	15241.00
Aggregated Depreciable Value (C)= (A-B)*90%	443494.00	450937.81	459385.03	466049.59	467775.94
Remaining aggregate depreciable value at the beginning of the year (D) = [(C) - (Cumulative Depreciation of Previous year)]	390936.41	363240.33	335974.37	306534.66	271764.25
No. of completed years at the beginning of the year (E)	1.48	2.48	3.48	4.48	5.48
Balance useful life at the beginning of the year (F) = 25 - (E)	23.53	22.53	21.53	20.53	19.53
Weighted Average Rate of Depreciation (WAROD) (G)	6.9171%	6.9174%	6.8683%	6.8465%	6.8427%
Depreciation during the year/ period (H) = Minimum of [(A)*(G) or (D)]	**35139.89**	**35713.18**	**36104.27**	**36496.75**	**36607.68**
Cumulative depreciation at the end of the year (before adjustment for de-capitalization) (I) = (H) + (K of the previous year)	87697.48	123410.67	159514.93	196011.69	232619.37
Less: Depreciation adjustment on account of de-capitalization (J)	0.00	0.00	0.00	0.00	0.00
Cumulative depreciation at the end of the year* (K) = (I) - (J)	87697.48	123410.67	159514.93	196011.69	232619.37

Operation & Maintenance Expenses

41. Regulation 29(1)(a) of the 2014 Tariff Regulations provides the following O&M norms for the generating station of the Petitioner:

(Rs in lakh/MW)

2014-15	2015-16	2016-17	2017-18	2018-19
16.00	17.01	18.08	19.22	20.43

42. The O&M expenses claimed by the Petitioner is as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
16000.00	17010.00	18080.00	19220.00	20430.00

43. The normative O&M expenses claimed by the Petitioner, are in terms of Regulation 29(1)(a) of the 2014 Tariff Regulations and hence allowed.

Water Charges

44. Regulation 29(2) of the 2014 Tariff Regulations provides as follows:

"*29 (2) The Water Charges and capital spares for thermal generating stations shall be allowed separately:*
Provided that water charges shall be allowed based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check. The details regarding the same shall be furnished along with the petition:"

45. The water charges claimed by the Petitioner are as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
0.00	2369.94	874.30	704.36	936.50

46. The Petitioner was directed to submit year-wise audited computation of actual water charges claimed for the period 2014-19 vide ROP dated 25.5.2021, including the actual quantity of water consumed; rate (Rs./M^3) charged by the State authorities; any other charges included in the water charges, in addition to the charges calculated based on the above; and Auditor certificate to the effect that such other charges above were booked under the head 'water charges' during the period 2014-19. In compliance to the same, the Petitioner *vide* affidavit dated 21.1.2020 has submitted the auditor certificate in support of the water charges.

47. The Respondent MPPMCL has submitted that the Petitioner has claimed water charges during the period 2014-19 @ Rs.5.7/m^3 which is very high and abnormal particularly in view of the functions of the Petitioner. It has further submitted that water charges may be allowed @ Rs. 1.15/m^3 applicable for domestic purposes, on normative or actual basis whichever is less. The Respondent PSPCL has submitted that water

charges for 2014-15 and 2015-16 were higher than the normative charges, further in 2016-17, 2017-18 and 2018-19 water charges have fell lower than the normative charges. The Respondent has further submitted that as per the Petitioner's submission, the higher charges in the initial years have been on account of partial filing of the ash pond and operation of the plant at part load due to partial tie-up of power. The Respondent has stated that considering the Petitioner's justification the higher water charges cannot be passed onto the beneficiaries beyond the normative charges. The Respondent has therefore requested that the water charges are liable to be allowed to the Petitioner on normative rate of 3.5m^3/MWh as provided under the Environment (Protection) Amendment Rules, 2015 for the period 2014-19.

48. In response, the Petitioner has submitted that the Commission in the Statement of Objects and Reasons (SOR) to the 2014 Tariff Regulations, has mentioned about the uncontrollable nature of water charges. The Petitioner has further submitted that the norms for specific water consumption for all existing Cooling Tower-based Thermal Power Plants as 3.5 m^3/MWh was set by the Ministry of Environment, Forest and Climate Change (MoEFCC), Government of India vide the Environment (Protection) Amendment Rules, 2015 on 7.12.2015. Accordingly, the Petitioner has taken steps for reduction in specific water consumption and improvement in specific water consumption was reflected in the year 2017-18, onwards. The Petitioner has further submitted that, the higher water consumption during the 2014-15, 2015-16 & 2016-17 is attributable to the fact that there have been no proper methods to collect wastewater from the various drains and pits in the plant as well as from the ash pond for re-use of the same in places like ash sump. However, during the recent years, several technical modifications (civil work) have been carried out at the ash pond as well as at the pipelines from the ash pond to plant that include mending of different leakages, manholes, channel repairing,

repairing of defunct pumps, augmentation of area for decantation at ash pond, etc. The Petitioner has submitted that all these modifications have increased the wastewater recovery, thereby improving the water consumption efficiency of the generating station.

49. The matter has been considered. It is noticed that as per the Ministry of Environment, Forest and Climate Change (MoEF&CC) notification dated 7.12.2015, the specific water consumption allowed for the generating station is 3.5 m^3/MWh. The Regulation 29(2) provides for consideration of the actual consumption of water depending upon type of plant, type of cooling water system etc, subject to prudence check. The Petitioner vide affidavit dated 1.7.2021 has furnished audited water consumption charges for the period 2014-19. It is however noticed that the Petitioner has booked the water consumption charges during 2014-15 and 2015-16 in the audited accounts for 2015-16. The details of water charges claimed are as under:

Year	Water Use	Quantity of water consumed (M^3)	Rate of water charges (Rs./M^3)	Water Charges as per Rate (Rs. lakh)	Water Charges apportioned as per Annual Accounts
2014-15	Industrial	22478180	5.70	1281.26	0.00
	Domestic	1149740	1.15	13.22	
	Total	**23627920**		**1294.48**	
2015-16	Industrial	18704473	5.70	1066.15	2369.94
	Domestic	809271	1.15	9.31	
	Total	**19513744**		**1075.46**	
2016-17	Industrial	15305090	5.70	872.39	874.30
	Domestic	166080	1.15	1.91	
	Total	**15471170**		**874.30**	
2017-18	Industrial	14018611	5.70	799.06	704.36
	Domestic	170323	1.15	1.96	
	Total	**14188934**		**801.02**	
2018-19	Industrial	14699674	5.70	837.88	936.50
	Domestic	171132	1.15	1.97	
	Total	**14870806**		**839.85**	
Total for period 2014-19		**87672574**		**4885.11**	**4885.11**

50. It is observed that the water charges determined, based on consumption and rate, thereof, are at slight variance with the apportioned audited water charges. Accordingly, the audited water charges have been considered. It is also noticed that

water consumption includes domestic water consumption charges which are being recovered from its employees. As the water charges for domestic usage are not allowable, the same have been excluded from the audited apportioned water charges. Accordingly, water charges allowed are as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Claimed	0.00	2369.94	874.30	704.36	936.50
Allowed	**0.00**	**2347.41**	**872.39**	**702.41**	**934.54**

Capital Spares

51. Regulation 29(2) of the 2014 Tariff Regulations provides as follows:

"29(2) The Water Charges and capital spares for thermal generating stations shall be allowed separately:

Provided that water charges shall be allowed based on water consumption depending upon type of plant, type of cooling water system etc., subject to prudence check. The details regarding the same shall be furnished along with the petition:

Provided that the generating station shall submit the details of year wise actual capital spares consumed at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through compensatory allowance or special allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization."

52. The Petitioner has claimed total actual expenditure of Rs. 104.77 lakh in 2017-18 and Rs. 769.17 lakh in 2018-19 towards capital spares consumption. The Petitioner has prayed that capital spares replaced/consumed by the generating station during the period 2014-19, may be allowed.

53. The Respondent, MPPCL has submitted that there is no justification of allowing capital spare to such new plant within 4-5 year of its service. The justification for claim of Gear Box (Rs. 41 Lakh), General Shaft assembly of Coal Mill (Rs. 148.96 lakh), Cartridge Assembly of BFP (Rs. 276 lakh) and complete bare shaft vacuum pump (Rs. 113 lakh) etc. is vague and unacceptable and therefore, these spares should form part of Initial spares and should not be allowed as capital spares. The Respondent, PSPCL has submitted that the Petitioner is liable to submit details of year wise actual capital spares consumed at the time of truing up with appropriate justification for incurring the

same. The Respondent has further stated that although the Petitioner under Form-17 Annexure-I of the Petition has provided the breakup and justification of the use of the said spares, however, the Petitioner has failed to provide any justification for claiming capital spares for such a new plant within 4-5 years of service when it has already made a claim of initial spares as well.

54. The Objector, DVPCA has submitted that the Petitioner needs to submit a proper justification of incurring the capital spares during such period and substantiating the same whether the expenditure incurred is funded through compensatory allowance or special allowance or claimed as a part of additional capitalization or consumption of stores & spares and renovation & modernization. However, the same has not been provided by the Petitioner in the instant Petition. It has also submitted that the Petitioner has also not provided any documentary evidence to substantiate its claim of expenditure held towards capital spares for the period 2014-19.

55. The Petitioner in its rejoinder has clarified that the details of the capital spares have already been furnished vide Form-17 of the true-up forms for period 2014-19. The Petitioner has further submitted that in order to ensure reliable and efficient operation at all times by the instant station, units/ equipment is taken under overhaul/ maintenance and inspected regularly for wear and tear. It has also stated that during such works, spares parts of equipment which become damaged/ unserviceable are replaced/ consumed so that the machine continue to perform at expected efficiency on sustained basis.

56. The matter has been considered. It is pertinent to mention that capital spares comprise of two categories i.e. (i) spares which form part of the capital cost and (ii) spares which do not form part of the capital cost of the project. Capital spares which

form part of the capital cost of the project recover tariff since their procurement and, therefore, the same cannot be allowed as part of additional O&M expenses. Accordingly, only those capital spares, which do not form part of the capital cost of the project, are to be considered. It is pertinent to mention that the term 'capital spares' has not been defined in the 2014 Tariff Regulations. The term capital spares, in our view, is a piece of equipment or a spare part, of significant cost that is maintained in inventory for use in the event that a similar piece of critical equipment fails or must be rebuilt.

57. We have allowed capitalisation of the entire list of spares as a part of the capital cost even beyond cut-off date of 31.3.2016, i.e. till the year 2016-17, upto the ceiling limit of 2.50% of the plant & machinery cost. Therefore, the only capital spares which could have been procured and consumed by the Petitioner would be amongst from the disallowed initial spares amounting to Rs. 639.48 lakh (Rs. 398.26 lakh in 2016-17 and Rs. 241.12 lakh in 2017-18). Accordingly, we are inclined to allow the capital spares consumption claimed in the period 2017-19, only up to the extent of disallowed initial spares, i.e. Rs. 639.48 lakh. Accordingly, capital spares consumed subject to ceiling of Rs.639.48 lakh (disallowed initial spares) is allowed as under:

(Rs. in lakh)

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Capital Spares consumption claimed (A)	0.00	0.00	0.00	104.77	769.17
Initial Spares disallowed under additional capital expenditure, allowed as and upto the capital spares consumption claimed (upto the Initial Spares disallowed) (B)	0.00	0.00	0.00	104.77	534.71
Value of capital spares disallowed beyond the cumulative value of initial spares disallowed (C)	0.00	0.00	0.00	0.00	234.46
Capital spares considered (D) = (B)	0.00	0.00	0.00	104.77	534.71

58. We are also of the view that spares do have a salvage value. Accordingly, in line with the practice of considering the salvage value, presumed to be recovered by the

Petitioner on sale of capital assets, on becoming unserviceable, the salvage value of 10% has been deducted from the cost of capital spares considered above, for the period 2017-19. Therefore, on applying the said ceiling limit, along with deduction of the salvage value @10%, the net capital spares allowed in terms of Regulation 29(2) of 2014 Tariff Regulations is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Net total value of capital spares considered (A)	0.00	0.00	0.00	104.77	534.71
Salvage value @ 10% (B)	0.00	0.00	0.00	10.48	53.47
Net Claim allowed (C) = (A)*(B)	0.00	0.00	0.00	94.29	481.24

59. Accordingly, the O&M expenses allowed for the period 2014-19 are as under:

(Rs. in lakh)

		2014-15	2015-16	2016-17	2017-18	2018-19
Installed Capacity (MW) (A)		1000.00	1000.00	1000.00	1000.00	1000.00
O&M Expenses under Reg.29(1) in Rs. lakh /MW (B)		16.00	17.01	18.08	19.22	20.43
Total O&M Expenses (in Rs. lakh) (C) = (A)*(B)	Claimed	16000.00	17010.00	18080.00	19220.00	20430.00
	Allowed	**16000.00**	**17010.00**	**18080.00**	**19220.00**	**20430.00**
Water Charges (in Rs. lakh) (D)	Claimed	0.00	2369.94	874.30	704.36	936.50
	Allowed	**0.00**	**2347.41**	**872.39**	**702.41**	**934.54**
Capital Spares Consumed (in Rs. lakh) (E)	Claimed	0.00	0.00	0.00	104.77	769.17
	Allowed	**0.00**	**0.00**	**0.00**	**94.29**	**481.24**
Total O&M Expenses as allowed (including Water Charges and Capital Spares Consumed) (F) = (C+D+E)	Claimed	16000.00	19379.94	18954.30	20029.13	22135.68
	Allowed	**16000.00**	**19357.41**	**18952.39**	**20016.70**	**21845.78**

Operational Norms

60. The operational norms in respect of the generating station claimed by the Petitioner are as follows:

	2014-15	2015-16	2016-17	2017-18	2018-19
Normative Annual Plant Availability Factor (NAPAF) (%)	83%	83%	83%	83%	83%
Gross Station Heat Rate (kCal/kWh)	2441.43	2441.43	2441.43	2441.43	2441.43
Auxiliary Power Consumption (%)	5.25%	5.25%	5.25%	5.25%	5.25%
Specific Oil Consumption (ml/kWh)	0.5	0.5	0.5	0.5	0.5

Normative Annual Plant Availability Factor (NAPAF)

61. Regulation 36 of the 2014 Tariff Regulations provides as follows:

"(A) Normative Annual Plant Availability Factor(a) All Thermal generating stations, except those covered under clauses (b),(c),(d) &(e)- 85%.

Provided that in view of the shortage of coal and uncertainty of assured coal supply on sustained basis experienced by the generating stations, the NAPAF for recovery of fixed charges shall be 83% till the same is reviewed.

The above provision shall be reviewed based on actual feedback after 3 years from 1.4.2014."

62. The Petitioner has claimed NAPAF of 83% for the period 2014-19. In justification for the same, the Petitioner has submitted that the Commission in the 2014 Tariff Regulations has provided for consideration of coal shortage while setting NAPAF. However, in order dated 3.10.2016 in Petition No. 207/GT/2015, the Commission has specified NAPAF as 83% (except 85% for 2017-18 & 2018-19) for the period 2014-19.

63. The matter has been considered. Considering the coal stock availability, Regulation 36(A) of 2014 Tariff Regulations provided for NAPAF of 83% for three (3) years i.e., from 2014-15 to 2016-17 and to review the same thereafter. In line with this, the coal availability has been reviewed and it is observed that the availability of coal to the thermal generating stations in the country was normal and therefore, the Normative Annual Plant Availability Factor was revised as 85% in 2017-18 and 2018- 19. In our view, the non-availability of coal to the generating station due to localised or plant specific issue cannot be a factor to reduce NAPAF, particularly, keeping in view that arrangement of coal supply is the sole responsibility of the generator (Petitioner). Thus, the continuation of reduced NAPAF of 83% in 2017-18 and 2018-19 to the generating station is not allowed. Accordingly, the NAPAF of 83% for 2014-15 to 2016-17 and 85% for 2017-18 and 2018-19 is allowed in accordance with the provisions of Regulation 36 (A) of the 2014 Tariff Regulations.

Gross Station Heat Rate

68. The Petitioner has claimed Gross Station Heat Rate (GSHR) of 2441.43 Kcal/ kWh. As the GSHR claimed by the Petitioner is same as allowed *vide* order dated 17.3.2015

in Petition No. 205/GT/2015 and also in accordance with Regulation 36(C)(c) of the 2014 Tariff Regulations. Accordingly, the same is allowed.

Auxiliary Energy Consumption

69. The Petitioner has claimed Auxiliary Energy Consumption (AEC) of 5.25%. Regulation 36(E)(a) of the 2014 Tariff Regulations provides Auxiliary Energy Consumption of 5.25% for coal based generating stations of 500 MW sets with steam driven boiler feed pump. Accordingly, claimed AEC of 5.25%, is in line with the Regulations and hence, the same is allowed.

Secondary Fuel Oil Consumption

70. The Regulation 36(D)(a) of 2014 Tariff Regulations provides secondary fuel oil consumption to the generating station as 0.50 ml/kWh during period 2014-19. Based on the above, the operational norms allowed are as under:

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Normative Annual Plant Availability Factor (NAPAF) (%)	83%	83%	83%	85%	85%
Gross Station Heat Rate (kCal/kWh)	2441.43	2441.43	2441.43	2441.43	2441.43
Auxiliary Power Consumption (%)	5.25%	5.25%	5.25%	5.25%	5.25%
Specific Oil Consumption (ml/kWh)	0.50	0.50	0.50	0.50	0.50

Interest on Working Capital

71. Regulation 28 of the 2014 Tariff Regulations provides as follows:

"28. Interest on Working Capital:

(1) The working capital shall cover:
(a) Coal-based/lignite-fired thermal generating stations:

(i) Cost of coal or lignite and limestone towards stock if applicable for 15 days for pit-head generating stations and 30 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the maximum coal/lignite stock storage capacity whichever is lower;
(ii) Cost of coal or lignite and limestone for 30 days for generation corresponding to the normative annual plant availability factor;
(iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor and in case of use of more than one secondary fuel oil cost of fuel oil stock for the main secondary fuel oil;

(iv) Maintenance spares @ 20% of operation and maintenance expenses specified in regulation 29;
(v) Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the normative annual plant availability factor; and
(vi) Operation and maintenance expenses for one month.

(2) The cost of fuel in cases covered under sub-clauses (a) and (b) of clause (1) of this regulation shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the generating company and gross calorific value of the fuel as per actual for the three months preceding the first month for which tariff is to be determined and no fuel price escalation shall be provided during the tariff period.
(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2014 or as on 1st April of the year during the tariff period 2014-15 to 2018-19 in which the generating station or a unit thereof or the transmission system including communication system or element thereof as the case may be is declared under commercial operation whichever is later.
(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency."

72. Interest on working capital as claimed by the Petitioner is as under:

(Rs. in lakh)

	2014-15	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Cost of Coal/Lignite for Stock and Generation	28801.08	28879.99	28801.08	28801.08	28801.08
Cost of oil for 2 months (B)	360.66	361.65	360.66	360.66	360.66
O&M expenses - 1 month (C)	1333.33	1614.99	1579.53	1660.36	1780.54
Maintenance Spares - 20% of O&M (D)	3200.00	3875.99	3790.86	3984.87	4273.30
Receivables - 2 months (E)	51009.27	51789.59	52246.18	51936.23	50414.21
Total Working Capital (F) = (A+B+C+D+E)	**84704.34**	**86522.21**	**86778.30**	**86743.21**	**85629.80**
Rate of Interest (G)	13.5%	13.5%	13.5%	13.5%	13.5%
Total Interest on Working capital (H) = (F)x(G)	**11435.09**	**11680.50**	**11715.07**	**11710.33**	**11560.02**

i. Fuel Cost for Working Capital

73. Sub-clauses (i), (ii) and (iii) of Regulation 28(1) (a) of the 2014 Tariff Regulations provides cost of coal towards stock for 30 days, 30 days of cost of coal towards generation and cost of secondary oil for two months respectively, to be considered for computation of working capital and, further, in terms of Regulation 28(2) of the 2014 Tariff Regulations. Further, the computation of cost of fuel is to be based on the landed price and gross calorific value of the fuel, as per actuals, for the period from January 2014 to March, 2014.

74. Regulation 30 (6) of the 2014 Tariff Regulations provides as follows:

"30. Computation and Payment of Capacity Charge and Energy Charge for Thermal Generating Stations:
xxx
(6) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formula:

(a) For coal based and lignite fired stations

ECR = {(GHR – SFC x CVSF) x LPPF / CVPF+SFC x LPSFi + LC x LPL} x 100 / (100 – AUX)

(b) xxxxx

Where,

AUX =Normative auxiliary energy consumption in percentage.

*CVPF=(a) Weighted Average Gross calorific value of coal **as received**, in kCal per kg for coal-based stations*

*(b) Weighted Average Gross calorific value of primary fuel **as received**, in kCal per kg, per litre or per standard cubic meter, as applicable for lignite, gas and liquid fuel based stations.*

(c) In case of blending of fuel from different sources, the weighted average Gross calorific value of primary fuel shall be arrived in proportion to blending ratio.
CVSF =Calorific value of secondary fuel, in kCal per ml.
ECR = Energy charge rate, in Rupees per kWh sent out.
GHR =Gross station heat rate, in kCal per kWh.
LC = Normative limestone consumption in kg per kWh.
LPL = Weighted average landed price of limestone in Rupees per kg.
LPPF =Weighted average landed price of primary fuel, in Rupees per kg, per litre or per standard cubic metre, as applicable, during the month. (In case of blending of fuel from different sources, the weighted average landed price of primary fuel shall be arrived in proportion to blending ratio)
SFC = Normative Specific fuel oil consumption, in ml per kWh.
LPSFi=Weighted Average Landed Price of Secondary Fuel in Rs./ml during the month

75. Therefore, in terms of the above Regulation, for determination of the working capital, the GCV on 'as received 'basis is to be considered. Further, Regulation 30 (7) of the 2014 Tariff Regulations provides as follows:

"(7) The generating company shall provide to the beneficiaries of the generating station the details of parameters of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., as per the forms prescribed at Annexure-I to these regulations:
Provided that the details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the fuels as received shall also be provided separately, along with the bills of the respective month:
Provided further that copies of the bills and details of parameters of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed on the website of the generating company. The details should be available on its website on monthly basis for a period of three months."

76. The Petitioner has furnished the average GCV of coal as 3710.73 Kcal/kg on "as received" basis for the period from January, 2014 to March 2014, in its additional submission vide affidavit dated 15.11.2021 (revised Appendix 5). The Petitioner has also submitted that it has filed a separate petition (Petition No. 133/MP/2018) before the Commission, wherein, it was submitted that the coal samples were manually taken from the wagon top for measuring GCV of coal on 'as received' basis for computation of cost of coal and the same is pending. Accordingly, the Petitioner has submitted that the Commission may take on record the statements of measurement of the GCV at the receiving end as submitted in the Petition 133/MP/2018 along with this Petition and determine tariff for the generating station based on GCV to be considered on received basis.

77. The matter has been considered. As stated above, the Petitioner, has considered the average GCV of coal on "as received basis" i.e., from Wagon top, for the period from January 2014 to March 2014, for the purpose of computation of working capital for the period 2014-19. Accordingly, the cost for fuel components in working capital has been computed considering the fuel details (price and GCV) as submitted in revised Appendix 5 in the additional information submitted in affidavit dated 15.11.2021. It is observed that while the Petitioner in the signed hard copy has submitted the details of coal quantity in Million Metric Tonne till two decimal places whereas, in the excel soft copy the figures are provided up to 7-8 decimal places. Accordingly, the information furnished in excel soft copy has been considered. In this regard it is observed that the Petitioner has claimed transit & handling loss of coal, GCV and price of primary and secondary fuel in line with the Regulations. Accordingly, the weighted average cost and GCV of primary and secondary fuel for computation of working out cost of fuel

components in working capital are as under:

	Unit	Allowed
Weighted average GCV of oil	Kcal/lit	10275.32
Weighted Average GCV of Coal for Jan to March 2014	Kcal/kg	3710.73
Weighted average price of oil	Rs. /KL	59525.16
Weighted average price of Coal	Rs. /MT	3619.99

78. Based on the above discussion, the cost of fuel components in working capital is worked out and allowed as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Cost of Coal towards stock (30 days)	14203.27	14203.27	14203.27	14545.52	14545.52
Cost of Coal towards Generation (30 days)	14203.27	14203.27	14203.27	14545.52	14545.52
Cost of Secondary fuel oil 2 months	360.66	361.65	360.66	369.35	369.35

ii. Working Capital for Maintenance Spares

79. The Petitioner in Form-13B has claimed maintenance spares in the working capital shown in the table as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
3200.00	3875.99	3790.86	3984.87	4273.30

80. It is noticed that the Petitioner has claimed working capital for maintenance spares by excluding the capital spares. However, Regulation 28(1)(a)(iv) of the 2014 Tariff Regulations provide for maintenance spares @ 20% of the O&M expenses, including water charges and capital spares. Accordingly, the cost of maintenance spares @ 20% of the operation & maintenance expenses including water charges and capital spares, allowed are as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
3200.00	3871.48	3790.48	4003.34	4369.16

iii. Working Capital for O&M expenses

81. It is noticed that the Petitioner has claimed working capital for O&M expenses for

one month, by excluding capital spares. However, Regulation 28(a)(vi) of the 2014 Tariff Regulations provides for O&M expenses for one month for coal based generating station as a part of working capital, inclusive of water charges and capital spares. Accordingly, the cost of maintenance spares @ 20% of the operation & maintenance expenses including water charges and capital spares, allowed are as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
1333.33	1613.12	1579.37	1668.06	1820.48

iv. Working Capital for Receivables

82. The Petitioner has claimed Energy Charge Rate (ECR) ex-bus of 253.98 Paise/kWh (or Rs. 5.402/kWh) for the generating station based on the landed cost of coal, GCV of coal & GCV and price of Oil for the preceding three months of 2014-19 for the generating station. Accordingly, the allowable Energy Charge Rate (ECR), based on the operational norms as specified under the 2014 Regulations and on approved weighted average GCV of coal and oil is worked out as Rs. 2.540/kWh.

83. Energy charges for 2 months as a part of working capital have been calculated on the following basis:

a) ECR of Rs. 2.540/kWh as calculated above (rounded off to three places as per Regulation 30(6) of 2014 Regulations).
b) Ex-bus energy (two months), corresponding to the installed capacity of 1000 MW normative availability of 83% for first three years and 85% for last two years and Auxiliary Energy Consumption of 5.25%.

84. Energy Charges for two months for the purpose of working capital has been worked out as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
29163.78	29243.69	29163.78	29866.53	29866.53

85. Receivables equivalent to two months of capacity charge and energy charge has been worked out duly considering mode of operation of the generating station on

secondary fuel, as follows:

(Rs.in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Variable Charges - for two months (A)	29163.78	29243.69	29163.78	29866.53	29866.53
Fixed Charges – for two months (B)	18811.11	19060.09	18622.21	18432.34	18183.71
Total (C) = (A+B)	**47974.89**	**48303.77**	**47786.00**	**48298.87**	**48050.24**

v. Rate of interest on working capital

86. In terms of clause (3) of Regulation 28 of the 2014 Tariff Regulations, the rate of interest on working capital has been considered as 13.50% (Bank rate 10.00 + 350 bps). Accordingly, Interest on working capital has been computed as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Working Capital for Cost of Coal for Stock (30 days) (A)	14203.27	14203.27	14203.27	14545.52	14545.52
Working Capital for Cost of Coal for Generation (30 days) (B)	14203.27	14203.27	14203.27	14545.52	14545.52
Working Capital for Cost of oil for 2 months of generation at NAPAF (C)	360.66	361.65	360.66	369.35	369.35
Working Capital for O&M expenses - 1 month of O&M expenses (D)	1333.33	1613.12	1579.37	1668.06	1820.48
Working Capital for Maintenance Spares - 20% of O&M expenses (E)	3200.00	3871.48	3790.48	4003.34	4369.16
Working Capital for Receivables - 2 months of capacity charges and energy charges at NAPAF (F)	47974.89	48303.77	47786.00	48298.87	48050.24
Total Working Capital (G) = (A+B+C+D+E+F)	**81275.43**	**82556.57**	**81923.05**	**83430.66**	**83700.27**
Rate of Interest (H)	13.50%	13.50%	13.50%	13.50%	13.50%
Total Interest on Working capital (I) = (G)*(H)	**10972.18**	**11145.14**	**11059.61**	**11263.14**	**11299.54**

<u>Additional O&M Expenses claims</u>

87. The Petitioner has also claimed additional O&M expenses over and above the normative O&M expenses, allowable to the generating station, in accordance with the provisions of the 2014 Tariff Regulations. These expenditure heads include Mega Insurance, Expenses for CISF Security, Ash Evacuation Expenses, Impact of GST, Impact of Pay Revision, Share of Pension & Gratuity (P&G) and Share of Subsidiary Activities. In order to examine and decide as to whether the claims of the Petitioner for additional O&M expenses are over and above the normative O&M expenses allowed to

the generating station, in terms of the 2014 Tariff Regulations, we rely on the duly audited financial statements of the Petitioner. In the Financial statements, all O&M expenses are covered in Notes to Financial Statements i.e. Note No. 29 under Operation & Maintenance and General administration charges and Note No. 27 of the Annual accounts under Employee Benefit Expenses. Accordingly, we examine the head-wise claims of the Petitioner as detailed in the subsequent paragraphs.

(A) Ash Disposal Expenses

88. The Petitioner has claimed total of Rs. 865.80 lakh (Rs. 115.00 lakh in 2014-15, Rs. 339.11 lakh in 2015-16, Rs. 46.64 lakh in 2016-17, Rs. 244.45 lakh in 2017-18 and Rs. 120.60 lakh in 2018-19) during the period 2014-19, towards Ash Disposal expenses as additional O&M expenses, for the generating station. In justification of the same, the Petitioner has submitted that due to statutory directions of the MoEF&CC, GOI vide Notification dated 14.9.1999 (and its amendments dated 27.8.2003, 3.11.2009 and 25.1.2016), the fly ash generated during the course of operation of coal power plants, is required to be utilized, under various designated modes, out of which, mine stowing is the most feasible option for the generating station, as the Eastern Coalfields Ltd (ECL) has allowed the Petitioner to utilize its abandoned mines for this. Accordingly, the Petitioner has engaged various transporters for excavation and transportation of ash from ash ponds of the generating station to the abandoned open cast mines of ECL. The Petitioner has prayed that the Commission may approve the proposed Ash Disposal expenses for the period 2014-19 and allow the same to be recovered in full from the beneficiaries, considering the statutory requirement as per notifications of under Regulation 8(3)(ii) of the 2014 Tariff Regulations.

89. The Objector, DVPCA has submitted that the Commission has disallowed the claim of expenses towards Ash Evacuation in a number of orders, stating that the

Petitioner was fully aware of the MOEFCC Notification, 2009 which mandate 100% ash utilization to be ensured by the generator, within a specific period by installation of dry ash and wet ash disposal system. It has further submitted that the Petitioner must have taken necessary steps for installation of the evacuation system at the inception stage. However, the Petitioner has claimed the Ash Transportation charges on the ground that it has not complied with MoEF&CC Notification, 2009 and is taking appropriate measures now. The Objector, DVPCA has also submitted that as the actual O&M expenses including Ash Evacuation expenses are lower than the normative O&M expenses, thus, there is no requirement to allow the ash evacuation expenses additionally. It has also pointed out that the Commission in its order dated 3.10.2016 in Petition No. 207/GT/2015 had not allowed the Ash Evacuation expenses.

90. The Petitioner, in its rejoinder, has clarified that the Commission in its order dated 5.11.2018 in Petition No. 172/MP/2016 (NTPC Vs. UPPCL & Ors) had admitted the expenses related to transportation of ash under 'change in law' as additional O&M expenses and NTPC was granted liberty to claim the same at the time of truing-up of tariff for the period 2014-19. It has also pointed out that the Commission in its order dated 29.7.2020 in Petition No.101/MP/2019, had granted liberty to the Petitioner to claim expenses for ash transportation at the time of truing-up for the period 2014-19. Accordingly, the Petitioner has submitted that it has claimed expenses incurred for ash transportation from its thermal generating stations for the period 2014-19, for the approval under Regulation 8(3)(ii) of the 2014 Tariff Regulations. The Petitioner has stated that the issue of 'actual vs norms' is no longer res-integra and stands decided by the Hon'ble Supreme Court in UPPCL Vs NTPC & Ors (2011) 122 SCC 400, wherein, it has upheld the concept of 'normative basis' and rejected the contention, that tariff should be determined on the basis of 'normative' or 'actuals', whichever is less. The

Petitioner has added that even the National Tariff Policy, 2016 prescribes that the operating parameters in tariffs should be at “normative levels” only and not at “lower of normative and actuals” and this is essential to encourage better operating performance. The Petitioner has also stated that the Commission in its order dated 29.7.2020 in Petition No. 101/MP/2019 had directed the Petitioner to furnish some additional information in support to the Petitioner’s claim on ash evacuation expenses as under:

“31. Accordingly, we in exercise of the regulatory power hold that the actual additional expenditure incurred by the Petitioner towards transportation of ash in terms of the MOEFCC No as additional O&M expenses. However, the admissibility of the claims is subject to prudence check of the following conditions/ details on case-to-case basis for each station:
(a) Award of fly ash transportation contract has been effected through a transparent competitive bidding procedure. Alternatively, the schedule rates of the respective State Governments, as applicable for transportation of fly ash.
(b) Details of the actual additional expenditure incurred on Ash transportation after 25.1.2016, duly certified by auditors.
(c) Details of the Revenue generated from sale of fly ash/fly ash products and the expenditure incurred towards Ash utilisation up to 25.1.2016 and from 25.1.2016 to till date, separately.
(d) Revenue generated from fly Ash sales maintained in a separate account as per the MoEF notification.”

91. The Petitioner has stated that in compliance to the above, the transportation of fly ash was awarded through competitive bidding and the transportation charges are within the schedule rates of the respective State Governments. In addition, the Petitioner has submitted that the revenue generated from Fly ash sales is maintained in a separate account, as per the MoEF&CC notifications, and an auditor certificate on the information associated with ash evacuation / transportation expenses in respect of various stations are as under:

(Rs. in lakh)

	DSTPS	DTPS	KTPS	CTPS	MTPS	BTPS	Total
Ash transportation Charges 1.4.2014 to 25.1.2016	454.11	880.91	749.75	3202.23	15797.33	761.93	**21846.26**
Ash transportation Charges 26.1.2016 to 31.3.2019	411.69	1016.24	2533.62	7147.80	24768.26	3457.03	**39334.64**

	DSTPS	DTPS	KTPS	CTPS	MTPS	BTPS	Total
Income from sale of Ash / Cenosphere from 1.4.2014 to 25.1.2016	0.00	0.00	0.00	28.97	0.00	11.96	**40.93**
Income from sale of Ash from 26.1.2016 to 31.3.2019	1964.87	17.04	812.47	10.05	297.11	7.62	**3109.16**

92. The matter has been examined. The relevant portion of the MoEF&CC Notifications dated 3.11.2009 and 25.1.2016 are extracted as under:

> ***Notification dated 3.11.2009:***
> *"6. The amount collected from sale of fly ash and fly ash based products by coal and / or lignite based thermal power stations or their subsidiary or sister concern unit, as applicable should be kept in separate account head and shall be utilized only for development of infrastructure facilities, promotion of and facilitation activities for use of fly ash until 100 percent fly ash utilization level is achieved; thereafter as long as 100 % fly ash utilization levels are maintained, the thermal power station would be free to utilize the amount collected for other development programmes also and in case, there is a reduction in fly ash utilization levels in the subsequent year(s), the use of financial return from fly ash shall get restricted to development of infrastructure or facilities and promotion or facilitation activities for fly ash utilization until 100 percent fly ash utilization level is again achieved and maintained."*
>
> ***Notification dated 25.1.2016:***
> *"10. The cost of transportation of ash for road construction projects or for manufacturing of ash based products or use as soil conditioner in agriculture activity within a radius of hundred kilometres from a coal or lignite based thermal power plant shall be borne by such coal or lignite based thermal power plant and the cost of transportation beyond the radius of hundred kilometres and up to three hundred kilometres shall be shared equally between the user and the coal or lignite based thermal power plant."*

93. It is observed that the Petitioner had filed Petition No.101/MP/2019, before this Commission seeking the recovery of the ash transportation charges, through monthly bills of beneficiaries, in terms of the MoEF&CC notification dated 25.1.2016, as 'change in law' event and the Commission vide its order dated 29.7.2020, disposed of the same, after observing that the MOEF&CC notification dated 25.1.2016 is a change in law event. Accordingly, the Petitioner was granted liberty to approach the Commission at the time of truing up of tariff, along with the audited details including award of transportation through competitive bidding, alternatively scheduled rate of State Government, expenditure incurred and revenue generated up to 25.1.2016 and after 25.1.2016 and to maintain the revenue generated from fly ash in separate account. In

compliance to the above, the Petitioner has furnished the year-wise audited ash transportation details and the income received from sale of ash for various generating stations i.e., MTPS, CTPS, DTPS, BTPS, DSTPS, KTPS etc., during the period 2014-19 and these charges were apportioned to the various stages, on the basis of their actual generation, in the respective years. Further, in compliance to direction given in order dated 29.7.2020 in Petition No.101/MP/2019, the Petitioner has furnished additional information such as the end user type, category of ash utilization, the award of transportation carried out through competitive bidding/ rate of transportation is lower than SoR, the actual quantum of ash supplied, transported, distance, awarded rate of transportation in Rs./ton per kilometre, income from sale of ash etc, from 25.1.2016 to 31.3.2019 for DTPS (1 x 210 MW), MTPS (4 x 210 MW + 2 x 250 MW + 2 x 500 MW), KSTPS (2 x 500 MW), DSTPS (2 x 500 MW), CTPS (1 x 130 MW + 2 x 250 MW) and BTPS (1 x 210 MW + 1 x 500 MW). It is noticed that the Petitioner has also claimed ash transportation charges, pertaining to mine filling (abandoned coal mines of ECL) and low-lying area (DVC & its premises) and the revenue generated through sale of ash to cement / non-cement plants. However, the information regarding the revenue generated from sale of ash as on 25.1.2016 has not been furnished. The Petitioner has also transported ash from its generating stations through road (trucks), the distance varied from 2 kms to 76 kms and has therefore declared that it has not received any money from escrow account / coal mine companies for mine stowing.

94. Considering, the claim of the Petitioner towards ash transportation charges in its various tariff petitions filed in respect of its thermal generating stations, it is noticed that total ash transportation expenses incurred by the Petitioner is Rs.611.75 crore (approx.), which also matches with the audited figures and the annual report (after rounding off), on yearly basis, as detailed below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018 -19	Total
DSTPS	115.00	339.11	46.64	244.45	120.6	865.80
DTPS	608.40	303.99	1016.24	(-) 31.24	0.00	1897.39
KTPS	0.00	819.49	513.59	897.39	1050.56	3281.03
CTPS	1618.10	1891.14	2518.01	2840.98	1478.59	10346.82
MTPS	10292.17	8215.14	10601.33	6535.3	4921.30	40565.24
BTPS	578.44	534.11	1598.27	1068.46	439.68	4218.96
Total	**13212.11**	**12102.98**	**16294.08**	**11555.34**	**8010.73**	**61175.24**

95. In consideration of the above submissions of the Petitioner and since the MoEF&CC notification dated 25.1.2016 is a change in law event, the ash transportation charges from 26.1.2016 to 31.3.2019 are determined as under:

(Rs. in lakh)

	2014 – 15	2015-16 (w.e.f. 26.1.2016)	2016 - 17	2017 - 18	2018 -19	Total
DSTPS	**0.00**	**0.00**	**46.64**	**244.45**	**120.6**	**411.69**
DTPS	0.00	31.24	1016.24	(-) 31.24	0.00	1016.24
KTPS	0.00	72.08	513.59	897.39	1050.56	2533.62
CTPS	0.00	310.22	2518.01	2840.98	1478.59	7147.80
MTPS	0.00	2710.33	10601.33	6535.3	4921.30	24768.26
BTPS	0.00	350.62	1598.27	1068.46	439.68	3457.03
Total	**0.00**	**3474.49**	**16294.08**	**11555.34**	**8010.73**	**39334.64**

96. The Petitioner has also generated revenue through the sale of ash and the details of plant wise along with the year-wise income received from sale of fly ash from 26.10.2016 to 31.3.2019 is as under:

(Rs. in lakh)

	DSTPS	DTPS	KTPS	CTPS	MTPS	BTPS
26.1.2016 to 31.3.2016	0.00	0.00	0.00	0.00	0.00	0.00
2016-17	272.40	0.00	0.00	0.00	0.00	0.00
2017-18	664.47	3.26	373.70	10.05	44.67	7.62
2018 -19	1027.99	13.78	438.77	0.00	252.44	0.00
Total	**1964.87**	**17.04**	**812.47**	**10.05**	**297.11**	**7.62**

97. In terms of the MoEF&CC notification dated 25.1.2016, the plant-wise revenue generated, shall be first adjusted towards the ash transportation charges of the plant and the balance shall be recovered from the beneficiaries. In this regard, it is noticed that during the period between 26.1.2016 to 31.3.2019, except for DSTPS, the ash

transportation charges of all other plants, are higher than the income received from the sale of fly ash as worked out below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018 -19	Total
DSTPS	0.00	0.00	0.00	0.00	0.00	0.00
DTPS	0.00	0.00	999.20	0.00	0.00	999.20
KTPS	0.00	72.08	513.59	523.69	611.79	1721.15
CTPS	0.00	310.22	2518.01	2830.93	1478.59	7137.75
MTPS	0.00	2710.33	10601.33	6490.63	4668.86	24471.15
BTPS	0.00	350.62	1598.27	1060.84	439.68	3449.41
Total	**0.00**	**3443.25**	**16230.40**	**10906.08**	**7198.92**	**37778.66**

98. Accordingly, the ash transportation charges as claimed by the Petitioner in respect of this generating station (DSTPS) are **not allowed**.

(B) Mega Insurance Expenses

99. The Petitioner has claimed total amount of Rs. 586.85 lakh (Rs. 121.94 lakh in 2014-15, Rs. 16.00 lakh in 2015-16, Rs. 109.44 lakh in 2016-17, Rs. 248.29 lakh in 2017-18 and Rs. 91.18 lakh in 2018-19) during the period 2014-19 towards Mega Insurance expenses, as additional O&M expenses for the generating station. In justification of the same, the Petitioner has submitted that the generating station is located in high alert security zone and therefore, the Petitioner has to ensure substantial safeguard measures through Mega Insurance, against damage or destruction of the assets. The Petitioner has further submitted that the expenses for Mega Insurance for Durgapur TPS have been booked in the annual accounts in a consolidated manner. Therefore, the accounted mega Insurance expenses for Durgapur TPS has been apportioned amongst Durgapur TPS Unit- 1 to 2 based on the installed capacity and the same are claimed in the instant petition.

100. The Objector, DVPCA has submitted that the Commission in its earlier orders had disallowed the expenditure on Mega Insurance and the same was to be recovered

as part of the normative O&M expenses. It has stated that the actual O&M expenses, including the mega insurance expenses for the period 2014-19, is lower than the normative O&M expenses specified under the 2014 Tariff Regulations, and thus, the normative O&M expenses are sufficient to cover such expenses. Accordingly, the objector has stated that the claim of the Petitioner may not be considered separately. In response, the Petitioner has submitted that the subject expenditure is necessitated due to 'substantial increase in the risk profile of power plants' on account of various issues (including lenders covenants), natural calamities, law and order etc, and it protects the customers from any tariff shock, in the event of any substantial loss, arising out of damage or destruction of the power plant. Accordingly, it shall be allowed as an additional pass-through, over and above, the norms. The Petitioner has further submitted, that the Commission in its various orders (i.e. order dated 13.12.2005 in Petition No. 163/2004, order dated 9.7.2013 in Petition No. 269/GT/2012, order dated 29.7.2016 in Petition No. 465/GT/2014, order dated 7.8.2013 in Petition No. 275/GT/2012 and order dated 29.7.2016 in Petition No. 470/GT/2014) while determining tariff had allowed expenses towards Mega Insurance.

101. The matter has been considered. As regards, the submission of the Petitioner that the Commission had allowed expenses towards Mega insurance to Mejia 1, 2 & 3, CTPS 1, 2 & 3 etc, over and above the O&M expenses norms, it is noticed that the grant of Mega insurance was for the period prior to the period 2014–19 and in exercise of its Power to Relax, however, the same was not allowed for other projects of the Petitioner. It is pertinent to mention that the Commission, while specifying the O&M norms for the period 2014-19, had considered insurance expenses as part of the O&M expense calculations and had factored the same in the said norms. Considering the above, we do not find any reason to allow expenses towards Mega Insurance over and above the

O&M expense norms. Accordingly, the expenses claimed towards Mega Insurance are not allowed.

(C) CISF Security Expenses

102. The Petitioner has claimed total amount of Rs. 8209.07 lakh (Rs. 1,277.36 lakh in 2014-15, Rs. 1,568.50 lakh in 2015-16, Rs. 1,877.69 lakh in 2016-17, Rs. 1,577.15 lakh in 2017-18 and Rs. 1,908.37 lakh in 2018-19) during the period 2014-19 towards CISF Security expenses, as additional O&M expenses for generating station. In justification of the same, the Petitioner has submitted that:

(a) The generating station is located in high alert security zone and any untoward situation arising due to the terrorist attack or theft, may cause loss of property and prolonged interruption of generation. The concerned Ministry, from time to time has directed the Petitioner, to take appropriate security arrangements at hydro generating stations, dams etc. and to strengthen the physical security of various generating stations and tighten personal security.

(b) The Ministry of Home Affairs, GOI, had granted approval for creation of additional security personnel posts to be stationed at the generating station. Thus, accordingly, the Petitioner has deployed CISF personnel in its plants, to ensure adequate security at the plants, as well as to comply with the directives, on security measures. Accordingly, the Petitioner has been incurring expenses towards CISF security for deployment of CISF personnel and associated CISF activities.

(c) The expenses for CISF Security for the project have been booked in the annual accounts in a consolidated manner. Therefore, the accounted CISF Security expenses for the project for the 2014-19 period has been apportioned among Unit- 1 to 8 of the projects, based on the installed capacity of the units. Accordingly, the apportioned CISF Security expenses for Units- 1 to 3 (the generating station) has been claimed.

(d) The Commission had allowed the CISF expenses in case of this generating station vide order dated 9.7.2013 in Petition No. 269/GT/2012 and order dated 29.7.2016 in Petition No. 465/GT/2014 and for Chandrapura TPS (Units 1 to 3) vide dated 7.8.2013 in Petition No. 275/GT/2012 and order dated 29.7.2016 In Petition No. 470/GT/2014. Accordingly, the Commission may allow the CISF expenses as incurred by and apportioned to the generating station during the period 2014-19 to be recovered in full, in exercise of the 'Power to Relax' under the 2014 Tariff Regulations, similar to the Commission's treatment in the aforesaid orders.

103. The Objector, DVPCA has submitted that the actual O&M expenses, including the security expenses, for the period 2014-19 have been lower than the normative O&M expenses specified under the 2014 Tariff Regulations. It has further submitted that the provisions of the 2014 Tariff Regulations, does not allow security expenses over and above the O & M norms. Accordingly, the claim may not be allowed separately.

104. The matter has been considered. As regards the submission of the Petitioner that the Commission had allowed expenses towards CISF security in order dated 29.7.2016 in Petition No. 465/GT/2014 and order dated 29.7.2016 in Petition No. 470/GT/2014, it is observed that the CISF expenses, over and above the O&M expenses norms was allowed only for Mejia Therma Power Station (Units 1-3) and Chandrapura Thermal Power Station (Units-1 to 3) projects of the Petitioner during the 2009-14 tariff period in exercise of its Power to Relax, but was not allowed for other projects of the Petitioner. Further, the Commission while specifying the O&M expense norms for the period 2014-19, had considered security expenses for the generating station, as part of the O&M expenses and had factored the same in the said norms. Considering the above, we do not find any reason to allow additional O&M expenses towards CISF security.

(D) Impact of Goods and Service Tax (GST)

105. The Petitioner has claimed additional O&M expenses of Rs. 81.74 lakh for the period 2017-18 and Rs. 190.12 lakh for 2018-19 as impact towards GST. The Objector, DVPCA has submitted that the Petitioner’s claim is extraneous to the provisions of 2014 Tariff Regulations and various orders of the Commission. In response, the Petitioner has clarified that the Commission in order dated 14.3.2018 in Petition No. 13/SM/2017 and order dated 17.12.2018 in Petition No. 01/SM/2018 had considered the

implementation of GST as “change in law”.

106. The submissions have been considered. It is observed that the Commission while specifying the O&M expense norms for the period 2014-19 had considered taxes to form part of the O&M expense calculations and accordingly, had factored the same in the said norms. This is evident from paragraph 49.6 of the SOR (Statement of Objects and Reasons) issued with the 2014 Tariff Regulations, which is extracted hereunder:

> *“49.6 With regards to suggestion received on other taxes to be allowed, the Commission while approving the norms of O&M expenses has considered the taxes as part of O&M expenses while working out the norms and therefore the same has already been factored in...”*

107. Further, the escalation rates considered in the O&M expense norms is only after accounting for the variations during the past five years of the period 2014-19, which in our view, takes care of any variation in taxes also. It is pertinent to mention that in case of reduction of taxes or duties; no reimbursement is ordered. In this background, we find no reason to grant additional O&M expenses towards impact of GST.

(E) Share of Subsidiary Activities

108. The Petitioner has claimed total Rs.2753.90 lakh (Rs. 560.27 lakh in 2014-15, Rs. 684.97 lakh in 2015-16, Rs. 571.06 lakh in 2016-17, Rs. 549.50 lakh in 2017-18 and Rs. 388.10 lakh in 2018-19) during the period 2014-19, towards ‘Share of Subsidiary Activities’ as additional O&M expenses. In justification of the same, the Petitioner has submitted that it has been undertaking various subsidiary activities in terms of Section 12 of the DVC Act, 1948. It has also submitted that in terms of the judgment of the Appellate Tribunal for Electricity (‘APTEL’) dated 23.11.2007 in Appeal No. 273 of 2006 and batch, the expenses with regard to Subsidiary activities are to be allowed as a pass-through element in tariff. The Petitioner has stated that above judgment of APTEL has been affirmed by the Hon’ble Supreme Court vide its judgment

dated 23.7.2018 in Civil Appeal Nos. 971-973 of 2008 along with Civil Appeal Nos. 4289 of 2008 (Bhaskar Shrachi Alloys Ltd. Vs. DVC) referred to in (2018) 8 SCC 281. The Petitioner has further submitted that the expenses toward share of subsidiary activities allowed in case of this generating station vide order dated 9.7.2013 in Petition No. 269/GT/2012 and order dated 29.7.2016 in Petition No. 465/GT/2014 and for Chandrapura TPS, Units-1 to 3 vide order dated 7.8.2013 in Petition No. 275/GT/2012 and order dated 29.7.2016 in Petition No. 470/GT/2014, in relaxation of the provisions of the Tariff Regulations. Accordingly, the Petitioner has prayed that the Commission may allow the expenses toward share of subsidiary activities, as incurred and apportioned to the generating station during the period 2014-19 for recovery in full, in exercise of the 'power to relax' under the 2014 Tariff Regulations.

109. The Objector, DVPCA has submitted that the Petitioner has also claimed expenses towards subsidiary activities including additional capital, O&M, Return on Equity, Interest on loan and Depreciation. It has submitted that the contribution to subsidiary fund is not allowable as the Return on Equity, Interest on loan and Depreciation, on common assets, have been claimed separately. The Objector has further submitted that the Commission had dealt with the issue of expenditure of subsidiary activities, while framing the 2014 Tariff Regulations and had specifically disallowed such expenses to be charged as additional O&M expenses, vide order dated 31.8.2016 in Petition No. 347/GT/2014. It has stated that the actual O&M expenses including the share of subsidiary expenses are lower than the normative O&M expenses and thus, there is no requirement of allowing the share of subsidiary expenses additionally. In response, the Petitioner has clarified as under:

(a) DVC has been undertaking multifarious functions in the Damodar Valley area interms of Section 12 of the DVC Act, 1948 with the obligation to undertake development of Damodar Valley, which falls in the provinces of West Bengal and Jharkhand. The activities of DVC are not restricted to generation and sale/supply of electricity. The functions of the DVC include promotion and operation of schemesfor irrigation, water supply and drainage, flood control and improvement of flow conditions in the Hooghly River, navigation in the Damodar River and its tributaries and channels, afforestation and control of soil erosion and promotion of public health and agricultural, industrial, economic and general well-being in the Damodar Valley under its areas of operation. Thus, DVC is engaged in number of activities which are not commercial in nature and where no significant revenue accrues to DVC.

(b) DVC cannot generate required revenue from the users of service in regard to schemes such as drainage, flood control, improvement in the flow conditions, navigation, afforestation and control of soil erosion or the promotion of public health and general well-being in the Damodar Valley. The main revenue earning activity performed by DVC is generation and sale of power. DVC is undertaking various activities in a comprehensive manner for the betterment of Damodar Valley and using the revenues earned from various sources including generation and sale of electricity for the above varied purposes for which DVC has been established. In the facts and circumstances mentioned herein above, DVC occupies a special position.

(c) The activities of DVC are akin to the activities undertaken by the Governments, Central, State or Municipalities. Therefore, it is critical that the expenses incurred byDVC in undertaking the various subsidiary activities be recovered in suitable manner so as to not create financial burden on DVC.

(d) Section 32 of the DVC Act 1948 allows DVC to incur expenditure on activities other than power, irrigation and flood control. The APTEL's judgment dated 23.11.2007 in Appeal No. 271, 272, 273 and 275 of 2006, had allowed the recovery of these expenses through tariff. The said judgment was upheld by the Hon'ble Supreme Court *vide* order dated 23.7.2018 in Bhaskar Shrachi Alloys Ltd. vs. Damodar Valley Corporation (2018) 8 SCC 281, whereupon, the Hon'ble Supreme Court has reiterated the fact that the other activities undertaken by DVC are statutory in nature and provided for recovery of related expenses.

110. The submissions have been considered. The expenses of subsidiary activities include multipurpose dams and other heads. In this regard, the Regulation 53 of the 2014 Tariff Regulations provides as under:

"53. Special Provisions relating to Damodar Valley Corporation:

(1) Subject to clause (2), this regulation shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:

*(i) **Capital Cost**: The expenditure allocated to the object 'power', in terms of sections 32 and 33 of the Damodar Valley Corporation Act, 1948, to the extent of its apportionment to generation and inter-state transmission, shall form the*

basisof capital cost for the purpose of determination of tariff:
Provided that the capital expenditure incurred on head office, regional offices, administrative and technical centers of DVC, after due prudence check, shall also form part of the capital cost.
xxxx

(iv) ***Funds under section 40 of the Damodar Valley Corporation Act, 1948****:* *The Fund(s) established in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be considered as items of expenditure to be recovered through tariff.*

(3)The provisions in clause (2) of this regulation shall be subject to the decision of the Hon'ble Supreme Court in Civil Appeal No 4289 of 2008 and other related appeals pending in the Hon'ble Court and shall stand modified to the extent they are inconsistent with the decision.

111. It is noticed that the Commission in its various tariff orders of the Petitioner for the period 2014-19, has observed that as per Statement of Objects and Reasons to the 2014 Tariff Regulations, the site specific norms in case of thermal generating stations may not serve much purpose as there is a set of advantages and disadvantages associated with every site, which average out, and the proposed normsare also based on multiple stations with wide geographical spread and therefore, suchaspects are already factored in the norms and accordingly, the additional O&M expenses claimed by the Petitioner, including share of subsidiary activities was not allowed. In this regard the relevant sections of DVC Act 1948 are as follows:

"*32. Expenditure on objects other than irrigation, power and flood control: The Corporation shall have power to spend such sums as it thinks fit on objects authorised under this Act other than irrigation, power and flood control and such sums shall be treated as common expenditure payable out of the Fund of the Corporation before allocation under Section 33.*

33. Allocation of expenditure chargeable to project on main objects: The total capital expenditure chargeable to a project shall be allocated between the three main objects, namely, irrigation, power and flood control as follows, namely:
1) expenditure solely attributable to any of these objects, including a proportionate share of overhead and general charges, shall be charged to that object, and
2) expenditure common to two or more of the said objects, including a proportionate share of overhead and general charges shall be allocated to each of such objects in proportion to the expenditure which, according to the estimate of the Corporation, would have been incurred in constructing a separate structure solely for that object, less any amount determined under clause (1) in respect of that object.

37. Disposal of profits and deficits. —

(1) Subject to the provisions of sub-section (2) of section 40, the net profit, if any, attributable to each of the three main objects, namely, irrigation, power and floodcontrol, shall be credited to the participating Governments in proportion to their respective shares in the total capital cost attributed to that object.

(2) The net deficit, if any, in respect of any of the objects shall be made good by the Governments concerned in the proportion specified in sub-section (1):
Provided that the net deficit in respect of flood control shall be made good entirely by the Government of West Bengal and the Central Government shall have no share in such deficit."

112. It is noticed that APTEL vide its judgement dated 23.11.2007 had observed that the expenditure incurred by the Petitioner, on objects other than irrigation, power and flood control, are non-commercial in nature and accrue little or no revenue and is not likely to serve the objectives of Section 41 and 51 of the Act and therefore, can be allocated to these three heads as per section 32 and 33 of DVC Act, 1948 and the expenditure so allocated to power object, should be allowed to be recovered through the electricity tariff. Subsequently, the Hon'ble Supreme Court *vide* its judgment dated 23.7.2018 in Civil Appeal No. 4289 of 2008 and batch thereof, upheld the decision of APTEL as under:

"55. In so far as the issue of allowance of cost relating to 'other activities' of the Corporation to be recovered through tariff on electricity is concerned, we have taken note of the objection(s) raised in this regard which in sum and substance is that Sections 32 and 33 of the Act of 1948 are in direct conflict with Sections 41 and 51 of the 2003 Act and, therefore, recovery of cost incurred in "other works" undertaken by the Corporation through power tariff is wholly untenable. Apart from reiterating the basis on which we have thought it proper to affirm the findings of the learned Appellate Tribunal on the purport and scope of the fourth proviso to Section 14 of the 2003 Act and the continued operation of the provisions of the Act of 1948 which are not inconsistent with the provisions of the 2003 Act, we have also taken note of the specific provisions contained in Sections 41 and 51 of the 2003 Act which, inter alia, require maintenance of separate accounts of the other business undertaken by transmission/distribution licensees so as to ensure that the returns from the transmission/distribution business of electricity do not subsidize any other such business. Not only Sections 41 and 51 of the 2003 Act contemplate prior approval of the Appropriate Commission before a licensee can engage in any other business other than that of a licensee under the 2003 Act, what is contemplated by the aforesaid provisions of the 2003 Act is some return or earning of revenue from such business. In the instant case, the "other activities" of the Corporation are not optional as contemplated under Sections 41/51 of the 2003 Act but are mandatorily cast by the statute i.e. Act of 1948 which, being in the nature of socially beneficial measures, per se, do not entail earning of any revenue so as to require maintenance of separate accounts. The allowance of recovery of cost incurred in connection with "other activities" of the Corporation from the common fund generated by tariff chargeable from the consumers/customers of electricity as contemplated by the provisions of the Act of 1948, therefore, do not collide or is, in any manner, inconsistent."

113. Accordingly, the expenses of 'Subsidiary activities' is allowed as claimed by the

Petitioner for the period 2014-19.

(F) Impact of Pay Revision and P&G contribution

114. The Petitioner has claimed expenses pertaining to impact of Pay Revision on account of 7th Central Pay Commission and Pension & Gratuity (P&G), over and above, the normative O&M expenses allowable to the generating station.

115. It is noticed that the Petitioner, in truing-up of tariff petitions for the period 2009-14 had made additional claims towards P&G liability based on actuarial valuation. This prayer was, however, rejected by the Commission by its various orders, on the ground that the P&G liability formed part of the O&M expense norms specified under the 2009, Tariff Regulations. Aggrieved by this decision, the Petitioner filed Appeal No.268-275 of 2016 before APTEL and the same is pending. The Petitioner, as made similar prayers in tariff petitions for the period 2014-19, which was also rejected by the Commission on the ground that the Petitioner's contribution to P&G fund is required to be met through the normative O&M expenses, allowed to the generating stations. However, the Commission in order dated 20.9.2016 in Petition No.353/GT/2014 (approval of tariff for Panchet Hydel Power Station, Units-I &II for the period 2014-19) granted liberty to the Petitioner to claim the said relief through a separate application along with all relevant details, so that a holistic view can be taken in the matter, in accordance with law. Accordingly, the Petitioner had filed Petition No.197/MP/2016, wherein P&G contribution of Rs.3228.86 crore and impact of pay revision from January, 2016 as Rs.420.27 crore for 2014–19 was claimed over and above the normative O&M expenses specified under Regulation 29 of the 2014 Tariff Regulations. The Commission, vide its order dated 4.9.2019, while holding that the said petition was maintainable, disposed of the same as under:

"25……The employee expenses, in general, form a considerable part of O&M expenses and includes all types of employee related expenses like Salary, contribution to CPF, gratuity, pension, etc., However, the submission of the Petitioner that no part of P&G contribution related to power business were factored in the O&M expenses during the base years cannot be appreciated in the absence of any supporting details/data being furnished by the Petitioner. As stated, the normative O&M expenses were specified under Regulation29 of the 2014 Tariff Regulations after giving due consideration of the requirements of various generating companies. The Petitioner DVC has argued that in so far as the liability of pension for its employees is concerned, it is unique and different from those prevalent in other central generating stations regulated by this Commission since the revision of pension from time to time, is based on the decision of the Central Govt. However, the information/details available on record do not support the aforesaid submission of the Petitioner that it incurs extra expenditure on terminal benefits to the employees over and above the normative O&M expenses under the 2014 Tariff Regulations. In the above background and in the absence of any supporting details/data, the prayer of the Petitioner cannot be granted in this order. However, the Petitioner is at liberty to claim the said relief with all relevant information/ documents including the (a) actuarial valuation; (b)actual data duly audited and certified by the auditor and (c) annual accounts of the pension fund, at thetime of truing up of tariff in terms of Regulation 8 of the2014 Tariff Regulations
26.xxxxx

27. We notice that subsequently, the Petitioner has implemented the recommendations of the 7th Pay Commission for its employees with effect from 1.1.2016. In view of this, the impact of pay revision, after implementation of the 7th Pay Commission, is required to be examined on actual basis, on prudence check of the information/ details to be submitted by the Petitioner. Accordingly, we direct the Petitioner to furnish the actual impact of pay revision based on the recommendations of the 7th CPC, effective from 1.1.2016, along with details of HRA and transport allowance from July, 2017. The aforesaid details/information shall be furnished by the Petitioner at the time of truing up of tariff and the same will be considered in accordance with law."

116. Based on the above, the Petitioner, in its petitions for truing-up of tariff for the period 2014-19, has submitted its claim for P&G contribution and for impact of pay revision, as additional O&M expenses, which are examined below:

i.Impact of Pay revision

117. The Petitioner has claimed total amount of Rs. 3820.22 lakh (Rs. 1,214.62 lakh during 2016-17, Rs. 1,528.78 lakh during 2017-18 and Rs. 1,076.82 lakh during 2018-19) towards impact on account of Pay revision during period 2014-19. Further, the Petitioner has submitted that the CERC, while specifying the 2014 Tariff Regulations, has in the Statement of Objects and Reasons (SOR) that the increase in employee

expenses on account of pay revision shall be considered appropriately on case-to-case basis, balancing the interest of generating stations and consumers.

118. The Commission *vide* ROP of the hearing dated 25.5.2021, directed the Petitioner to furnish the following information:

> ***"True-up for period 2014-19***
>
> *"i. Break-up of the actual O&M expenses of the generating station under various subheads (as per Annexure-A enclosed) after including the pay revision impact (employees, CISF and Corporate Centre) and wage revision impact (minimum wages), if applicable. (in both MS Excel and PDF format).*
> *ii. Break-up of the actual O&M expenses of Corporate Centre/other offices including pay revision impact (as per Annexure-B enclosed) for the generating station along with the allocation of the total O&M expenses to the various generating stations under construction, operational stations and any other offices/business activity, along with basis of allocating such expenditure (in both MS Excel and PDF format).*
> *iii. Breakup of the pay revision impact claimed in respect of employees of the Petitioner Company, Security personnel stationed at the generating station and Corporate Centre/other offices employee cost allocated to the generating station. (as per Annexure-C enclosed in both MS Excel and PDF format)."*

119. In compliance to the aforesaid directions, the Petitioner *vide* affidavit dated 1.7.2021, has furnished the information and submitted that additional O&M expenses including P&G liability claimed as elements of Part B of the total annual fixed charges and the same were not considered, while preparing the data as per Annexure-A, i.e. in pay revision. Accordingly, the total O&M expenses claimed as per Annexure-A, for the period 2014-19 is as follows:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
9872.33	11315.38	13178.98	15044.52	12421.31

120. The Petitioner has further submitted that in line with the methodology adopted by the Commission, while approving the common office expenditure for the period 1.4.2014 to 31.3.2019 in order dated 27.9.2016 in Petition No.350/GT/2014, the actual O&M expenses of Corporate Centre/ other offices has already been apportioned between O&M expenses of DVC's transmission business & generating stations and is further apportioned to the O&M expenses of various generating stations in operation.

The O&M expenses of Corporate Centre / other offices are also apportioned in above manner and considered in Annexure-A. The Petitioner has also stated that it has claimed total Security expenses including the impact of pay revision of the security personnel, however, as per direction of the Commission *vide* ROP for hearing dated 25.5.2021, the breakup of the impact of pay revision claimed in respect of the Security personnel stationed at the generating station and the apportioned cost of security expenses at Corporate Centre / other offices allocated to the generating station, as per Annexure-C, has been submitted. The Petitioner has further submitted that due to frequent transfer of employees from one generation station to other generating station/ T&D wing, on same post or to the higher post, due to promotion, during the period from 1.1.2016 to 31.3.2019 and due to the delayed implementation of pay revision in DVC, it is difficult to find out the station-wise impact of pay revision. Accordingly, the impact of pay revision of DVC employees has been determined in totality towards Power business and thereafter apportioned to transmission and generation based on the capital cost and further apportioned to various generators, based on their installed capacity, as per methodology adopted by the Commission, while approving the common office expenditure *vide* order dated 20.9.2016 in Petition No. 352/GT/2014.

121. The Objector, DVPCA has submitted that the impact of pay revision claimed by the Petitioner shall not be allowed as the same is to be considered within the normative O&M expenses and also actual O&M expenses, including pay revision expenses, are well within the limit of normative O&M expenses. DVPCA has compared the overall claimed O&M expenses by the Petitioner, in its various generation tariff petitions with the overall actual O&M expenses and submitted that theactual O&M expenses are lower than the normative O&M expenses and thus, there is no requirement of allowing pay revision expenses additionally.

122. The Petitioner, in its rejoinder, has reiterated the submissions and has stated that the recovery of impact of pay revision is to be considered and allowed in line with tariff principles enshrined under Section 61(d) of the Act. It has also mentioned that the norms for O&M expenses under the 2014 Tariff Regulations, were determined on the basis of the actual O&M expenses for the years 2008-09 to 2012-13 and the 2014 Tariff Regulations, were notified by the Commission on 21.2.2014 i.e., prior to the implementation of the pay revision (7th CPC). Accordingly, it has submitted that while arriving at the O&M norms for the period 2014-19, the Commission had no occasion to consider the impact of pay revision w.e.f. 1.1.2016. The Petitioner has further submitted that the Commission while specifying the 2014 Tariff Regulations, was of the view that the increase in employee expenses on account of pay revision, in case of central generating stations and private generating stations are to be considered appropriately and therefore, the Commission decided that the said costs shall be examined on case-to-case basis so that the interest of generating stations and consumers remains balanced. Accordingly, the Commission *vide* its order dated 4.9.2019 in Petition No. 197/MP/2016 had directed the Petitioner to furnish the actual impact of pay revision at the time of truing up of tariff.

ii. Share of P&G Contribution

123. The Petitioner has claimed share of P&G Contribution for the period 2014-19 as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
1462.04	3755.79	4135.52	9315.10	1783.72

124. The Petitioner, in terms of the directions/ contained in order dated 4.9.2019, in Petition No.197/MP/2016, has furnished the following data, duly certified by auditor:

(a) actuarial valuation of pension and gratuity;
(b) actual data as per books of accounts on terminal benefits; and

(c) annual accounts of pension funds for the period 2014-19.

125. The Petitioner has further submitted that as per recommendations of the 7th Pay Commission, the Cabinet on 12.9.2017, had cleared the Payment of Gratuity (Amendment Bill 2017), wherein, the upper ceiling of gratuity has been enhanced from the present value of Rs.10 lakh to Rs.20 lakh, effective from 1.1.2016. It has submitted, that since the impact due to enhancement of upper ceiling of gratuity has not been considered / factored by the Commission, while fixing the normative O&M expenses for the period 2014-19, the Commission may consider the impact while considering the P&G contribution for the period 2014-19.

126. The Objector, DVPCA has submitted that the Petitioner has claimed normative O&M expenses, in accordance with the 2014 Tariff Regulations and the same is being allowed, the additional expenses claimed by the Petitioner, over and above the normative O&M expenses, under the heads, P&G, Pay revision, Ash Evacuation expenses, CISF Security expenses, Expenditure for subsidiary activities, Mega Insurance expenses, impact of GST on O&M may be disallowed.

127. In response, the Petitioner has clarified as under:

(a) DVC as a statutory body is required to maintain appropriate scheme for meeting the Terminal Benefits of the employees i.e., Pension (wherever the appointment of employees is on pension basis), Gratuity, Contributory Provident Fund i.e., CPF (wherever the employment of the employees is on Provident Fund contribution basis instead of pension). The CPF scheme being an alternative to the pension scheme, is for those who have not opted or otherwise not eligible for pension scheme and DVC makes contribution to the CPF. In addition to the above, there is also a General Provident Fund (GPF), wherein, fund is contributed only by the employees but not by DVC. Thus, Provident Fund schemes are of two types, namely, the CPF and the GPF.

(b) Article 16 and 17 of Employees Provident Funds and Miscellaneous ProvisionsAct, 1952 provides for administration of Provident Fund Scheme. Accordingly, DVCis maintaining Provident Fund, both CPF and GPF, in respect of each of the employees with individual account of the employees duly reflecting (a) the contribution apportioned to such employees or the contribution made by DVC, wherever applicable, (b) apportionment to such employees, apportionment of the interest earned on the money invested from the Provident Fund Scheme in approved securities and (c) contribution made by the employees to the GPF. Such contributions are maintained in a separate account of each of the employees asper the applicable scheme.

(c) The Pension & Gratuity Fund accounts are maintained separately by the Trust. The contributions to the Pension and Gratuity Trust are made based on actuarial valuation undertaken from time to time by actuaries appointed for the purpose. The actuarial valuation is in regard to all the employees and workmen of DVC.

(d) No part of the amount related to Pension or Gratuity Fund contribution is used by DVC for its business activities in any of the years commencing from 01.4.2006 i.e. for the period in which the tariff is being determined by this Hon'ble Commission, upon coming into force of the Electricity Act, 2003. The contribution to the Pension & Gratuity Fund made by DVC is considered in the audited accounts of the DVC for the respective financial years.

(e) In regard to the Provident Fund, the amount contributed is maintained by DVC but is dedicated to the benefit of DVC's employees and workmen. As in the case of Pension & Gratuity Fund, no part of the Provident Fund amount is to the account of DVC or to be utilized for the business activities of DVC. In line with the Employees Provident Funds and Miscellaneous Act, 1952, DVC is investing CPF and GPF amount in approved securities and the interest thereof is apportioned to employees. This has been reflected in Schedule 27 with two corresponding entries,namely, interest payable and interest recoverable on investment. DVC is requiredto duly account for all such interest.

(f) The amount contributed by DVC to the Pension & Gratuity Fund is invested by the Trust in the name of the trust and not in the name of DVC. The interest accrued on this investment is considered as the income of the Trust. No part of the interest income is realized by DVC or appropriated by DVC in any manner and nowhere it is reflected in the audited accounts of DVC.

(g) In view of the above, there is a difference between the Pension & Gratuity Contribution of DVC as compared to the Contributory Provident Fund.

128. The Petitioner has also submitted that the O&M expenses inclusive of employees cost and Contributory Provident Fund will not cover therevenue requirements of the DVC on account of the P&G contribution on the following grounds:

(a) The Contributory Provident Fund is in respect of the actual amount of contribution during the relevant year, and does not involve adjustments for that year in future years, however, the Pension and Gratuity Contribution is to be constantly adjusted for past period of services also and is dependent on actuary valuation to be undertaken from time to time. The period of past services rendered by the employees of DVC including the deficit amount of contribution in the past in order to meet the pension payment to the employees upon their retirement need to be necessarily considered. Similarly, in case the contribution already made is in excess of the requirement, suitable adjustment is made through actuary valuation. Thus, the contribution to P&G cannot be restricted to current year.

(b) The amount of Pension & Gratuity contribution in the case of DVC is significantly more in the recent past i.e., from 1.1.2006 onwards, on account of the following factors:

(i) Earlier, as there was no fund maintained for receiving the Pension andGratuity

Contribution, the same was being discharged by DVC on revenue basis pay as you go as in the case of any other Government Department. However, as per the mandate of the Comptroller and Auditor General and in accordance with the directions given by the Central Government, now, DVC has to maintain the Pension and Gratuity Fund. Accordingly, the contributionsare being made not only for the present year working of the employees but also for all the past years of services including for persons who have retired from DVC in the past;

(ii) There has been a substantial increase in Pension and Gratuity payment to the employees on account of wage revision pursuant to the decision taken by the Central Government, firstly, in the year 2006 and secondly in the year 2016. These higher contributions to be made are not confined to the current year but also relates to the payment for the past services including the services rendered by the retired employees;

(iii) The liability under Contributory Provident Fund ceases with the year in whichit is contributed. There is no actuary valuation or adjustment for upward revision on account of any wage revision etc. however, the pension payment is payable by DVC after the retirement of the employees on a continuous basis along with the revision to the pension from time to time as per the decision of the Central Government applicable to all retired employees; further the pension payment liability continues even after the death of the employee. The family pension needs to be given to the widows and other eligible members under the pension scheme.

(c) Thus, the matter relating to Pension & Gratuity Contribution and other aspects of Terminal Benefit liabilities to the employees including the increase in such Pension and Gratuity contribution on account of actuarial valuation undertaken from time to time cannot be inter-mixed with the normative O&M expenditure provided for in the Tariff Regulations.

(d) The normative O&M expenses determined by the Commission is based on the normalized actual quantum of expenditure incurred by the Utilities in the past period and escalation of thereof on account of inflation and other factors. Such normative expenditure would consider matters such as contribution to the Provident Fund etc. where the amount of contribution is duly factored as a percentage of the salaries and wages paid to the employees and is adopted by Central Power Sector Utilities who do not maintain a Pension scheme such as NTPC, NHPC etc, however, it cannot be ipso facto adopted for DVC, wherein, some of its employees are under Pension Scheme, as admissible to the Government departments.

(e) The contribution which DVC has to make towards the Pension and Gratuity Fund from time to time based on the actuarial valuation including for increase in the Pension and Gratuity Contribution related to the past period on account of pay revision, is not factored into in the determination of the employees cost as part of the normative O&M cost decided by this Hon'ble Commission from time to time. These are also not part of any specific tariff elements given in the Regulation 21 and 14 of the 2009 and 2014 Tariff Regulations, respectively.

(f) APTEL and the Hon'ble Supreme Court in the orders dated 23.11.2007 and 23.7.2018 respectively have directed in favour of full recovery of the P&G contribution. Further, the Commission *vide* order dated 04.09.2019 in Petition no. 197/MP/2016 granted liberty to DVC to claim the Pension and Gratuity contribution along with relevant details at the time of truing up.

(g) The principle for apportionment of the contribution towards Pension & Gratuity fund to the different generating stations and T&D system of DVC, based on capital cost and installed capacity has been already approved by the Commission for the 2006-09 period and the same principle has been followed by DVC in its true-up petitions for the period 2014-19.

(h) As regards linking the recovery of Pension & Gratuity contribution to Plant Availability Factor (PAF), the APTEL in its judgment dated 23.11.2007 had directedfor recovery of the entire amount of the Pension & Gratuity contribution from the consumers through tariff. The said judgment of APTEL dated 23.11.2007 was upheld by the Hon'ble Supreme Court *vide* its order dated 23.7.2018. The State Commissions of West Bengal and Jharkhand in their different orders, had also allowed the full recovery of the Pension & Gratuity contribution of the Petitioner.

129. The Petitioner has prayed that in consideration of its above submissions, the Respondent's contentions may be rejected and the amount claimed towards contribution to Pension & Gratuity for the period 2014-19 may be allowed to be recovered in full, on sharing basis.

Analysis and Decision

130. The submissions have been considered. As regards pay revision, it is noticed that the Petitioner has prayed and claimed the impact of pay revision on account of 7th pay commission. However, in respect of P&G, it is noted that the Petitioner has primarily pleaded for impact of pay revision on P&G but has claimed the actual P&G. It is observed that the normative O&M expenses includes gratuity and CPF of public sector undertakings. Accordingly, the O&M norms under the regulations account for gratuity and a part of pension pertaining to serving employees of Petitioner. However, the Petitioner has the liability of Pension for retired employees as well. Thus, the actual impact of pension needs to be assessed to examine the additional O&M claim by the Petitioner. It is observed that the Petitioner is maintaining the audited accounts of its entire power vertical, which consists of 15 generating stations, transmission system and distribution system, on consolidated basis. In this regard, the Petitioner has submitted that due to frequent transfer of employees from one generation station to other generating station / T&D wing, on same post, or to the higher post, due to promotion during the period from 1.1.2016 to 31.3.2019, delayed implementation of pay revision

etc., the Petitioner has expressed its difficulty to provide the station-wise impact of pay revision separately but determined it in totality for Power business and thereafter, apportioned as per methodology adopted by the Commission, while approving the common office expenditure *vide* order dated 20.9.2016 in Petition No.352/GT/2014.

131. In view of the above, to assess the impact of Pay Revision on O&M expenses and P&G contribution, it was decided to adopt a holistic approach i.e., to compare the actual normalised O&M expenses of power vertical of DVC as per audited accounts, with the normative O&M expenses specified under the 2014 Tariff Regulations. In case the normative O&M expenses are in excess of the actual normalised O&M expenses associated with power vertical, the additional expenditure claimed by the Petitioner shall not be allowed and in case of any, under-recovery, if any, to the extent of impact of pay revision and expenses on account of P&G contribution shall be allowed, in relaxation of O&M norms under the 2014 Tariff Regulations.

132. In order to ascertain the justification for additional O&M expenses, over and above the normative O&M expenses allowed, a comparative analysis of the actual O&M expenses, was undertaken, including the additional normalised claims and the normative O&M expenses allowable under the various tariff petitions for truing up filed by the Petitioner. It is observed that during the period 2014-19, the total normative O&M expenses allowed as per the Tariff Regulations for the various tariff petitions (both Generation and Transmission) is Rs.1044745.04 lakh. Further, as per audited financial statements water charges for Rs.38226.00 lakh (in terms of Regulation 29(2) of the 2014 Tariff Regulations) and Ash Evacuation expenses of Rs.61182.00 lakh (as change in law) has been incurred by the Petitioner, during the period 2014-19. However in line with the MoEF&CC Notification dated 25.1.2016, the ash transportation charges have been allowed from 26.1.2016 to 31.3.2019 which works out to

Rs.39334.64 lakh Since the Petitioner maintains separate accounts for each generating station and the Petitioner is granted liberty to claim the ash evacuation expenses separately, the total amount allowable to the Petitioner against O&M, Water charges and allowable Ash Evacuation charges is Rs.1122305.68 lakh (Rs.1044745.04 lakh + Rs.38226.00 lakh+Rs.39334.64 lakh) whereas, the actualO&M expenses, as per DVC Financial statements for the period 2014-19 is Rs.1219786.00 lakh (including subsidiary activities), which indicates that the actual O&M expenses exceeds the normative O&M expenses, by Rs.97480.32 lakh. However, we note that the actual O&M expenses of Rs.1219786 lakh also includes Provisions for Loss, Doubtful claims & Advances, Doubtful debts, andShortage/Obsolescence in stores etc. amounting to Rs.77573 lakh, and Rebates & Discount allowed to consumers for Rs.49937 lakh, out of which rebate of Rs.40820 lakh pertain to firm consumers (breakup submitted by the Petitioner vide ROP dated 22.4.2022). When the actual O&M expenses are normalised, by excluding the provisions amounting to Rs.77573 lakh (being a non-cash expenditure and Rebates &Discounts for Rs.40820 lakh pertaining to firm consumers, as stated above, the actual O&M expenses work out to Rs.1101392.70 lakh (i.e., Rs.1219786 - Rs.77573 - Rs.40820.30 lakh). The computation of the normalised actual O&M expenses is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19	TOTAL
A. ACTUAL O&M AS PER DVC AUDITED FINANCIAL STATEMENTS						
Note No.27-Employee Benefit Expenses-Power Segment	81960.00	96738.00	126691.00	159010.00	109249.00	573648.00
Note No.29 - O&M and General Administration Charges – Power Segment	93447.00	117668.00	132286.00	169568.00	133169.00	646138.00
TOTAL (A)	**175407.00**	**214406.00**	**258977.00**	**328578.00**	**242418.00**	**1219786.00**
B. PROVISIONS-NOTE NO 29-POWER SEGMENT						
Provision for Loss on Fixed Assets	446.00	191.00	6544.00	4293.00	0.00	11474.00
Provision for Doubtful Claims and Advances	4586.00	1308.00	0.00	0.00	0.00	5894.00
Provision for Doubtful Debts	205.00	733.00	9126.00	41657.00	8299.00	60020.00
Provision for Shortage /Obsolescence in Stores	12.00	8.00	13.00	128.00	24.00	185.00

TOTAL (B)	**5249.00**	**2240.00**	**15683.00**	**46078.00**	**8323.00**	**77573.00**
C. REBATE & DISCOUNT ALLOWED TO FIRM CUSTOMERS (as per Petitioner submission)						
Rebate & Discount Allowed	3821.32	8983.93	8766.85	8393.73	10854.47	40820.30
TOTAL (C)	**3821.32**	**8983.93**	**8766.85**	**8393.73**	**10854.47**	**40820.30**
NORMALISED ACTUAL O&M AS PER AUDITED STATEMENT OFACCOUNTS (A-B-C):-	**166336.68**	**203182.07**	**234527.15**	**274106.27**	**223240.53**	**1101392.70**

133. A comparison of the normative O&M expenses (including allowable water charges) with the normalized actual O&M expenses in respect of the various truing- up generation and transmission tariff petitions filed by the Petitioner for the period 2014-19 and allowed for the period 2014-19 (in this petition) is as under:

(Rs. in lakh)

Petition No.	**Generating Station / Transmission Petitions**	**Normative O&M expenses**
574/GT/2020	Bokaro Thermal Power Station-A	20741.38
569/GT/2020	Bokaro Thermal Power Station-1-3	64499.08
565/GT/2020	Chandrapur Thermal Power Station 1-3	56979.30
570/GT/2020	Chandrapur Thermal Power Station 7-8	67755.00
573/GT/2020	Durgapur Steel Thermal Power Station 1-2	90740.00
567/GT/2020	Durgapur Steel Thermal Power Station 3-4	38527.32
564/GT/2020	Koderma Thermal Power Station 1-2	89118.08
577/GT/2020	Mejia Thermal Power Station 1-3	85371.30
205/GT/2020	Mejia Thermal Power Station 4	28457.10
571/GT/2020	Mejia Thermal Power Station 5-6	67755.00
568/GT/2020	Mejia Thermal Power Station 7-8	90740.00
575/GT/2020	Raghunathpur Thermal Power Station	62340.00
578/GT/2020	Maithon Hydel Station 1-3	10931.64
566/GT/2020	Panchet Hydel Station 1-2	8830.12
572/GT/2020	Tilaiya Hydel Station1-2	3991.24
713/TT/2020	New Elements of Transmission and Distribution (T&D) System	1154.65
466/TT/2020	Non-ISTS 400 kV Transmission Lines of Transmission and Distribution (T&D) System	1724.30
482/TT/2020	Existing Transmission and Distribution (T&D) System (allowed)	255089.53
(A) Total Normative O&M Expenses allowable		**1044745.04**
(B) Water charges as per DVC audited accounts to beconsidered separately under Regulation 29(2) of 2014 Tariff Regulations		**38226.00**
(C) Ash Evacuation expenses allowed under change in law (w.e.f. 26.1.2016 till 31.3.2019		39334.64
(D) TOTAL (A+B+C):		**1122305. 68**
(E) Normalized Actual O&M expenses as per auditedfinancial statement of accounts		1101392.70
(F) Excess of Normative O&M expenses, Water Charges & Ash Evacuation charges over the normalized actual O&M Expenses (D-E):		**20912.98**

134. It is evident from the above, that the total normative O&M expenses allowable in respect of all the generation and transmission tariff petitions of the Petitioner for the period 2014-19 is Rs.1044745.04 lakh, in terms of the 2014 Tariff Regulations. Also, considering the actual water charges of Rs.38226.00 lakh and Ash Evacuation Charges w.e.f. 26.1.2016 of Rs.39334.64 lakh, the total works out to Rs.1122305.68 lakh, which is higher than the normalised actual O&M expenses of Rs.1101392.70 lakh, as per audited financial statements pertaining to Power segment. Further, as per Regulation 29(2) of the 2014 Tariff Regulations, capital spares are allowable separately, and in this order an amount of Rs.575.53 lakh has been allowed. Further amounts towards Capital spares will be allowed on prudence check, in the remaining tariff petitions of the Petitioner. Since the normative O&M expenses including the actual Water charges and Ash Evacuation charges allowed separately, are in excess of the actual O&M expenses in the case of the Petitioner, we are not inclined to allow the impact of pay revision and the contribution towards P&G, Mega Insurance, CISF expenditure etc., during the period 2014-19, as sought by the Petitioner, in this petition.

Other Additional Claims

(A) Interest & Contribution on Sinking Fund (As per Section 40, Part IV of DVC Act)

135. The Petitioner has claimed additional expenditure towards Interest & Contribution on Sinking fund as follows:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
4336.79	4640.37	4965.20	5312.76	5684.65

136. The Petitioner has allocated sinking fund contribution and interest for DVC Bonds of Rs. 3100 Crore amongst the generating stations of DVC as follows:

(Rs. in Crore)

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Contribution and Interest for Debt Borrowing	**152.77**	**163.47**	**174.91**	**187.15**	**200.25**
MTPS5&6	12.22	13.08	13.99	14.97	16.02
CTPS 7&8	22.18	23.73	25.39	27.17	29.07
MTPS 7&8	20.99	22.46	24.04	25.72	27.52
DSTPS	43.37	46.40	49.65	53.13	56.85
KTPS	47.26	50.57	54.11	57.90	61.95
RTPS-I	6.75	7.22	7.73	8.27	8.85
BTPS-A	-	-	-	-	-
Total	**152.77**	**163.47**	**174.91**	**187.15**	**200.25**

137. In justification of the claim, the Petitioner has submitted that APTEL vide its judgment dated 23.11.2007 in Appeal No. 273 of 2006 & batch, had allowed the recovery of sinking funds and this judgment has also been affirmed by the Hon'ble Supreme Court vide its by judgement dated 23.7.2018 in Civil Appeal Nos. 971-973 of 2008 & batch matters.

138. The Objector, DVPCA has submitted that under the 2014 Tariff Regulations, the Petitioner is allowed all expenses related to energy charges and fixedcharges and also allows the funding of approved capital cost and interest/returns on the debt/ equity components on actual / normative basis, as the case may be. It has further submitted that the loan repayment is provided through higher depreciation for initial 12 years and interest on working capital is allowed on normative basis. The Objector has stated that the creation of funds, without any specific purpose, cannot beallowed to be recovered as an expenditure in tariff, even if it is mentioned in DVC Act and the 2014 Tariff Regulations. It also submitted that the Commissionmay seek details on the purpose of borrowing such funds, when all expenses related to capital funding and working capital funding are allowed. Accordingly, DVPCA has prayed that the claim of the Petitioner may be disallowed. In response, the Petitioner has reiterated the submissions made in the petition. Further, it has also relied upon the APTEL's judgment dated 17.5.2019 in Appeal No.17/2014 & batch (Maithon Alloys Ltd v CERC & ors) and

submitted that, APTEL while rejecting the submissions, observed that there was no double allowance of bonds. The Petitioner also pointed out that the Objector herein has preferred review (Review Petition No. 4 of 2019) against the judgment dated 17.5.2019, before APTEL and the same is pending and since there is no stay of operation of the said order the same is binding on the parties. Accordingly, the Petitioner has prayed that the submissions of the Objector may be rejected.

139. The matter has been examined. Section 40 of the DVC Act, 1948 provides that the Petitioner shall make provision for depreciation and for reserve and other funds at such rates and on such terms as may be specified by the C&AG in consultation with the Central Government. APTEL in its judgment dated 23.11.2007 in Appeal No.271/ 2006 & batch cases, decided as under:

> *"E.15 As regards sinking funds which is established with the approval of Comptroller and Accountant General of India vide letter dated December 29, 1992 under the provision of Section 40 of the DVC Act is to be taken as an item of expenditure to be recovered through tariff.*

140. Regulation 53(2)(iv) of the 2014 Tariff Regulations provides as under:

> *(iv) Funds under section 40 of the Damodar Valley Corporation Act, 1948: The Fund(s) established in terms of section 40 of the Damodar Valley Corporation Act,1948 shall be considered as items of expenditure to be recovered through tariff.*

141. The Objector, DVPCA has objected to the claim of the Petitioner and has submitted that neither the provisions of the Electricity Act, 2003 nor the 2014 Tariff Regulations sanction the recovery of cost of generation assets twice over, through (a) allowance of Contribution to Sinking Fund; and (b) Depreciation and allowance of Interest on loan, by treating the amount realized through bonds, as normative debt. Per contra, the Petitioner has, however pointed out that in Appeal No.17/2014 (MAL v CERC & ors) & batch cases, filed by HT consumers before APTEL, similar submissions raised by the appellants therein, were rejected by APTEL vide its judgment dated 17.5.2019. It is noticed from the said judgment dated 17.5.2019 that similar contention of the

Objector herein, have been rejected by APTEL vide its judgement dated 17.5.2019 as under:

> *"8.5 We have carefully considered the submissions of learned counsel for the Appellants and learned counsel for Respondent Nos.1 & 2 and also took note of the various judgments relied upon by the parties. While the main contentions of the learned counsel for the Appellants are against the allowance of contribution to sinking fund to DVC andits utilization, on the other hand, leaned counsel for the Respondents contend that the Central Commission is allowing the same as per settled position of law and its relevant regulations relating to the subject. Learned counsel for the Appellants contended that this Tribunal did not lay down that DVC could be allowed with both interest on loan as well as contribution to sinking fund which tantamount to a particular cost component being allowed twice to a generating company.*
>
> *8.6. It is relevant to note that as per Section 40 of DVC Act, 1948, DVC is entitled for provision for depreciation, reserve and other fund. This Tribunal in its judgment dated 23.11.2007 in Appeal No.271 of 2006 & batch has held the admissibility of sinking fundin favour of DVC which has also been upheld by the Hon'ble Supreme Court in its judgment dated 23.7.2018 reported as 2018 (8) SCC 281. Regarding the contention of alleged double counting of learned counsel for the Appellant, we find no such duplicationin the considerations and findings of the Central Commission.*
>
> *8.7 Further, from the Tariff Regulation of the Central Commission, it is noticed that interest on loan and interest on working capital are distinct elements of the tariff and at no point of time, the repayment of loan capital is considered as a tariff element to be serviced in the tariff. The redemption of bonds from contribution to sinking fund is a special tariff element provided for DVC under Section 40 of the DVC Act, 1948 in addition to tariff elements provided in the Tariff Regulations. This aspect has already been upheld by the Apex court vide its judgment dated 23.7.2018 (stated supra). It isalso noted from the tariff regulations that depreciation and interest on loan payable are two different aspects while sinking fund contribution is an additional tariff element admissible only to DVC under the DVC Act. We, therefore, find no force in the contentions of the learned counsel for the Appellants that by allowing depreciation, interests on loan and sinking fund altogether, results into double counting and in turn yields into undue burden on consumers.*
>
> *8.8 In view of above facts, we hold that the Central Commission has passed the impugned order in accordance with settled position of law and its Regulations. Thus, the instant case does not give in any manner rise to substantial question of law requiring our intervention / interference"*

142. Though the Objector has filed review against the said judgment before APTEL, no stay of operation of the said judgement. Regulation 53(2)(iv) of the 2014 Tariff Regulations categorically provides that the funds created under Section 40 of the DVC Act, 1948 shall be considered s item of expenditure to be recovered through tariff. It is observed that the sinking funds have been created only for redemption of bonds. Accordingly, the amount claimed by the Petitioner for this generating station is allowed

as under:

(Rs. in lakh)

2014-15	2015-16	2016-17	2017-18	2018-19
4336.79	4640.37	4965.20	5312.76	5684.65

(B) Share of Common Office Expenditure

143. The Petitioner has submitted that the expenditure pertaining to common offices such as Direction Office, Central Office, Other Offices, Subsidiary activities, IT centre and R&D caters services to all generating stations as well as composite transmission and distribution systems. In this regard, it is noted that the Petitioner *vide* affidavit dated 9.9.2022 in Petition No. 567/GT/2020 (DTPS 3 & 4) has updated the additional capital expenditure pertaining to common offices. The revised additional capital expenditure claimed by the Petitioner towards various offices under Common offices is summarised as below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Central Office	50.86	94.73	43.26	1,263.95	393.86
R & D	2.72	38.31	0.00	(-)550.49	0.00
Direction Office	26.85	9.17	68.62	50.07	(-)255.83
Subsidiary Activities	0.20	1.66	7.37	3.29	0.13
IT Cell	37.69	0.00	0.00	0.00	185.62
Other Offices	1.49	30.17	44.63	406.40	62.70
Total	**119.82**	**174.04**	**163.88**	**1173.22**	**386.48**

144. The head-wise additional capital expenditure claimed by the Petitioner towards Common office is summarised as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Land and Land Rights	2.72	0.00	0.00	508.33	70.80
Buildings	1.49	38.31	0.00	34.91	130.47
Power House	0.00	0.00	38.84	0.00	5.42
Sub Station equipment	0.00	8.01	1.15	431.94	52.08
Other assets, Office Furniture and Personalcomputer	77.91	128.60	124.77	198.34	29.09
Cyber Security	0.00	0.00	0.00	0.00	97.85
EBA	37.69	0.00	0.00	0.00	0.00
Machinery & equipment	0.00	(-)0.88	(-)0.88	(-)0.01	0.00
Tower Pole & Fixtures	0.00	0.00	0.00	(-)0.28	0.00
Assets Held for Disposal	0.00	0.00	0.00	0.00	0.76
Total	**119.82**	**174.04**	**163.88**	**1173.23**	**386.48**

145. The Petitioner has computed the Return on Equity, Interest on Loan and Depreciation on the Common Assets for the period 2014-19 based on theopening capital cost as on 1.4.2014 for different offices and has apportioned them to each generating stations and T&D system in proportion to the capital cost approvedas on 31.3.2014. Further, the Petitioner has allocated the cost of common offices among generating stations of the Petitioner on the basis of installed capacity. The annual fixed charges claimed towards assets of common offices are as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Direction Office	146.09	85.91	107.01	128.92	68.70
Subsidiary Activities	113.33	113.94	114.21	114.52	114.92
Other Offices	129.97	132.58	115.82	171.39	207.12
R&D	319.84	315.43	308.45	248.10	190.53
IT	43.87	46.34	44.98	43.46	58.84
Central Office	570.62	562.94	561.83	645.87	771.37
Total	**1323.73**	**1257.14**	**1252.29**	**1352.25**	**1411.48**

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Common Office Expenditure apportioned to all generating Stations of DVC	1218.63	1157.33	1152.86	1244.88	1299.41
Common Office Expenditure apportionedto T&D	105.10	99.82	99.43	107.37	112.07
Total	**1323.73**	**1257.14**	**1252.29**	**1352.25**	**1411.48**

146. In line with the above, the Petitioner has claimed the apportioned common office expenses for this generating station as under.

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Common Office Expenditure apportioned to Durgapur- 1 & 2	194.80	182.27	154.94	167.78	179.55

147. The matter has been considered. It is observed that the Petitioner’s claim for common office expenditure is in line with the Commission’s methodology and decision in the previous tariff orders in respect of the generating stations of the Petitioner. Accordingly, in order to work out the Common office expenditure to be allowed as a part of truing-up, we have examined the additional capital expenditure claimed by the

Petitioner as under:

Land and Land Rights

148. The Petitioner has claimed an additional capital expenditure of Rs. 2.72 lakh in 2014-15 and (-) Rs.550.49 lakh in 2017-18 in R&D Centre; & Rs.1058.82 lakh in 2017-18 and Rs.70.80 lakh in 2018-19 for Central Office under this head. However, the Petitioner has not furnished any justification for the same. Subsequently, in response to the ROP for the hearing dated 10.8.2022 in another Petition No. 567/GT/2020 (DTPS 3 & 4), the Petitioner submitted that these expenses were incurred for transfer of land from R & D to Central Office as per the Govt. of West Bengal (change in the type of land from educational to business), capitalization of land in Ranchi and Kolkata, decapitalization of asset from R&D etc., considering the nature of expenses, the expenditure claimed as additional capitalization and decapitalization is allowed under the 2014 Tariff Regulations.

Buildings

149. The Petitioner has claimed total additional capital expenditure of Rs.165.38 lakh during 2017-19 (i.e., Rs 34.91 lakh in 2017-18 and Rs.130.47 lakh in 2018-19) for Central Office; Also, an amount of Rs.1.49 lakh in 2014-15 has been claimed for Other Offices [including Central Relay & Instrumentation Testing Laboratory (CRITL), CMFS, Central Relay & Instrumentation Testing Mobile (CRITM), Central Service Organization (CSO) and Central Load Despatch (CLD)]; and Rs. 38.31 lakh in 2015-16 for R&D Centre under this head. The Petitioner *vide* its affidavit dated 9.9.2022 in revised submissions mentioned that Rs.165.38 lakh pertains to transfer of asset from DAM to central office, stamp paper & registration of a property in Delhi; Rs. 38.31 lakh pertains to expansion of R & D building and Rs.1.49 lakh towards extension of Central Testing Laboratory building; Considering the nature of expenses, the claimed expenditure as

additional capitalization is allowed under the 2014 Tariff Regulations.

Power House Plant & Machinery

150. The Petitioner has claimed additional capital expenditure of Rs. 38.84 lakh in 2016-17 and Rs.5.42 lakh in 2018-19 for Direction Office, towards installation of Rooftop solar power plant at DVC Head Quarters for consumption of solar power for own usage. It is observed that the Petitioner has not justified the need for the work being undertaken and as to how the same would benefit the operations of the Petitioner in general and generating stations in particular. Accordingly, the additional capital expenditure of Rs.38.84 lakh in 2016-17 and Rs.5.42 lakh in 2018-19 for Direction Office is not allowed.

Machinery & Equipment- Workshop

151. The Petitioner has claimed an additional capital expenditure of (-) Rs.0.88 lakh in 2015-16, (-) Rs.0.88 lakh in 2016-17 and (-) Rs. 0.01 lakh in 2017-18 in Other Offices [including Central Relay & Instrumentation Testing Laboratory (CRITL), CMFS, Central Relay & Instrumentation Testing Mobile (CRITM), Central Service Organization (CSO) and Central Load Despatch (CLD)], as rectification entry under this head. In view of this, the claims are allowed.

Sub-Station Equipment

152. The Petitioner has claimed additional capital expenditure of Rs. 8.01 lakh in 2015-16, Rs.1.15 lakh in 2016-17, Rs. 431.94 lakh in 2017-18 and Rs. 52.08 lakh in 2018-19 for Other Offices [including Central Relay & Instrumentation Testing Laboratory (CRITL), CMFS, Central Relay & Instrumentation Testing Mobile (CRITM), Central Service Organization (CSO) and Central Load Despatch (CLD)] and (-) Rs.5.70 lakh in 2017-18 for Direction Office under this head. As regards additional capital expenditure pertaining to Other Offices, the Petitioner has submitted that the

expenditure was incurred to upgrade and equip the existing relay testing laboratory for accreditation by the National Accreditation Board for Testing and Calibration. As the additional capital expenditure incurred for NABL accreditation is not covered under the provisions of the 2014 Tariff Regulations, the additional capitalization and decapitalization claimed are not allowed.

Tower Poles & Fixtures

153. The Petitioner has claimed additional capital expenditure of (-) Rs.0.28 lakh in 2017-18 for Other Offices [including Central Relay & Instrumentation Testing Laboratory (CRITL), CMFS, Central Relay & Instrumentation Testing Mobile (CRITM), Central Service Organization (CSO) and Central Load Despatch (CLD)] under this head as a rectification entry. Accordingly, the same is allowed.

Cyber Security Devices

154. The Petitioner has claimed additional capital expenditure of Rs.97.85 lakh in 2018-19 for IT Cell–HQ towards strengthening the IT Cell to safeguard the IT equipment against any cyber threat, with the overall aim to protect data, and network secrecy to ensure smooth functioning of the system. The Petitioner has submitted thatthe said work is in compliance to the directives of the Ministry of Power (MOP), Government of India (GOI) dated 12.4.2010 and 2.8.2017, with regard to the steps to be taken to prevent cyber-attacks. As the work is in compliance to the directives of MOP, GOI to prevent cyber-attacks, the additional capital expenditure of Rs.97.85 lakh claimed towards procurement of cyber security devices for the period 2014-19 is allowed.

EBA- Integrated Software

155. The Petitioner has claimed additional capital expenditure of Rs.37.69 lakh in 2014-15 for IT Cell – HQ for supporting system of the integrated software used to facilitate various functions including material management, finance & accounting. It is

noticed that the said work is related to ERP implementation at Head Office and hence, the additional capital expenditure claimed under this head is allowed.

Other Assets, Office Furniture and Personal Computers

156. The Petitioner has claimed following additional capital expenditure under the head 'Other Assets', 'Office Furniture' and 'Personal computer' towards procurement of like personal computer, software, hardware, office equipment etc.

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Direction Office	26.85	9.17	29.77	55.79	(-)291.94
Subsidiary Activities	0.20	1.66	7.37	3.29	0.13
Other Offices	0.00	23.04	44.36	(-)30.96	10.62
R&D	0.00	0.00	0.00	0.00	0.00
IT	0.00	0.00	0.00	0.00	87.77
Central Office	50.86	94.73	43.26	170.21	222.52
Total	**77.91**	**128.60**	**124.77**	**198.34**	**29.09**

157. In justification for the same, the Petitioner has submitted that to fulfil the demand of valley area as well as other state utilities and distribution licensees, these items had to be additionally procured for capacity addition during the period 2014-19. The Petitioner has also submitted that the expenditure was essential to cope up with the extra volume of works associated with the huge capacity augmentation program taken up by the Petitioner and for smooth functioning of the offices. Considering the nature of these items, the additional capitalization and decapitalization is not allowed, in terms of first proviso to Regulation 14(3) of the 2014 Tariff Regulations.

Assets Held for Disposal

158. The Petitioner has claimed total of Rs. 0.76 lakh (negative entry of Rs. 29.93 lakh in Central office and positive entry of Rs. 30.68 lakh in Direction office) under Asset held for disposal, however, has not furnished any justification for the same. Accordingly, the additional capitalization and decapitalization under this head is not allowed.

159. Accordingly, the item-wise additional capital expenditure allowed towards various offices is summarised below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Land and Land Rights	2.72	0.00	0.00	508.33	70.80
Buildings	1.49	38.31	0.00	34.91	130.47
Road Culverts & Rly. Sidings	0.00	0.00	0.00	(-)0.01	0.00
Power House Plant & Machinery	0.00	0.00	0.00	0.00	0.00
Machinery & Equipment-Workshop	0.00	(-) 0.88	(-) 0.88	(-) 0.01	0.00
Sub Station Equipment	0.00	0.00	0.00	0.00	0.00
Tower Poles & Fixtures	0.00	0.00	0.00	(-) 0.28	0.00
Cyber Security Assets	0.00	0.00	0.00	0.00	97.85
EBA - Integrated Software	37.69	0.00	0.00	0.00	0.00
Other Assets	0.00	0.00	0.00	0.00	0.00
Assets Held for disposal	0.00	0.00	0.00	0.00	0.00
Total	**41.90**	**37.43**	**(-) 0.88**	**542.94**	**299.13**

160. Based on the above, the additional capitalization allowed for various offices under common offices during the period 2014-19 is summarised as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Direction Office	0.00	0.00	0.00	(-)0.01	0.00
Subsidiary Activities	0.00	0.00	0.00	0.00	0.00
Other Offices	1.49	(-)0.88	(-)0.88	(-)0.29	0.00
R&D	2.72	38.31	0.00	(-)550.49	0.00
IT	37.69	0.00	0.00	0.00	97.85
Central Office	0.00	0.00	0.00	1093.73	201.27
Total	**41.90**	**37.43**	**(-)0.88**	**542.94**	**299.13**

161. It is observed that the Petitioner has worked out ROE by grossing up the rate of ROE with MAT rate. However, as the Petitioner has not been paying any income tax in any of the financial year of period 2014-19, 'Nil' rate has been considered as effective tax rate for respective financial year for the purpose of grossing up of ROE in terms of the provisions of the 2014 Tariff Regulations and the rate of return on equity is considered as 15.50% for the period 2014-19.

162. The annual fixed charges for Common offices have been worked out by considering the closing capital cost as on 31.3.2014 as the admitted opening capital cost as on 1.4.2014. The annual fixed charges of Common Offices, as worked out for

the period 2014-19, have been apportioned to generating stations / T&D systems, based on the approved capital cost as on 31.3.2014. Accordingly, in line with the decision of the Commission order dated 29.7.2016 in Petition No. 465/GT/2014, the fixed charges have been computed and has been allocated to various generating stations as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	471.40	407.64	343.93	348.25	368.72
Interest on Loan	140.86	111.83	99.77	67.56	58.18
Return on Equity	548.59	550.43	551.28	563.88	583.46
Total	**1160.85**	**1069.90**	**994.98**	**979.69**	**1010.37**

(Rs. In lakh)

	Capital Cost as on 1.4.2014	2014-15	2015-16	2016-17	2017-18	2018-19
All DVC Generating Stations	2036943.91	1068.68	984.95	915.98	901.90	930.14
T&D	175678.95	92.17	84.95	79.00	77.79	80.22
Total	**2212622.86**	**1160.85**	**1069.90**	**994.98**	**979.69**	**1010.37**

163. As regards Common office expenditure for the generating station, it is further observed that the Commission vide its order dated 17.3.2017 in Petition No. 207/ GT/ 2015 had observed as under:

> *"89. In response to the directions of the Commission, it is observed that the petitioner has not submitted any details regarding the additional capitalization claimed under IT offices. In view of this, the additional capitalization claimed under IT office is not allowed. However, the petitioner is granted liberty to submit detailed justification on the said claim at the time of revision of tariff based on truing-up exercise in terms of Regulation 8 of the 2014 Tariff Regulations. It is noticed that the claim of the petitioner for common office expenditure is in line with the Commission's order dated 6.8.2009 in Petition No. 66/2005 and order dated 8.5.2013 in Petition No. 272/2010. The Commission has considered the O&M norms for this generating station as specified for 500 MW units including the expenditure for Common Offices in respect of depreciation and interest on loan. Accordingly, as also discussed earlier, only return on equity towards cost of cost offices has been allowed in computation of cost of common offices. The annual fixed charges of Common offices as worked out have been apportioned to the generating stations / T&D systems as considered as on 31.3.2014."*

164. Since the Commission has considered the O&M norms for this generating station as specified for 500 MW units including the expenditure for Common Offices in respect of depreciation and interest on loan. Therefore, only return on equity has been allowed

as computed in the above table. Accordingly, Share of Common office expense computed for DSTPS Units 1-2 is as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Total Common Office Expenditure for generating stations (A)	1068.68	1069.90	994.98	979.69	1010.37
Total Common Office Expenditure for T&D (B)	92.17	0.00	0.00	0.00	0.00
Total Common Office Expenditure for generating stations and T&D C=(A+B)	1160.85	1069.90	994.98	979.69	1010.37
Total Depreciation for generating stations and T&D (D)	471.40	407.64	343.93	348.25	368.72
Total Interest on loan for generating stations and T&D I	140.86	111.83	99.77	67.56	58.18
Total Return on equity on for generating stations and T&D (F)	548.59	550.43	551.28	563.88	583.46
Total of Depreciation, Interest on Loan and ROE of Generating Station and T&D (G)	1160.85	1069.90	994.98	979.69	1010.37
Return on equity corresponding to the generating stations only (A/C)*F (H)	505.03	550.43	551.28	563.88	583.46
Apportionment of the common office expenditure as claimed to DSTPS 1&2 including depreciation, interest on loan and ROE. (I)	170.83	155.12	123.11	121.56	128.52
Apportioned amount of only "Return on Equity" corresponding to the generating station (I/A)xH (J)	80.73	79.81	68.21	69.97	74.22

(Rs. in lakh)

Common Office Expenditure	2014-15	2015-16	2016-17	2017-18	2018-19
DSTPS Units 1-2 *(this generating station)*	80.73	79.81	68.21	69.97	74.22

Annual Fixed Charges for the period 2014-19

165. Accordingly, the annual fixed charges approved for the generating station for the period 2014-19, is summarized as under:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	35139.89	35713.18	36104.27	36496.75	36607.68
Interest on loan	32047.70	29053.34	26089.12	22945.23	19387.85
Return on Equity	18706.86	19091.45	19527.89	19872.23	19961.42
Interest on Working Capital	10972.18	11145.14	11059.61	11263.14	11299.54
O&M Expenses	16000.00	17010.00	18080.00	19220.00	20430.00
Water Charges	0.00	2347.41	872.39	702.41	934.54
Capital Spares	0.00	0.00	0.00	94.29	481.24
Sub-Total (A)	**112866.63**	**114360.53**	**111733.28**	**110594.05**	**109102.27**
Additional O&M Expenses					

	2014-15	2015-16	2016-17	2017-18	2018-19
DVC's share of savings in interest cost due to loan restructuring	0.00	0.00	0.00	0.00	0.00
Loan pre-payment charges (cost of loan restructuring)	0.00	0.00	0.00	0.00	0.00
Impact of Pay Revision due to recommendation of 7th Pay Commission	0.00	0.00	0.00	0.00	0.00
Impact of GST	0.00	0.00	0.00	0.00	0.00
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	4336.79	4640.37	4965.20	5312.76	5684.65
Share of Pension & Gratuity Contribution	0.00	0.00	0.00	0.00	0.00
Share of Common Office Expenditure	80.73	79.81	68.21	69.97	74.22
CISF Security Expenses	0.00	0.00	0.00	0.00	0.00
Mega Insurance Expenses	0.00	0.00	0.00	0.00	0.00
Share of subsidiary activity	560.27	684.97	571.06	549.50	388.10
Sub-Total (B)	**4977.79**	**5405.15**	**5604.46**	**5932.22**	**6146.97**
Total Annual Fixed Charges(C) = (A) + (B)	**117844.42**	**119765.68**	**117337.75**	**116526.27**	**115249.24**
Annual fixed charges allowed vide order dated 17.3.2017 in Petition No. 205/GT/2015	121631.19	119270.98	116104.88	113267.29	110416.69

Note: (1) All figures are on annualized basis. (2) All figures under each head have been rounded. The figure in total column in each year is also rounded. As such the sum of individual items may not be equal to the arithmetic total of the column

166. As regards Ash disposal expenses, it is observed that during the period between 26.1.2016 to 31.3.2019, the income received from the sale of fly ash is higher that the ash transportation charges for the generating station. Accordingly, no expense is allowed under the head of Ash disposal expenses for the generating station for the period 2014-19.

167. The difference between the annual fixed charges already recovered by the Petitioner and the annual fixed charges determined by this order, shall be adjusted in terms of Regulation 8(13) of the 2014 Tariff Regulations.

DETERMINATION OF TARIFF FOR THE PERIOD 2019-24

168. The Petitioner, in this petition, has also sought determination of tariff of the generating station for the period 2019-24, in terms of the Central Electricity Regulatory

Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short "the 2019 Tariff Regulations").

169. The capital cost and the annual fixed charges claimed by the Petitioner for the period 2019-24 are as under:

Capital Cost claimed

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost (A)	536385.00	536651.69	538688.78	540463.98	542233.76
Add: Additional Capital Expenditure (B)*	288.88	2644.13	2086.07	2100.79	1610.61
Less: Decapitalization during the year /period (C)	0.00	607.04	310.88	331.01	400.54
Less: Undischarged liabilities (D)	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year period (E)	22.18	0.00	0.00	0.00	0.00
Closing Gross Block (F) = (A+B-C-D+E)	536651.69	538688.78	540463.98	542233.76	543443.84
Average Gross Block (G) = (A+F)/2	**536518.35**	**537670.24**	**539576.38**	**541348.87**	**542838.80**

Annual Fixed Charges claimed

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	36712.12	36790.94	36921.37	37042.66	37144.61
Interest on loan	15946.37	12286.59	8681.39	5051.61	1631.65
Return on Equity	25534.85	25603.12	25716.11	25820.76	25908.67
Interest on Working Capital	8464.56	8459.89	8477.46	8498.24	8542.35
O&M Expenses	22510.00	23300.00	24120.00	24970.00	25840.00
Water Charges	2780.49	3050.18	3355.20	3690.72	4070.91
Security Expenses	2042.14	2140.37	2243.34	2351.25	2464.36
Sub-Total (A)	**113990.53**	**111631.10**	**109514.87**	**107425.23**	**105602.55**
DVC's share of savings in interest cost due to loan restructuring	654.82	457.21	283.72	137.81	33.83
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	6082.58	6508.36	6963.94	7451.42	7973.02
Share of P&G	3726.44	3901.61	4085.01	4277.03	4478.08
Share of Common Office Expenditure	196.65	211.05	213.71	183.79	167.53
Expenses for Ash Evacuation, Mega Insurance and Subsidiary Activities	628.73	658.97	690.67	723.90	758.72
Sub-Total (B)	**11289.22**	**11737.20**	**12237.06**	**12773.95**	**13411.18**
Total Annual Fixed Charges (A+B)	**125279.75**	**123368.30**	**121751.93**	**120199.18**	**119013.72**

Capital Cost

170. Clauses (1), (3) and (5) of Regulation 19 of the 2019 Tariff Regulations, provide as under:

> ***"19. Capital Cost:***
> *(1) The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence check in accordance with these regulations shall form the basis for determination of tariff for existing and new projects.*
> *xxx*
> *(3) The Capital cost of an existing project shall include the following:*
> *(a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
> *(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;*
> *(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;*
> *(d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
> *(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
> *(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries.*
> *xxx*
> *(5) The following shall be excluded from the capital cost of the existing and new projects:*
> *(a) The assets forming part of the project, but not in use, as declared in the tariff petition;*
> *(b) De-capitalised Assets after the date of commercial operation on account of replacement or removal on account of obsolescence or shifting from one project to another project:*
> *Provided that in case replacement of transmission asset is recommended by Regional Power Committee, such asset shall be decapitalised only after its redeployment."*

171. The opening capital cost, claimed by the Petitioner, as on 1.4.2019 is Rs. 536385.00 lakh. However, the closing capital cost of Rs. 535384.11 lakh as on 31.3.2019, as approved by the Commission, while truing up the tariff of the generating station for the period 2014-19, in this order, as above, has been considered as the opening capital cost as on 1.4.2019, for the purpose of determination of tariff for the period 2019-24, in accordance with the 2019 Tariff Regulations.

Additional Capital Expenditure

172. Regulations 25 and Regulation 26 of the 2019 Tariff Regulations, provides as under:

"25. Additional Capitalisation within the original scope and after the cut-off date:

(1) The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

(a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;

(b) Change in law or compliance of any existing law;

(c) Deferred works relating to ash pond or ash handling system in the original scope of work;

(d) Liability for works executed prior to the cut-off date;

(e) Force Majeure events;

(f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and

(g) Raising of ash dyke as a part of ash disposal system.

(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

26. Additional Capitalisation beyond the original scope

(1) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;

(b) Change in law or compliance of any existing law;

(c) Force Majeure events;

(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;

(e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case to case basis:

Provided also that if any expenditure has been claimed under Renovation and Modernisation (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;

(f) Usage of water from sewage treatment plant in thermal generating station.

(2) In case of de-capitalisation of assets of a generating company or the transmission licensee, as the case may be, the original cost of such asset as on the date of decapitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised."

173. The year-wise projected additional capital expenditure claimed by the Petitioner in its revised submission vide affidavit dated 18.10.2022 in respect of the generating station for the period 2019-24 is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24	Total
288.88	2644.13	2086.07	2100.79	1610.61	**8730.49**

174. The Respondent PSPCL has submitted that the proposed depreciation recovered/proposed to be recovered from various assets in their de-capitalization is lower than 90% of the capital cost of the asset, which means that the Petitioner is proposing to replace assets without completion of their useful life and also claiming additional capitalization for additional assets.

175. The Objector, DVPCA has submitted that the Petitioner in most of the cases has claimed the additional capital expenditure for the period 2019-24 under Regulation 25(1)(b), Regulation 25(2)(a), Regulation 25(2)(c), Regulation 26(1)(d) and Regulation 76 & Regulation 77 of 2019 Tariff Regulations. Further, it has submitted that COD of Unit-1 is on 15.5.2012 & Unit– 2 on 3.5.2013 and both are newly commissioned Unit and the cut-off date is 31.3.2016. Despite of being a newly commissioned plant, the Petitioner has claimed a significant amount towards replacement of assets. The claim of Petitioner mentioning that useful life of assets not commensurate to useful life of

project appears to be unjustified as the generating station has just crossed 8 years of life against 25 years. Further, the Objector has submitted that the Petitioner has not provided any proper justification or documentary evidence for claiming the additional capital expenditure incurred after cut-off date as per the regulatory provisions of Regulation 25(1) and Regulation 25(2) of the 2019 Tariff Regulations. Also, the Petitioner has not detailed out reasons for additional capitalization claimed under Regulations 76 & 77 of the 2019 Tariff Regulations and has put the onus on the Commission to decide and undertake analysis of claims. The Objector has stated that it is well settled in law that the Power to Relax and Power to Remove Difficulty has to be exercised in rare cases and not ordinarily and the Petitioner has not presented/ cited any extra-ordinary circumstances or events which has led to incurring such additional capitalisation and accordingly, the items claimed under additional capitalisation in terms of Regulations 76 and Regulation 77 of 2019 Tariff Regulations may be rejected. The Objector has further submitted that the claims of the Petitioner lack detailed justification to satisfy the claim under relevant regulatory provision and needs to be disallowed by the Commission.

176. The Petitioner, in its rejoinder dated 3.6.2021, has submitted that all the additional capital expenditures proposed for the generating station are critical to ensure reliable, safe and efficient operation of the station and are therefore unavoidable. The Petitioner has submitted that most of the additional capital expenditures claimed for the generating station for the period 2019-24 have been on the following grounds:

a. Work within the Original scope and executed within the cut-off date;
b. Work for ensuring plant safety based on recommendations from technical audit report;
c. Critical Tools for plant to ensure reliable and efficient operation.

177. The Petitioner has submitted that the additional capital expenditure for the

generating station have been claimed under the Regulation 25(1), Regulation 25(2) and Regulation 26(1) of the 2019 Tariff Regulations and detailed justification and supporting documents have been furnished, as required under the regulations. It has also submitted that all of the additional capital expenditures proposed for the generating station are critical to ensure reliable, safe and efficient operation of the station and are therefore unavoidable. Hence, the Petitioner has prayed to allow the claimed add-caps under Regulation 76 and Regulation 77 of the 2019 Tariff Regulations, wherever the same could not be claimed under the Regulation 25(1)(b), Regulation 25(2)(a), Regulation 25(2)(c), Regulation 26(1)(d) of the 2019 Tariff Regulations.

178. The matter has been considered. The projected additional capital expenditure is being considered on following principles, on prudence check, in line with the provisions of the 2019 Tariff Regulations:

(i) The expenditure claimed under Regulation 25(1) read with Regulation 76 & Regulation 77 of 2019 Tariff Regulations, without quoting the applicable sub-clause is allowed only for the assets which have been linked with the original scope by citing the final sanction order;

(ii) The expenditure claimed under Regulation 25(1) read with Regulation 76 & Regulation 77 of 2019 Tariff Regulations, without quoting the applicable sub-clause is disallowed if expenditure is being claimed for creation of additional facilities, testing kits, assets/spares of O&M nature, office furniture, etc. which have not been linked with original scope;

(iii) The expenditure claimed under Regulation 25(2)(a) of 2019 Tariff Regulations is allowed only for replacement of assets whose useful life is generally less than the designated useful life of plant i.e. 25 years, provided the expenditure is not of O&M nature;

(iv) Replacement of spares of capital nature not covered by O&M expenditure shall be considered under ‘capital spares consumed’ at the time of truing up of tariff. As such, these have been disallowed as capitalization of spares after the cut-off date is not allowed for the purpose of tariff in terms of the 2019 Tariff Regulations;

(v) Assets claimed under Regulation 25(2)(c) of 2019 Tariff Regulations have been allowed subject to furnishing of the certificate of obsolescence from the OEM at the time of true up;

(vi) Assets claimed under Regulation 26(1)(d) of 2019 Tariff Regulations have been allowed subject to furnishing of the direction from appropriate authority at the time of true up;

(vii) Expenditure claimed on risk and behalf of M/s BHEL has not been allowed for left out works/assets which were in the scope of M/s BHEL. The same may be claimed during truing up with complete details bringing out that whether the claimed amount has been recovered/adjusted against the pending bills of BHEL. The corresponding decapitalization for the assets not considered for the purpose of tariff has also been ignored; and

(viii) Ash related assets by use of ash utilization fund have not been allowed.

179. In line with the above principles, the following additional capital expenditure has been allowed, on projection basis, for the purpose of determination of tariff for the period 2019-24:

2019-20

(Rs. in lakh)

Sl. No.	Name of the asset/works	Regulation	Amount	Remarks
2019-20				
1.	Green Belt Development	25 (1) 76 & 77	76.33	Allowed under Regulation 25(1)(b) of 2019 Tariff Regulations.
9.	Freight payment for upgradation of max DNA	25 (1) 76 & 77	0.95	Allowed under Regulation 25(2)(c) of 2019 Tariff Regulations.
11.	Up gradation of the existing SAS System	25 (1) 76 & 77	16.50	
14.	Water Cum Foam Tender	25 (1) 76 & 77	44.63	Allowed under Regulation 26(1)(d) of 2019 Tariff Regulations. The Petitioner is directed to submit communication from CISF at the time of truing up of tariff.
	Total additional capital expenditure allowed		**138.40**	

2020-21

(Rs. in lakh)

Sl. No.	Name of the asset/works	Regulation	Amount	Remarks
5.	Payment to M/s VA TECH WABAG LTD towards release of balance retention amount	25 (2) (a)	(-)34.12	Entry being of the rectification nature **is allowed.**
16.	SAS System Upgradation	25 (2) (a)	33.98	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff

Sl. No.	Name of the asset/works	Regulation	Amount	Remarks
				Regulations along with decapitalisation of Rs. 24.12 lakh, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up.
27.	Manual pipe bending machine for Boiler & Coal Mill Section	25 (2) (a)	6.84	The expenditure is **allowed** under Regulation 25(2)(a) along with decapitalization amounting to Rs. 5.12 lakh.
70.	HMI Max DNA Upgradation Computers	25 (1) 76 & 77	585.04	Replacement of asset under original scope due to obsolescence is allowed under Regulation 25(2)(c) of 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up. Further, it is also observed that the Petitioner has not provided any decapitalisation of the existing item. Accordingly, assumed deletion has been considered for the same and the gross value of the old asset has been assumed as Rs. 395.28 lakh (refer Assumed deletion).
77.	BA SET	25 (1) 76 & 77	8.43	Allowed under Regulation 26(1)(d) of 2019 Tariff Regulations. The Petitioner is directed to submit the recommendation of CISF at the time of truing up of tariff.
78.	High pressure breathing air compressor		4.14	
96.	Bi-Directional RFID Weighing System (Capacity-100 MT)	25 (1) 76 & 77	8.40	The expenditure for including the RIFD system in the operation of weighbridges is allowed as it would help in keeping accurate record of coal carrying vehicles. However, considering the fact that the asset is beyond original scope and is not covered by Regulation 25(1) of 2019 Tariff Regulations, the same is allowed by invoking its power to relax under Regulation 76 by relaxing the provisions of Regulation 26 of the 2019 Tariff Regulations.
97.	Road weigh Bridge, Avery icl. Model ZM 305	25 (1) 76 & 77	30. 27	Considering the nature of work, the item is **allowed** under Regulation 25(1)(c) read with Regulations 76 of the 2019 Tariff Regulations.
98	Old Bills of BHEL related to EPC Contract (Tax Portion and some freight bills)	25 (1) 76 & 77	5.84	Considering that the expenditure pertains to the original scope of work, the item is **allowed** under Regulation 25(1)(d) read with Regulations 76 of the 2019 Tariff Regulations.
101	Upgradation of SAS SYSTEM {Make-GE T&D} of 400 KV SWITCHYARD	25(1) 76 & 77	2.97	Considering the nature of work, the item is **allowed** under Regulation 25(2)(c) of 2019 Tariff Regulations

Sl. No.	Name of the asset/works	Regulation	Amount	Remarks
10“.	Erection, Installation & Commissioning of "Road Weigh Bridge and Bi-Directional RFID Weighing System"	25(1) 76 & 77	1.63	Incidental expenditure for the already allowed asset is **allowed.**
104.	Revenue Portion Adjusted	25 (1) 76 & 77	(-)0.58	**Allowed,** being an adjustment entry.
108.	Laptop & EWS, SCADA server software, logic programming software, client software	25 (1) 76 & 77	99.56	Replacement of asset under original scope due to obsolescence allowed under Regulation 25(2)(c) of 2019 Tariff Regulations**,** subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** Further, it is also observed that the Petitioner has not provided any decapitalisation of the existing item. Accordingly, assumed deletion has been considered for the same and the gross value of the old asset has been assumed as Rs. 67.39 lakh (refer Assumed deletion).
115	3.0 TR Air conditioner	25 (2) (a)	2.92	Allowed under Regulation 25(2)(a) of 2019 Tariff Regulations along with corresponding decapitalization amounting to Rs. 2.16 lakh.
	Total additional capital expenditure allowed		**755.33**	

2021-22

(Rs. in lakh)

Sl. No.	Name of the asset/ works	Regulation	Amount allowed	Remarks
3.	Being the Rites Fees paid for railway infrastructure	25 (1) 76 & 77	6.45	The Petitioner has not linked the claim to original scope of work. However, considering the fact that Railway infrastructure was created under original scope, the payments due are allowed under Regulation 25(1)(d) of 2019 Tariff Regulations.
4.	Being the Rites Fees paid for railway infrastructure.	25 (1) 76 & 77	2.72	
5	Being the reimbursement of Rites' bill paid for railway infrastructure.	25 (1) 76 & 77	14.89	
16.	1 no. CW make up Motor. Vertical flange mounted with shaft downward TEFC Induction motor with Space	25 (2) (a)	3.30	**Allowed** under Regulation 25(2)(a) of the 2019 Tariff Regulations along with corresponding decapitalization amounting to Rs. 2.12 lakh has also been ignored for the purpose of tariff

Sl. No.	Name of the asset/ works	Regulation	Amount allowed	Remarks
	heater provision of Crompton Greaves (CG) Make /Equivalent. To be replaced as existing motor drawing high current.			
26.	Being the adjustment of Provision made for Loss on Fixed Assets (Stacker Re-Claimer of CHP) due to cyclone Phailin at DSTPS. Audit Query No.- 4 (DSTPS) of 1st Phase Audit (2021-22)	25 (1) 76 & 77	(-)244.50	Adjustment entry due to audit, and thus, **allowed.**
31.	Up gradation of HMI SCADA & Controller of PLC System installed in DM Plant, River Intake Pump House, Water Treatment Plant & CPU Plant OEM-M/S GE FANUC (NOW-M/s Emerson Automation) I	25 (1) 76 & 77	9.44	Allowed under 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff.
40.	1 no. IR400 Analyser for Sox NOx Analyser, Model No: IR400-LNFGFGQRDGNN-4TE/C/P, Make: Yokogawa.	25 (2) (a)	16.92	Allowed under Regulation 25(2)(d) of the 2019 Tariff Regulations along with corresponding decapitalization for Rs.12.29 lakh
47.	PLC items for upgradation - upgrade of existing 90-30 system to latest RX3i PACSys and HMI SCADA at DM Plant	25 (1) 76 & 77	210.98	Replacement of asset under original scope to obsolescence **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** Further, it is also observed that the Petitioner has not provided any decapitalisation of the existing item. Accordingly, assumed deletion has been considered for the same and the gross value of the old asset has been assumed as Rs. 136.00 lakh (refer Assumed deletion).

Sl. No.	Name of the asset/ works	Regulation	Amount allowed	Remarks
49.	6 nos. LASER Based Projection Engine with adaptation kit for existing Lamp Based SXGA+ Delta LVS Model: RKT-7350-XX	25 (2) (a)	46.02	Considering the justification, expenditure is allowed under Regulation 25(2)(d) of the 2019 Tariff Regulations. along with corresponding decapitalization amounting to Rs. 31.52 lakh.
56.	1 no. Continuous Ambient Air Quality Monitoring System.	25 (1) 76 & 77	60.18	Considering the nature of the item, the additional capital expenditure is **allowed** under Regulation 25(1)(b) of 2019 Tariff Regulations.
62.	ABT Meter upgradation at 400kV Switchyard.		91.65	Replacement of asset under original scope due to obsolescence is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** Further, it is also observed that the Petitioner has not provided any decapitalisation of the existing item. Accordingly, assumed deletion has been considered for the same and the gross value of the old asset has been assumed as Rs. 59.08 lakh (refer Assumed deletion).
63.	Upgradation of existing ABT Metering System (Make-Secure) at 400KV Switchyard, DSTPS, DVC, Andal including Supply, installation, commissioning and testing. Contract no. D		8.67	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** Further, it is also observed that the Petitioner has not provided any decapitalisation of the existing item. Accordingly, assumed deletion has been considered for the same and the gross value of the old asset has been assumed as Rs. 5.59 lakh (refer Assumed deletion).
	Total additional capital expenditure allowed		**226.73**	

2022-23

(Rs. in lakh)

Sl. No.	Name of the asset	Regulation	Amount allowed	Remarks
17.	Upgradation of M/s Rockwell Autotomised PLC system for AC Plant 1 Unit #1&2 (2 Nos.)	25 (2) (c)	90.00	Replacement of asset under the original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations**,** subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up**.** The decapitalisation

Sl. No.	Name of the asset	Regulation	Amount allowed	Remarks
				of the removed item amounting to Rs.62.99 lakh is also considered for the purpose of tariff.
18.	Supply, Erection, Commissioning of EMS	25 (2) (a)	70.00	Considering the nature of the item, the additional capital expenditure is **allowed** under Regulation 25(1)(b) of the 2019 Tariff Regulations.
19.	Up-gradation of the existing Quantum CPU to M580 Level 4 Hot-standby CPU System keeping the existing Quantum IOIstem in existing S908 Network (Stacker cum Reclaimer 1)	25 (2) (c)	46.45	Replacement of asset under the original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** The decapitalisation of the removed item amounting to Rs.18.51 lakh is also considered for the purpose of tariff.
20.	Up-gradation of the existing Premium CPU to M580 Level 2 Hot-standby CPU System keeping the existiIX80 IO System in existing Ethernet Network (Paddle Feeder 3)		18.58	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** The Decapitalisation of the removed item amounting to Rs,.13.00 lakh is also considered for the purpose of tariff.
21.	Up-gradation of the existing Premium CPU to M580 Level 2 Hot-standby CPU System keeping the existing AdvaIs IO System in existing Ethernet Network (Coal Sampling Unit PLC 1)		15.74	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** The decapitalisation of the removed item amounting to Rs.11.02 lakh is also considered for the purpose of tariff.
46.	Greenbelt Development	25 (1) (b)	2.00	Allowed under Regulation 25(1)(b)
	Total additional capital expenditure allowed		**242.77**	

2023-24

(Rs. in lakhs)

Sl. No.	Name of the asset/ work	Regulation	Amount allowed	Remarks
11.	Upgradation OF M/S Geip based Plc system for Dm Plant unit #1&2	25 (2) (c)	65.00	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner

Sl. No.	Name of the asset/ work	Regulation	Amount allowed	Remarks
				at the time of truing up of tariff. The decapitalisation of the removed item amounting to Rs,.44.02 lakh is also considered for the purpose of tariff.
15.	Up-gradation of the existing Quantum CPU to M580 Level 4 Hot-standby CPU System keeping I existing Quantum IO System in existing S908 Network (Stacker cum Reclaimer 2)	25 (2) (c)	49.24	24Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** The decapitalisation of the removed item amounting to Rs.33.35 lakh is also considered for the purpose of tariff.
16.	Up-gradation of the existing Premium CPU to M580 Level 2 Hot-standby CPU SIem keeping the existing X80 IO System in existing Ethernet Network (Paddle Feeder 4)		19.70	Replacement of asset under original scope due to obsolescence is **allowed** under Regulation 25(2)(c) of the 2019 Tariff Regulations, subject to submission of OEM certificate for obsolescence by the Petitioner at the time of truing up of tariff**.** The decapitalisation of the removed item amounting to Rs.13.34 lakh is also considered for the purpose of tariff.
32.b	Procurement of Complete Set Single Indoor Single Outdoor of Capacity 3.0 TR, Split Type Air Conditioner	25 (2) (a)	2.43	Allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations, along with decapitalization amount of Rs. 1.56 lakh towards gross value of the replaced split AC installed during **2012-13.**
33.b	Procurement of Heavy-duty Pedestal fan		0.92	Incidental expenditure towards stationing CISF for security of the plant is allowed under Regulation 26(1)(d) of 2019 Tariff Regulations.
	Total additional capital expenditure allowed		**137.29**	

180. The Petitioner is directed to claim the actual additional capital expenditure by providing the specific regulation under the 2019 Tariff Regulations along with detailed justification and requisite documentary evidence at the time of truing-up of tariff for the

period 2019-24.

181. The additional capital expenditure items which were claimed by the Petitioner during the period 2019-24, but not allowed by the Commission for the purpose of computation of tariff, has been tabulated with justification and enclosed as **Annexure-I** to this order.

182. Accordingly, the projected additional capital expenditure claimed allowed/disallowed for the period 2019-24, is as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Claimed	288.88	2644.13	2086.07	2100.79	1610.61	8730.49
Allowed	138.41	755.33	226.73	242.77	137.29	1500.53
Disallowed	150.47	1888.80	1859.34	1858.02	1473.32	7229.96

De-capitalization

183. The Petitioner has claimed decapitalisation of Rs. 1649.46 lakh as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24	Total
0.00	607.04	310.88	331.01	400.54	**1649.46**

184. Accordingly, on prudence check, the following decapitalisation is allowed against allowed assets. One item viz., 'Inspection of manual pipe bending machine for Boiler & Coal Mill Section' which was written twice in Form 9Bi, has been considered only once for calculation of the decapitalization allowed.

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24	Total
0.00	31.40	45.93	105.52	103.15	**285.99**

Assumed Deletions

185. As per consistent methodology adopted by the Commission in its orders, the expenditure on replacement of assets, if found justified, is to be allowed for the purpose of tariff, provided that the capitalization of the said asset is followed by the de-capitalization of the original value of the old asset. However, in certain cases, where de-

capitalization is affected in books during the following years, to the year of capitalization of new asset, the de-capitalization of the old asset for the purpose of tariff is shifted to the very same year in which the capitalization of the new asset is allowed. Such decapitalization which is not a book entry in the year of capitalization is termed as "Assumed deletion". Further, in absence of the gross value of the asset being decapitalized or not furnished by the Petitioner, the same is calculated by de-escalating the gross value of new asset @ 5% per annum till the year of capitalization of the old asset.

186. It is observed that the Petitioner, while claiming certain additional capital expenditure in the period 2019-24, has not provided the de-capitalization value of old asset for some of the items which are being replaced. Accordingly, based on above methodology, the decapitalization value of old asset has been worked out as shown under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Assumed Deletion	0.00	463.37	200.67	0.00	0.00	**664.04**

187. Accordingly, the total decapitalisation considered for the purpose of tariff is as under:

(Rs. in lakh)

	Original Value of the Asset Capitalized					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Assumed Deletion	0.00	463.37	200.67	0.00	0.00	**664.04**
Decapitalization	0.00	31.40	45.93	105.52	103.15	**285.99**
Total De-capitalization	0.00	494.77	246.60	105.52	103.15	950.03

Discharge of Liabilities

188. The Petitioner has submitted that the entire additional capital expenditure projections submitted in Form-9, except few of the items in the year 2019-20, are on accrual basis and un-discharged liabilities, if any, will be submitted on actual basis at

the time of truing up. Accordingly, the Commission has also not allowed any discharge of liabilities in this order for period 2019-24. However, the Petitioner is directed to submit the item-wise and year wise reconciliation statement, showing details of such liabilities as per balance sheet for the period 2019-24, duly certified by auditor and also furnish the break-up of discharges included in the liabilities discharged within the original scope of work or other than within the original scope of work of the project, at the time of truing-up exercise.

Undischarged Liabilities

189. It is observed that out of the allowed additional capital expenditure for the period 2019-24, one of the items - 'Installation & Commissioning of SAS System' for Rs. 16.50 lakh is an undischarged liability in 2019-20. Accordingly, the same has been adjusted while computing the net additional expenditure to be allowed for the purpose of tariff computation for the period 2019-24.

190. Based on the above, the additional capital expenditure allowed for the period 2019-24 is summarised as under:

Additional Capital Expenditure eligible for Normal ROE

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Admitted additions in projected additional capital expenditure (A)	93.77	742.76	226.73	242.77	136.37
Less: De-capitalization/Assumed Deletion considered for assets (B)	0.00	494.77	246.60	105.52	103.15
Less: Un-discharged Liabilities (C)	16.50	0.00	0.00	0.00	0.00
Add: Discharges of liabilities (against allowed assets/works(D)	0.00	0.00	0.00	0.00	0.00
Net projected additional capital expenditure allowed (on cash basis) (E) = (A-B-C+D)	77.27	247.99	(-)19.87	137.25	33.23

Additional Capital Expenditure eligible for WAROI ROE

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Admitted additions in projected additional capital expenditure (A)	44.63	12.57	0.00	0.00	0.92

	2019-20	2020-21	2021-22	2022-23	2023-24
Less: De-capitalization/Assumed Deletion considered for assets (B)	0.00	0.00	0.00	0.00	0.00
Less: Un-discharged Liabilities (C)	0.00	0.00	0.00	0.00	0.00
Add: Discharges of liabilities (against allowed assets/works) (D)	0.00	0.00	0.00	0.00	0.00
Net projected additional capital expenditure allowed (on cash basis) (E) = (A-B-C+D)	44.63	12.57	0.00	0.00	0.92

Exclusions

191. The Petitioner has not claimed exclusions for the period 2019-24.

Capital cost allowed for the period 2019-24

192. Accordingly, the capital cost approved for the period 2019-24 for the generating station, is as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost (A)	535384.11	535506.01	535766.57	535746.70	535883.95
Add: Addition during the year / period (Net of Exclusion not allowed) (B)	138.40	755.33	226.73	242.77	137.29
Less: Decapitalisation/Assumed Deletion during the year /period (C)	0.00	494.77	246.60	105.52	103.15
Less: Undischarged liabilities (D)	16.50	0.00	0.00	0.00	0.00
Add: Discharges during the year /period (E)	0.00	0.00	0.00	0.00	0.00
Net Additional Capitalisation (F) = (B-C-D+E)	121.90	260.56	(-)19.87	137.25	34.15
Closing Gross Block (G) = (A+F)	535506.01	535766.57	535746.70	535883.95	535918.10
Average Gross Block (H) = (A+G)/2	**535445.06**	**535636.29**	**535756.64**	**535815.33**	**535901.03**

Debt Equity Ratio

193. Regulations 18 and 72 of the 2019 Tariff Regulations provides as follows:

> ***"****18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*
>
> *Provided that:*
>
> *i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:*
>
> *ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:*
>
> *iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.*
>
> ***Explanation-****The premium, if any, raised by the generating company or the transmission*

licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2019 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2019, if the equity actually deployed as on 1.4.2019 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the : equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 3019, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2019 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation."
….

72. Special Provisions relating to Damodar Valley Corporation: *(1) Subject to clause (2), Regulation shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).*

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:
…..
(ii) Debt Equity Ratio: *The debt equity ratio of all projects of DVC commissioned prior to 01.01.1992 shall be 50:50 and that of the projects commissioned thereafter shall be 70:30."*

194. The gross loan and equity amounting to Rs. 406483.12 lakh and Rs. 128900.99 lakh respectively as on 31.3.2019, as determined in this order, for the period 2014-19 above, has been considered as gross loan and equity as on 1.4.2019. In terms of Regulation 18 of the 2019 Tariff Regulations. The debt-equity ratio of 70:30 has been

applied on year-wise admitted additional capital expenditure for arriving at the additions to loan and equity during each year of the period 2019-24. Accordingly, the details of the debt and equity in respect of the generating station is as follows:

(Rs. in lakh)

	Capital Cost as on 1.4.2019 (Rs. in lakh)	**%**	**Additional Capital Expenditure for period 2019-24**	**%**	**Capital Cost as on 31.3.2024**	**%**
Debt	406483.12	75.92%	373.79	70.00%	406856.91	75.92%
Equity	128900.99	24.08%	160.20	30.00%	129061.19	24.08%
Total	**535384.11**	**100.00%**	**533.99**	**100.00%**	**535918.10**	**100.00%**

Return on Equity

195. Regulations 30 of the 2019 Tariff Regulations provide as follows:

> ***"****30. Return on Equity: (1) Return on equity shall mputed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.*
>
> *(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:*
>
> *Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system*
>
> *Provided further that:*
>
> *i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission, if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Restricted Governor Mode Operation (RGMO) or Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;*
>
> *ii. in case of existing generating station, as and when any of the requirements under (i) above of this Regulation are found lacking based on the report submitted by the concerned RLDC, rate of return on equity shall be reduced by 1.00% for the period for which the deficiency continues;*
>
> *iii. in case of a thermal generating station, with effect from 1.4.2020:*
>
> *a) rate of return on equity shall be reduced by 0.25% in case of failure to achieve the ramp rate of 1% per minute;*
>
> *b) an additional rate of return on equity of 0.25% shall be allowed for every incremental ramp rate of 1% per minute achieved over and above the ramp rate of 1% per minute, subject to ceiling of additional rate of return on equity of 1.00%:*
>
> *Provided that the detailed guidelines in this regard shall be issued by National Load Dispatch Centre by 30.6.2019."*

196. Regulation 31 of the 2019 Tariff Regulations provide as follows:

"31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

(2) Rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

Rate of pre-tax return on equity = Base rate / (1-t)

Where "t" is the effective tax rate in accordance with clause (1) of this Regulation and shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the company on pro-rata basis by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon. In case of generating company or transmission licensee pay Minimum Alternate Tax (MAT), "t" shall be considered as MAT rate including surcharge and cess.

Illustration-

(i) In case of a generating company or a transmission licensee paying Minimum Alternate Tax (MAT) @ 21.55% including surcharge and cess:

Rate of return on equity = 15.50/(1-0.2155) = 19.758%

(ii) In case of a generating company or a transmission licensee paying normal corporate tax including surcharge and cess:

(a) Estimated Gross Income from generation or transmission business for FY 2019-20 is Rs 1,000 crore;
(b) Estimated Advance Tax for the year on above is Rs 240 crore;
(c) Effective Tax Rate for the year 2019-20 = Rs 240 Crore/Rs 1000 Crore = 24%;
(d) Rate of return on equity = 15.50/ (1-0.24) = 20.395%.

(3) The generating company or the transmission licensee, as the case may be, shall true up the grossed-up rate of return on equity at the end of every financial year based on actual tax paid together with any additional tax demand including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2019-24 on actual gross income of any financial year. However, penalty, if any, arising on account of delay in deposit or short deposit of tax amount shall not be claimed by the generating company or the transmission licensee, as the case may be. Any under-recovery or over-recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long-term customers, as the case may be, on year to year basis."

197. The Objector, DVPCA has submitted that though the Petitioner has considered effective tax rate of 21.5488% for the computation of Return on Equity for the period 2019-24, the same is premature and needs to be claimed under true-up based on actual tax paid in terms of Regulation 31 of the 2019 Tariff Regulations. As regards the Petitioner's claim with regard to ROE at weighted average rate of interest on actual loan

portfolio as per Form-1(I), the Objector, DVPCA has submitted that the Petitioner has neither submitted any details of assets nor any justification for claiming the additional capitalisation after cut-of date and beyond the original scope of work.

198. The Petitioner, in its rejoinder dated 3.6.2021, has submitted and prayed for computation of ROE without considering the income tax rates for the period 2019-24. However, the Petitioner has craved leave of the Commission to claim the income tax liability, if any, for any year of the period 2019-24 as and when arising in the future. As regards DVPCA's contention, the Petitioner has submitted that details of assets and detailed justifications have already been furnished in Form-9 as part of the petition for determination of tariff for the generating station for the period 2019-24.

199. The matter has been considered. The Petitioner has not been paying any income tax in any of the financial year of the period 2014-19. Also, considering the submissions of the Petitioner above, the effective tax rate has been considered as 'Nil' for the purpose of grossing up of ROE and the rate of ROE has been considered as 15.50% for the period 2019-24. Accordingly, ROE is worked out and allowed as follows:

(a) Return on Equity at Normal Rate

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-2–	2023-24
Normative Equity – Opening	A	128900.99	128924.17	128998.57	128992.61	129033.78
Addition to Equity due to additional capital expenditure	B	23.18	74.40	(-)5.96	41.18	9.97
Normative Equity - Closing	C=(A+B)	128924.17	128998.57	128992.61	129033.78	129043.75
Average Normative Equity	D=Average (A,C)	128912.58	128961.37	128995.59	129013.20	129038.77
Return on Equity (Base Rate) (%)	E	15.500%	15.500%	15.500%	15.500%	15.500%
Tax Rate for the year (%)	F	0.000%	0.000%	0.000%	0.000%	0.000%
Rate of Return on Equity (Pre-Tax) (%)	G=E/(1-F)	15.500%	15.500%	15.500%	15.500%	15.500%
Return on Equity (Pre-Tax) - Annualized	**H=(DxG)**	**19981.45**	**19989.01**	**19994.32**	**19997.05**	**20001.01**

(b) Return on Equity at WAROI

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
Normative Equity - Opening	A	0.00	13.39	17.16	17.16	17.16
Addition to Equity due to additional capital expenditure	B	13.39	3.77	0.00	0.00	0.28
Normative Equity - Closing	C=(A+B)	13.39	17.16	17.16	17.16	17.43
Average Normative Equity	D=Average (A,C)	6.69	15.27	17.16	17.16	17.30
Return on Equity (Base Rate) (%)	E	10.213%	10.209%	10.205%	10.200%	10.196%
Tax Rate for the year (%)	F	0.000%	0.000%	0.000%	0.000%	0.000%
Rate of Return on Equity (Pre-Tax) (%)	G=E/(1-F)	10.213%	10.209%	10.205%	10.200%	10.196%
Return on Equity (Pre Tax) annualized	**H=(DxG)**	**0.68**	**1.56**	**1.75**	**1.75**	**1.76**

Total Return on Equity allowed

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
Return on Equity at Normal Rate	A	19981.45	19989.01	19994.32	19997.05	20001.01
Return on Equity at WAROI	B	0.68	1.56	1.75	1.75	1.76
Total Return on Equity allowed	**C=(A+B)**	**19982.13**	**19990.57**	**19996.07**	**19998.80**	**20002.77**

<u>Interest on Loan</u>

200. Regulation 32 and 61 of the 2019 Tariff Regulations provides as follows:

*"32. Interest on loan capital**:** (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered as gross normative loan for calculation of interest on loan.*

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

The repayment for each of the year of the tariff period 2019-24 shall be deemed to be equal to the depreciation allowed for the corresponding year/period. In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis and the

(3) adjustment should not exceed cumulative depreciation recovered upto the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed by the generating company or the transmission licensee, as the case may be, the repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5)The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio after providing appropriate accounting adjustment for interest capitalized:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the transmission licensee as a whole shall be considered.

(6)The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7)The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing."

*"**61. Sharing of saving in interest due to re-financing or restructuring of loan:** (1) If re-financing or restructuring of loan by the generating company or the transmission licensee, as the case may be, results in net savings on interest after accounting for cost associated with such refinancing or restructuring, the same shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 50:50.*

(2) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for settlement of the dispute:

Provided that the beneficiaries or the long term customers shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

201. Interest on loan has been worked out as under:

a. Gross normative loan amounting to Rs. 406483.12 lakh on 31.3.2019 as considered for the period 2014-19' in this order, has been considered as on 1.4.2019;

b. Cumulative repayment of Rs. 232619.36 lakh as on 31.3.2019 as considered in for the period 2014-19' in this order has been considered as on 1.4.2019;

c. Accordingly, the net normative opening loan as on 1.4.2019 works out to Rs. 173863.76 lakh;

d. Weighted average rate of interest on loan, as claimed by the Petitioner has been considered;

e. The repayments for the respective years of the period 2019-24, has been considered equal to the depreciation allowed for that year. Further, repayments have been adjusted for de-capitalization of assets considered for the purpose of tariff;

f. Interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest.

202. Interest on loan has been worked out as under:

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
Gross opening loan	A	406483.12	406568.45	406750.84	406736.93	406833.01
Cumulative repayment of loan upto previous year	B	232619.36	269258.04	305641.36	342147.89	378738.04
Net Loan Opening	C=(A-B)	173863.76	137310.41	101109.49	64589.05	28094.96
Addition due to additional capital expenditure	D	85.33	182.40	(-)13.91	96.08	23.90
Repayment of loan during the year	E	36638.68	36651.77	36660.00	36664.02	28191.07
Repayment adjustment on account of decapitalization	F	-	268.45	153.47	73.86	72.20
Ney repayment of the loan during the year	G=(E-F)	36638.68	36383.32	36506.53	36590.16	28118.87
Net Loan Closing	H=(C+D-G)	137310.41	101109.49	64589.05	28094.96	-
Average Loan	I=Average (C,H)	155587.08	119209.95	82849.27	46342.00	14047.48
Weighted Average Rate of Interest of loan	J	10.1035%	10.1035%	10.1035%	10.1035%	10.1035%
Interest on Loan	**K=(IxJ)**	**15719.68**	**12044.33**	**8370.64**	**4682.15**	**1419.28**

Depreciation

203. Regulations 33 and 72 (2) (iii) of the 2019 Tariff Regulations provides as follows:

*"33. Depreciation**:** (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element thereof including communication system. In case of the tariff of all the units of a generating station or all elements of a transmission system including communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:*

Provided that effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which single tariff needs to be determined.

(2) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, weighted average life for the generating station of the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

(3) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

Provided further that in case of hydro generating stations, the salvage value shall be as provided in the agreement, if any, signed by the developers with the State Government for development of the generating station:

Provided also that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciated value shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff:

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

(5) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in ***Appendix-I*** *to these regulations for the assets of the generating station and transmission system:*

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the station shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2019 from the gross depreciable value of the assets.

(7) The generating company or the transmission licensee, as the case may be, shall submit the details of proposed capital expenditure five years before the completion of useful life of the project along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure.

(8) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful services.
xxxxx

72. Special Provisions relating to Damodar Valley Corporation: *(1) Subject to clause (2), this Regulation shall apply to determination of tariff of the projects owned by Damodar Valley Corporation (DVC).*

(2) The following special provisions shall apply for determination of tariff of the projects owned by DVC:

xxxx

(iii) Depreciation: *The depreciation rate stipulated by the Comptroller and Auditor General of India in terms of section 40 of the Damodar Valley Corporation Act, 1948 shall be applied for computation of depreciation of projects of DVC."*

204. Depreciation has been worked out considering the admitted capital cost of Rs. 535384.11 lakh as on 1.4.2019 and the cumulative depreciation of Rs.232619.37 lakh as on 31.3.2019, as determined for the period 2014-19 in this order. Accordingly, in terms of Regulation 33 read with Regulation and 72(2) (iii) of the 2019 Tariff Regulations, depreciation is worked out and allowed as follows:

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
Average Capital Cost	A	535445.06	535636.29	535756.64	535815.33	535901.03
Value of freehold land	B	15241.00	15241.00	15241.00	15241.00	15241.00
Aggregated Depreciable Value	C= [(A-B)x90%]	468183.65	468355.76	468464.07	468516.89	468594.02
Remaining Aggregate Depreciable value at the beginning of the year	D=[(C)-(Cumulative Depreciation of Previous year)]	235564.28	199097.71	162822.71	126369.00	89855.97
No. of completed years at the beginning of the year	E	6.48	7.48	8.48	9.48	10.48
Balance useful life at the beginning of the year	F	18.53	17.53	16.53	15.53	14.53
Weighted Average Rate of Depreciation (WAROD)	G	6.8427%	6.8427%	6.8427%	6.8427%	6.8427%
Depreciation during the year/ period	**H=A*G**	**36638.68**	**36651.77**	**36660.00**	**36664.02**	**36669.88**
Cumulative depreciation (at the end of the year)	I= [(Cumulative Depreciation of Previous year)+(H)]	269258.05	305909.81	342301.37	378811.91	415407.93
Less: Depreciation adjustment on account of de-capitalization	J	-	268.45	153.47	73.86	74.54
Cumulative depreciation at the end of the year	**K=(I-J)**	**269258.05**	**305641.37**	**342147.90**	**378738.05**	**415333.40**

Operation & Maintenance Expenses

205. Regulation 35(1)(1) of the 2019 Tariff Regulations provides for the following O&M expenses in respect of generating station:

Unit	2019-20	2020-21	2021-22	2022-23	2023-24
(Rs. lakh/MW)	22.51	23.30	24.12	24.97	25.84

206. The Normative O&M expenses claimed by the Petitioner is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
22510.00	23300.00	24120.00	24970.00	25840.00

207. As the Petitioner has claimed the normative O&M expenses in accordance with Regulation 35(1)(1) of the 2019 Tariff Regulations, the same is allowed.

Water Charges, Security Charges and Capital Spares

208. Regulation 35(1)(6) of the 2019 Tariff Regulations provides as follows:

> *"35(1)(6) The Water Charges, Security Expenses and Capital Spares for thermal generating stations shall be allowed separately after prudence check:*
>
> *Provided that water charges shall be allowed based on water consumption depending upon type of plant and type of cooling water system, subject to prudence check. The details regarding the same shall be furnished along with the petition;*
>
> *Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses;*
>
> *Provided also that the generating station shall submit the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification for incurring the same and substantiating that the same is not funded through compensatory allowance as per Regulation 17 of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 or Special Allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization."*

Water Charges

209. In terms of the first proviso to Regulation 35(1)(6) of the 2019 Tariff Regulations, the Petitioner has considered normative water consumption of 3.5 m^3/MWh, generation as per NAPAF and claimed as follows:

(Rs. in lakh)

2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
2780.49	3050.18	3355.20	3690.72	4070.91

210. The Objector, DVPCA has submitted that the actual water charge rate was Rs. 5.7/KL and Rs. 1.15/KL for industrial use and domestic use respectively for each year of the control period 2014-19. Accordingly, the Objector has worked out the weighted average water charge rate of Rs. 5.57/KL. It has been submitted as against this, the Petitioner has considered a water charge rate of Rs. 10.64/KL for the year 2019-20 and thereafter a yearly escalation rate of 10% for the remaining years of the period 2019-24. The Objector has stated that the Petitioner did not furnish the relevant Office Memorandum (OM) dated 23.7.2019 and that the increase sought is more than 85% which is certainly unreasonable and has requested the Commission to conduct a strict prudence check on arriving at the allowable water charge rate, such that, it is

comparable with the rates prevailing in other States, derived at arms' length and there should be no cross-subsidisation of other activities of the Petitioner. The Objector has added that the arbitrary escalation of 10% ought to be rejected as there is neither any basis for the same nor provided in the 2019 Tariff Regulations. The Petitioner, in its rejoinder, has submitted that the water charges of the generating stations, w.e.f. 01.04.2019 and escalation thereof, are governed by the water tariff as notified by DVC vide OM dated 23.7.2019.

211. The matter has been considered. It is observed that the Petitioner has submitted OM dated 23.7.2019, as part of the additional information and accordingly, the same has been considered. In view of the above, and considering the MOEF&CC norms, generation as per NAPAF and water charges rate of Rs 10.64/KL and annual escalation of 10% thereof, as per OM dated 23.7.2019, the water charges for the period 2019-24 is allowed as under on projection basis subject to truing up based on actual consumption:

	Units	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Projected Gross Generation @ 85% load factor	MU	7466.40	7446.00	7446.00	7446.00	7466.40
Normative Specific Water Consumption as per MoEFCC stipulations	Cubic Meter/MWh	3.50	3.50	3.50	3.50	3.50
Normative Water Consumption as per MoEFCC's Norms	Cubic Meter	26132400	26061000	26061000	26061000	26132400
Rate of Water Charges based on 2018-19 approved rates	Rs. / Cubic Meter	10.64	11.70	12.87	14.16	15.58
Total Normative Water Charges	**(in Rs. lakh)**	**2780.49**	**3050.18**	**3355.20**	**3690.72**	**4070.91**

212. The Petitioner is however, directed to submit the actual water consumption and detailed justification for the high rate of water charges along with comparison in rate

from alternative sources at the time of truing-up of tariff.

Security Expenses

213. The Petitioner has claimed the following security expenses, on projection basis, for the period 2019-24 in terms of the second proviso to Regulation 35(6) of the 2019 Tariff Regulations.

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2042.14	2140.37	2243.34	2351.25	2464.36

214. It is observed that the Petitioner has escalated the actual Security expenses for the year 2018-19 at the rate of 4.81% per annum to claim projected Security expenses for the period 2019-24. The Petitioner has also submitted that escalation of Security expenses has been proposed to accommodate the year-on-year growth of salary expenditures and associated CISF activities that are primarily governed by the CISF Rules. It is observed that the actual security expenses for 2018-19 is Rs. 1948.41 lakh (including GST) and the same is considered along with an annual escalation rate of 4.81%, as proposed by the Petitioner. Accordingly, the projected security expenses allowed is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2042.14	2140.37	2243.34	2351.25	2464.36

215. The Petitioner shall, at the time of truing up of tariff, furnish the actual security expenses incurred along with the justification and the same shall be assessed in terms of Regulation 35(1)(6) of the 2019 Tariff Regulations.

Capital spares

216. The Petitioner has not claimed any projected capital spares for the period 2019-24, but has submitted that the same shall be claimed at the time of truing-up of tariff, on actual basis. In view of this, liberty has been granted to the Petitioner. The Petitioners

shall also substantiate that the capital spares are not funded through compensatory allowance or Special allowance or claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization during the true-up.

217. Based on the above discussion, the O&M expenses allowed included water charges, security expenses and capital spares is summarized as follows:

(Rs. in lakh)

		2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Installed Capacity (MW)		1000.00	1000.00	1000.00	1000.00	1000.00
O&M Expenses allowed under Regulation 35(1) in Rs lakh / MW		22.51	23.30	24.12	24.97	25.84
Total O&M Expenses (A)	Claimed	22510.00	23300.00	24120.00	24970.00	25840.00
	Allowed	**22510.00**	**23300.00**	**24120.00**	**24970.00**	**25840.00**
Water Charges (B)	Claimed	2780.49	3050.18	3355.20	3690.72	4070.91
	Allowed	**2780.49**	**3050.18**	**3355.20**	**3690.72**	**4070.91**
Security Expenses (C)	Claimed	2042.14	2140.37	2243.34	2351.25	2464.36
	Allowed	**2042.14**	**2140.37**	**2243.34**	**2351.25**	**2464.36**
Total O&M Expenses as allowed (including Water Charges and Security Expenses) (D=A+B+C)	Claimed	27332.62	28490.55	29718.53	31011.97	32375.27
	Allowed	**27332.62**	**28490.55**	**29718.53**	**31011.97**	**32375.27**

Operational Norms

218. The provisions of Regulation 49 of the 2019 Tariff Regulations providing for operational norms for the generating station are as follows:

> ***"Norms of operation for thermal generating station***
>
> *49. The norms of operation as given hereunder shall apply to thermal generating stations:*
>
> ***(A) Normative Annual Plant Availability Factor (NAPAF)***
>
> *(a) For all thermal generating stations, except those covered under clauses (b), (c), (d), & (e) - 85% ;*
> *xxx*
>
> ***(C) Gross Station Heat Rate:***
>
> xxx
> ***(b) Thermal Generating Stations achieving COD on or after 1.4.2009:***
>
> *(i) For Coal-based and lignite-fired Thermal Generating Stations:*
> *1.05 X Design Heat Rate (kCal/kWh)*
>
> *Where the Design Heat Rate of a generating unit means the unit heat rate guaranteed by the supplier at conditions of 100% MCR, zero percent make up, design coal and*

design cooling water temperature/back pressure.

Provided that the design heat rate shall not exceed the following maximum design unit heat rates depending upon the pressure and temperature ratings of the units:

Pressure Rating (Kg/cm2)	*150*	*170*	*170*
SHT/RHT (^{0}C)	*535/535*	*537/537*	*537/565*
Type of BFP	*Electrical Driven*	*Turbine Driven*	*Turbine Driven*
Max Turbine Heat Rate (kCal/kWh)	*1955*	*1950*	*1935*
Min. Boiler Efficiency			
Sub-Bituminous Indian Coal	*0.86*	*0.86*	*0.86*
Bituminous Imported Coal	*0.89*	*0.89*	*0.89*
Max. Design Heat Rate (kCal/kWh)			
Sub-Bituminous Indian Coal	*2273*	*2267*	*2250*
Bituminous Imported Coal	*2197*	*2191*	*2174*

(D) Secondary Fuel Oil Consumption:

(a) For Coal-based generating stations other than at (c) below: 0.50 ml/kWh
xx

(E) Auxiliary Energy Consumption:

(a) For Coal-based generating stations except at (b) below:

S. No.	***Generating Station***	***With Natural Draft cooling tower or without cooling tower***
(i)	*200 MW series*	*8.50%*
(ii)	*300 MW series and above*	
	Steam driven boiler feed pumps	*5.75%*
	Electrically driven boiler feed pumps	*8.00%*

Provided that for thermal generating stations with induced draft cooling towers and where tube type coal mill is used, the norms shall be further increased by 0.5% and 0.8% respectively:

Provided further that Additional Auxiliary Energy Consumption as follows shall be allowed for plants with Dry Cooling Systems:

Type of Dry Cooling System	***(% of gross generation)***
Direct cooling air cooled condensers with mechanical draft fans	*1.0%*
Indirect cooling system employing jet condensers with pressure recovery turbine and natural draft tower	*0.5%*

219. The operational norms claimed by the Petitioner are as follows:

Parameter	**Value**
Normative Annual Plant Availability Factor (NAPAF) (%)	85.00
Gross Station Heat Rate (kcal/kwh)	2374.10
Auxiliary Power Consumption (%)	5.75
Specific Oil Consumption (ml/kwh)	0.50

220. The Petitioner has sought liberty to claim relaxation of NAPAF as per Regulation 76 and Regulation 77 of the 2019 Tariff Regulations, for unforeseen event or uncontrollable factors.

221. The matter has been considered. We find no merit in the claim of the Petitioner to allow relaxation in NAPAF as per 2019 Tariff Regulations and hence the same is not allowed. It is observed that the Petitioner has submitted that the generating station is of 500 MW units with induced draft and tube type coal mills. Since the operational norms are in in line with the provisions of the regulations and is allowed as claimed by the Petitioner above.

Interest on Working Capital

222. The Petitioner has claimed the weighted average GCV and Cost of coal as 3597.16 kCal / kg and Rs. 3570.90/kg, respectively, and those of Secondary oil as 10600.00 kCal/kg and Rs. 46793.75/Kl. Accordingly, Interest on working capital as claimed by the Petitioner is as under:

(Rs. in lakh)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Cost of Coal/Lignite for Stock and Generation (A)	24385.06	24318.44	24318.44	24318.44	24385.06
Cost of oil for 2 months (B)	291.15	290.36	290.36	290.36	291.15
O&M expenses - 1 month (C)	2277.72	2374.21	2476.54	2584.33	2697.94
Maintenance Spares - 20% of O&M (D)	5466.52	5698.11	5943.71	6202.39	6475.05
Receivables – 45 days (E)	37824.89	37525.40	37323.35	37129.26	37041.64
Total Working Capital (F) = (A+B+C+D+E)	**70245.35**	**70206.52**	**70352.40**	**70524.78**	**70890.85**
Rate of Interest (G)	12.05%	12.05%	12.05%	12.05%	12.05%
Total Interest on Working capital (H) = (F)x(G)	**8464.56**	**8459.89**	**8477.46**	**8498.24**	**8542.35**

223. Regulation 34(1)(a) of the 2019 Tariff Regulations provide as under:

*“**34. Interest on Working Capital: (**1) The working capital shall cover:*

(a) For Coal-based/lignite-fired thermal generating stations:
(i) Cost of coal or lignite and limestone towards stock, if applicable, for 10 days for pit-head generating stations and 20 days for non-pit-head generating stations for generation corresponding to the normative annual plant availability factor or the

maximum coal/lignite stock storage capacity whichever is lower; (ii) Advance payment for 30 days towards cost of coal or lignite and limestone for generation corresponding to the normative annual plant availability factor;
(iii) Cost of secondary fuel oil for two months for generation corresponding to the normative annual plant availability factor, and in case of use of more than one secondary fuel oil, cost of fuel oil stock for the main secondary fuel oil;
(iv) Maintenance spares @ 20% of operation and maintenance expenses including water charges and security expenses;
(v) Receivables equivalent to 45 days of capacity charge and energy charge for sale of electricity calculated on the normative annual plant availability factor; and
(vi) Operation and maintenance expenses, including water charges and security expenses, for one month."

224. Regulations 34(3) and 34(4) of the 2019 Tariff Regulations provide as under:

"(3) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 or as on 1st April of the year during the tariff period 2019-24 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at bank rate as on 1st April of each of the financial year during the tariff period 2019-24.

(4) Interest on working capital shall be payable on normative basis notwithstanding that the generating company or the transmission licensee has not taken loan for working capital from any outside agency."

225. Regulation 3(7) of the 2019 Tariff Regulations defines Bank Rate as under:

"In these regulations, unless the context otherwise requires: -
Bank Rate" means the one-year marginal cost of lending rate (MCLR) of the State Bank of India issued from time to time plus 350 basis points;"

Fuel Cost and Cost of Liquid Stock for Working Capital

226. The Petitioner has claimed the following fuel components as part of working capital, based on the price and GCV of coal as received and secondary fuel oil for the preceding three months of October 2018 to December 2018, as under:

(Rs. in Lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Cost of coal for 50 Days	24385.06	24318.44	24318.44	24318.44	24385.06
Cost of Secondary fuel oil 2 months	291.15	290.36	290.36	290.36	291.15

227. Regulation 34(2) of the 2019 Tariff Regulations provides that the computation of cost of fuel as part of Interest on Working Capital (IWC) is to be based on the landed price and GCV of fuel as per actuals, for the third quarter of preceding financial year in

case of each financial year for which tariff is to be determined.

228. Regulation 43(2) of the 2019 Tariff Regulations provides as under:

"(2) Energy charge rate (ECR) in Rupees per kWh on ex-power plant basis shall be determined to three decimal places in accordance with the following formulae:

(a) For coal based and lignite fired stations:

ECR = {(SHR – SFC x CVSF) x LPPF / CVPF+SFC x LPSFi + LC x LPL} x 100 / (100 – AUX)

(b) For gas and liquid fuel based stations:

ECR = SHR x LPPF x 100 / {(CVPF) x (100 – AUX)}

Where,

AUX = Normative auxiliary energy consumption in percentage.

CVPF = (a) Weighted Average Gross calorific value of coal as received, in kCal per kg for coal based stations less 85 Kcal/Kg on account of variation during storage at generating station;

(b) Weighted Average Gross calorific value of primary fuel as received, in kCal per kg, per litre or per standard cubic meter, as applicable for lignite, gas and liquid fuel based stations;

(c) In case of blending of fuel from different sources, the weighted average Gross calorific value of primary fuel shall be arrived in proportion to blending ratio:

CVSF = Calorific value of secondary fuel, in kCal per ml;

ECR = Energy charge rate, in Rupees per kWh sent out;

SHR = Gross station heat rate, in kCal per kWh;

LC = Normative limestone consumption in kg per kWh;

LPL = Weighted average landed cost of limestone in Rupees per kg;

LPPF = Weighted average landed fuel cost of primary fuel, in Rupees per kg, per litre or per standard cubic metre, as applicable, during the month. (In case of blending of fuel from different sources, the weighted average landed fuel cost of primary fuel shall be arrived in proportion to blending ratio);

SFC= Normative specific fuel oil consumption, in ml per kWh;

LPSFi= Weighted Average Landed Fuel Cost of Secondary Fuel in Rs./ ml during the month:

Provided that energy charge rate for a gas or liquid fuel based station shall be adjusted for open cycle operation based on certification of Member Secretary of respective Regional Power Committee during the month."

229. In line with the above Regulations, a margin of 85 kCal/kg in weighted average Gross Calorific value (GCV) of coal on 'as received' for coal based generating stations on account of variation during storage at the generating station has been considered for computation of IWC. Accordingly, the GCV and price of fuels considered for working out IWC are as under:

	Claimed	**Allowed**
Weighted average price of coal (Rs./MT)	3570.90	3570.90
Weighted average GCV of coal (kCal/kg)	3597.16	3512.16*

	Claimed	Allowed
Weighted average price of oil (Rs./kl)	46793.75	46793.75
Weighted average GCV of oil (kCal/l)	10600.00	10600.00

** After adjustment of 85 kCal/kg*

230. Based on the operational norms and price & GCV of fuels as above, the fuel components of working capital have been worked out and allowed as under:

(Rs. in Lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Cost of coal for 20 Days	9826.32	9826.32	9826.32	9826.32	9826.32
Cost of coal for generation for 30 days	14739.48	14739.48	14739.48	14739.48	14739.48
Cost of Secondary fuel oil 2 months	291.15	290.36	290.36	290.36	291.15

231. In the present petition, the computation of working capital is based on the GCV and fuel cost furnished for third quarter of the year 2018-19. However, Regulation 34 (C) (2) provides that the cost of fuel shall be based on the landed fuel cost (considering the normative transit and handling losses, in terms of Regulation 39 of these Regulations) by the generating station and gross calorific value of the fuel, as per actual weighted average for the third quarter of preceding financial year, in case of each financial year for which tariff is to be determined. In terms of above, the fuel cost computed above is subject to the truing-up, based on the actual data to be furnished by Petitioner, for each year, at the time of truing-up of tariff.

Energy Charges for 45 days for Working Capital

232. The Petitioner has claimed Energy Charge Rate (ECR) of paisa 251.98 /kWh based on the weighted average price and GCV of coal as received, during the preceding three months i.e., October 2018, November 2018 and December 2018.

233. Based on the operational norms and the price and GCV of the oil and price and GCV of coal [after adjusting margin of 85kCal/kg allowable as per Regulation 43(2)(b) of the 2019 Tariff Regulations], received at the generating station during the stipulated

three months i.e., October 2018, November 2018 and December 2018, the ECR is worked out as Rs. 2.580 / kWh.

234. Energy charges for 45 days, on the basis of weighted average GCV and weighted average cost allowed as above for coal and oil, for the purpose of interest on working capital, has been worked out as follows:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
22322.55	22322.55	22322.55	22322.55	22322.55

Working Capital for Maintenance Spares

235. The Petitioner has claimed the maintenance spares in the working capital as under:

(Rs. in lakh)

2019-20	2020-2021	2021-22	2022-23	2023-24
5466.52	5698.11	5943.71	6202.39	6475.05

236. Maintenance spares for the purpose of interest on working capital in accordance with Regulation 34(1)(b)(iii) of the 2019 Tariff Regulations, has been worked out as follows:

(Rs. in lakh)

2019-20	2020-2021	2021-22	2022-23	2023-24
5466.52	5698.11	5943.71	6202.39	6475.05

Working Capital for Receivables

237. Receivables equivalent to 45 days of capacity charge and energy charges for the purpose of working capital has been worked out and allowed as follows:

(Rs. in Lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Variable Charges (45 days)	22322.55	22322.55	22322.55	22322.55	22322.55
Fixed Charges (45 days)	13265.15	12926.36	12563.29	12269.79	12005.51
Total	**35587.70**	**35248.91**	**34885.84**	**34592.33**	**34328.05**

Working Capital for O&M Expenses

238. The O&M expenses for 1 (one) month claimed by the Petitioner for the purpose of working capital is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2277.72	2374.21	2476.54	2584.33	2697.94

239. Considering the O&M expenses allowed the O&M expenses for 1 (one) month allowed for the purpose of working capital is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2277.72	2374.21	2476.54	2584.33	2697.94

Rate of Interest for Working Capital

240. Regulation 34(3) of the 2019 Tariff Regulations provides for the rate of interest on working capital considered on projection basis, for the period 2019-24 as 12.05% (i.e. 1-year SBI MCLR of 8.55% as on 1.4.2019 + 350 basis points). As the tariff of the generating station for the period 2019-24, is being determined during the year 2023-24, the SBI MCLR as on 1.4.2020 (7.75%), as on 1.4.2021 (7.00%) and as on 1.4.2022 (7.00%) is also available. Since, the rate of interest on working capital is subject to revision at the time of truing-up of tariff, based on the bank rate as on 1st April of each financial year, we find it prudent to allow the rate of interest as on 1.4.2020, 1.4.2021 and 1.4.2022, for the subsequent financial years. Accordingly, the rate of interest for the year 2019-20 is 12.05%, 2020-21 is 11.25%, 2021-22 is 10.50%, 2022-23 is 10.50% and for the subsequent years the rate of interest of 10.50% has been considered (i.e., 1year SBI MCLR of 8.55% as on 1.4.2019 + 350 basis points, 1-year SBI MCLR of 7.75% as on 1.4.2020 + 350 basis points; 1-year SBI MCLR of 7.00% as on 1.4.2021 + 350 basis points; and 1year SBI MCLR of 7.00% as on 1.4.2022 + 350 basis points). Accordingly, Interest on working capital is allowed as follows:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Working Capital for Cost of Coal towards Stock – 20 days of generation at NAPAF	9826.32	9826.32	9826.32	9826.32	9826.32
Working Capital for Cost of Coal towards Generation – 30 days of Generation at NAPAF	14739.48	14739.48	14739.48	14739.48	14739.48
Working Capital for Cost of Secondary fuel oil – 2 months of generation at NAPAF	291.15	290.36	290.36	290.36	291.15
Working Capital for Maintenance Spares @ 20% of O&M expenses	5466.52	5698.11	5943.71	6202.39	6475.05
Working Capital for Receivables - 45 days of capacity and energy charges at NAPAF	35587.70	35248.91	34885.84	34592.33	34328.05
Working Capital for O&M expenses - 1 month of O&M expenses	2277.72	2374.21	2476.54	2584.33	2697.94
Total Working Capital	**68188.88**	**68177.38**	**68162.24**	**68235.21**	**68357.99**
Rate of Interest	12.05%	11.25%	10.50%	10.50%	10.50%
Interest on Working capital	**8216.76**	**7669.96**	**7157.04**	**7164.70**	**7177.59**

Additional Claims

241. In addition to the Depreciation, Interest on Loan, Return on Equity, O&M Expenses, Water Charges, Security Expenses, Interest on Working Capital, in accordance with the 2019 Tariff Regulations, the Petitioner has also claimed expenditure towards Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act), Share of P&G, Share of Common Office Expenditure, Ash Evacuation Expenses, Mega Insurance Expenses and Expenditure for Subsidiary activity as given below:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
DVC's share of savings in interest cost due to loan restructuring	654.82	457.21	283.72	137.81	33.83
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	6082.58	6508.36	6963.94	7451.42	7973.02
Share of P&G	3726.44	3901.61	4085.01	4277.03	4478.08
Share of Common Office Expenditure	196.65	211.05	213.71	183.79	167.53
Expenses for Ash Evacuation, Mega Insurance and Subsidiary Activities	628.73	658.97	690.67	723.90	758.72
Total	**11289.22**	**11737.20**	**12237.06**	**12773.95**	**13411.18**

Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)

242. The Petitioner has claimed expenditure towards Interest & Contribution on Sinking Fund as follows:

(Rs. in lakh)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	6082.58	6508.36	6963.94	7451.42	7973.02

243. The Petitioner has allocated sinking fund contribution and interest for DVC Bonds of Rs. 3100 Crore amongst the generating stations of the Petitioner as follows:

(Rs. in Crore)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Total Contribution and Interest for Debt Borrowing	**214.27**	**229.27**	**245.32**	**262.49**	**280.87**
MTPS 5&6	17.14	18.34	19.63	21.00	22.47
CTPS 7&8	31.10	33.28	35.61	38.10	40.77
MTPS 7&8	29.45	31.51	33.71	36.07	38.60
DSTPS	60.83	65.08	69.64	74.51	79.73
KTPS	66.29	70.93	75.89	81.20	86.89
RTPS-I	9.47	10.13	10.84	11.60	12.41
BTPS-A	0.00	0.00	0.00	0.00	0.00
Total	**214.27**	**229.27**	**245.32**	**262.49**	**280.87**

244. The Respondents KSEBL and BYPL have submitted that the contribution to the sinking fund alone may be allowed and interest may be disallowed. The Objector, DVPCA submitted that the linkage of Bonds has to be established with each specific generating station. Allocation of principal cannot be the norm as different power plants of the DVC supply power to different entities/ beneficiaries. DVCPA has further submitted that neither the provisions of Electricity Act, 2003 nor of Tariff Regulations, 2019 sanction the recovery of cost of generation assets twice over through a) allowance of Contribution to Sinking Fund; and b) Depreciation and allowance of Interest on Loan by treating the amount realised through bonds as normative debt. In the past tariff orders relating to the Petitioner's old plants, the Commission has treated the amount realised through bonds as normative debt, and accordingly proceeded to grant interest thereon over and above the allowance of contribution to Sinking Fund in terms of Regulation

72(2)(iv) of the 2019 Tariff Regulations. However, Regulation 72(2)(iv) of the 2019 Tariff Regulations will be applicable only in such cases where normative debt is not allowed for funding capital cost and the Petitioner cannot be allowed both contributions to Sinking Fund, as well as depreciation and interest on loan by treating the funds realised through bond issue as normative loan. Accordingly, the objector has prayed that the Commission may direct the Petitioner to compute the station-wise contribution by making the redemption of bonds station specific. The Objector, DVPCA has submitted that the linkage of Bonds has to be established with each specific generating station. It has also stated that the allocation of principal cannot be the norm, as different power plants of the Petitioner, supply power to different entities/ beneficiaries. DVCPA has further submitted that neither the provisions of Electricity Act, 2003 nor the 2019 Tariff Regulations, sanction the recovery of cost of generation assets twice over through a) allowance of Contribution to Sinking fund; and b) Depreciation and allowance of Interest on loan by treating the amount realised through bonds as normative debt. It has pointed out that in the past tariff orders relating to old plants of the Petitioner, the Commission has treated the amount realised through bonds as normative debt, and accordingly proceeded to grant interest thereon over and above the allowance of contribution to Sinking fund in terms of Regulation 72(2)(iv) of the 2019 Tariff Regulations, which is applicable only in cases where the normative debt is not allowed for funding capital cost. The objector has added that the Petitioner cannot be allowed both contributions to Sinking fund, as well as depreciation and interest on loan by treating the funds realised through bond issue as normative loan. It has further submitted that Petitioner is allowed capital cost including IDC, time over and cost overrun, to the extent permissible under the 2019 Tariff Regulations. It has stated that the loan repayment is also taken care through higher depreciation for initial 12 years and the Commission also allows interest on working capital on normative basis. The Objector has further submitted that the creation of funds without any specific purpose cannot be allowed to be recovered as expenditure in tariff even if it is mentioned in the DVC Act and the 2019 Tariff Regulations. Accordingly, the Objector has prayed that the Commission may seek details about the purpose of borrowing of such funds, when all expenses related to capital funding and working capital funding are allowed.

245. In response, the Petitioner has submitted that though Review Petition No. 4 of 2019 has been filed by the Objector, DVPCA in the matter of MAL vs CERC & ors, there is no stay of the judgment by APTEL and therefore the same is binding on all the parties. Accordingly, the Petitioner has further submitted that the plea of the objector may be rejected.

246. We have examined the matter. Section 40 of the DVC Act provides that the Petitioner shall make provision for depreciation and for reserve and other funds at such rates and on such terms as may be specified by the C&AG in consultation with the Central Government. It is observed that the sinking funds have been created only for redemption of bonds. Accordingly, the amount approved for this generating station is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
6082.58	6508.36	6963.94	7451.42	7973.02

Share of P&G Contribution

247. The Petitioner has claimed share of P&G contribution, over and above, the normative O&M expenses, on projection basis, as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
3726.44	3901.61	4085.01	4277.03	4478.08

248. Objector, DVPCA has pointed out that the projected P&G contribution for the

period 2019-24, has been claimed by considering a yearly escalation of 4.70% on the Actuarial value, as on 31.3.2019 i.e., Rs.619420.12 lakh and the same has been apportioned to various stations, on Plant capacity basis. The Objector has also stated that the P&G contribution claimed in 2019-20 is higher by 108% than the P&G contribution claimed in 2018-19. It has further stated that the Petitioner has not furnished any justification for claiming such higher amount in 2019-20. DVPCA has further pointed out that during the process of framing the 2019 Tariff Regulations, all the generating companies including the Petitioner, had submitted the operational data for the past years, including O&M expenses, which also included the contribution towards P&G. It has added that the normative O&M expenses specified under Regulation 35 of the 2019 Tariff Regulations was only after giving due consideration to the requirement of the various generating companies including P&G contribution. In response, the Petitioner has reiterated its submissions in the matter of P&G fund in terms of its response to the objections raised in the period 2014-19.

249. The matter has been considered. It is observed that the normative O&M expenses includes a portion of contribution towards gratuity and pension, which is not separately quantifiable for the Petitioner. It is also noted that under the heading P&G contribution for the period 2014-19, the actual O&M expenses including P&G during the period 2014-19 are lower than the O&M expense norms allowable under the 2014-19 Tariff Regulations. Further, the normative O&M expenses determined by the Commission, while framing the 2019 Tariff Regulations, are based on the information furnished by various generating stations. In view of this, we are not inclined to allow P&G contribution for the period 2019-24. This will however be examined at the time of true up if petitioner is unable to meet its expense through normative O&M charges.

Ash Evacuation Expenses, Mega Insurance Expenses and Expenditure for Subsidiary activity

250. The Petitioner has claimed projected expenditure towards Ash Evacuation, Mega Insurance and share of Subsidiary Activities, as additional O&M expenses as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Ash Evacuation Expenses	126.40	132.48	138.85	145.53	152.53
Mega Insurance Expenses	95.56	100.16	104.98	110.03	115.32
Share of Subsidiary Activities	406.77	426.34	446.84	468.34	490.87
Total	**628.73**	**658.97**	**690.67**	**723.90**	**758.72**

251. The Respondents BYPL, KSEBL and the Objector, DVPCA have submitted that the claim for expenses towards ash evacuation, mega insurance and subsidiary activities ought to be rejected by the Commission as such expenses are already built-in in the normative O&M expenses, which are in the nature of a price-cap. Further, there is no provision in the 2019 Tariff Regulations, which allows the recovery of employee pay revision arrears from the beneficiaries over and above the specified O&M expenses. Thus, these respondents have submitted that the expenses ought to be met from the normative O&M expenses allowed to the Petitioner and cannot be allowed separately.

Ash Evacuation Expenses

252. The Petitioner has claimed total expenditure of Rs. 695.78 lakh (Rs. 126.40 lakh in 2019-20, Rs. 132.48 lakh in 2020-21, Rs. 138.85 lakh in 2021-22, Rs. 145.53 lakh in 2022-23 and Rs. 152.53 lakh in 2023-24) in the period 2019-24 towards Ash Evacuation Expenses. In justification of the same, the Petitioner has submitted that due to statutory directives by the MOEF&CC notification dated 14.9.1999, the fly ash generated during the course of operation of the coal power plant is required to be utilized under various designated modes. Accordingly, the Petitioner has claimed Ash evacuation expenses under Regulation 76 and Regulation 77 of the 2019 Tariff Regulations.

253. The matter has been examined. MoEF&CC notification dated 31.12.2021 provides for the following:

> (i) Thermal power plants w.e.f. 1.4.2022, preferably utilize 100 % ash generated during that year and in no case, utilization shall fall below 80 % in any year subjected to 100 % utilization in a three years cycle. In addition, the unutilized accumulated ash i.e., legacy ash, which is stored before the publication of this notification, shall be utilized progressively and completed fully within ten years, by 31.12.2031.
>
> (ii) All agencies (Government, Semi-government and Private) engaged in construction activities such as road laying, road and flyover embankments, shoreline protection structures in coastal districts and dams within 300 kms from the thermal power plants shall mandatorily utilize ash in these activities in accordance with specifications and guidelines laid down by the Bureau of Indian Standards, Indian Road Congress, Central Building Research Institute, Roorkee, Central Road Research Institute, Delhi, Central Public Works Department, State Public Works Departments and other Central and State Government Agencies.
>
> (iii) Provided that it is delivered at the project site free of cost and transportation cost is borne by such thermal power plants.
>
> (iv) Provided further that thermal power plant may charge for ash cost and transportation as per mutually agreed terms, in case thermal power plant is able to dispose the ash through other means and those agencies makes a request for it and the provisions of ash free of cost and free transportation shall be applicable, if thermal power plant serves a notice on the construction agency for the same.
>
> (v) Non-compliance of these provisions by Thermal Power plants attracts an environmental compensation of annual Rs.1000 / ton of unutilized ash and that of users is Rs.1500 per ton of ash for the quantity they fall short off.

254. The Petitioner has proposed ash transportation charges for the period 2019-24, based on the ash transportation charges, associated with the generating station for 2018-19, with an annual escalation rate of 4.40% thereof. As noted, the ash transportation charges for the generating station in 2018-19, are based on apportioned audited ash transportation charges of Durgapur TPS and the same was allowed in the period 2014-19. However, the actual expenses will depend on actual generation, quality of coal, quantity of ash utilized locally, quantity of ash transported, type of end user, distance of end user etc and may be in variance with projected claim of the Petitioner. Also, the Petitioner may generate some revenue by sale of ash. In this background, we are inclined to allow only 90% of the projected ash transportation charges claimed, as

additional O&M expenses, for the period 2019-24. The Petitioner is permitted to recover the said expenses from 1.4.2019 up to the date of this order, in six (6) equal instalments without interest commencing from July, 2023, in accordance with the Regulation 10 of the 2019 Tariff Regulations and thereafter, the recovery of the same, may be effected through monthly bills. The Petitioner is however, directed to submit all relevant documents in terms of the MoEF&CC notification and the provisions of the 2019 Tariff Regulations, including the year-wise audited statements, detailed justification, the ash available, plant wise income from sale of ash, quantity of ash produced, quantity of ash transported within 100 kms and beyond, revenue received, interest accrued, the statement of ash fund account as on 31.3.2014, 25.1.2016 and 31.3.2019, transportation cost borne by the end consumer, scheduled rate, etc., at the time of truing up of tariff. It is noticed that in the past, the Petitioner has used road transportation (trucks) for transportation of ash. In terms of this, the Petitioner is directed to explore other economic and environmentally friendly alternatives for ash disposal such as ash slurry pipeline, wagons instead of road transportation. Accordingly, the ash transportation charges allowed @ 90% of the claimed expenses are as follows

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
113.76	119.23	124.97	130.98	137.28

Mega Insurance Expenses

255. The Petitioner has claimed total amount of Rs. 526.05 lakh (Rs. /95.56 lakh in 2019-20, Rs. 100.16 lakh in 2020-21, Rs. 104.98 lakh in 2021-22, Rs. 110.03 lakh in 2022-23 and Rs. 115.32 lakh in 2023-24) in the period 2019-24 towards Mega Insurance expenses under Regulation 76 and Regulation 77 of the 2019 Tariff Regulations.

256. The Objector, DVPCA has submitted that the Petitioner has not referred to any

extraordinary factors that have necessitated additional insurance cover for its units. It has also submitted that any comprehensive insurance is always cost effective in comparison to individual insurance policies and hence, it is not clear as to how mega insurance could lead to additional O&M expenses. The Petitioner in its rejoinder dated 19.4.2021 has reiterated its submissions made in its petition for the period 2014-19, on this issue.

257. The matter has been considered. It is observed that the Commission while specifying the O&M norms for the period 2019-24 had considered and factored the 'insurance expenses' as part of its calculations for O&M expense norms. Since the said regulations have been notified after extensive stakeholder consultations, we find no reason to exercise the power under Regulation 76 or Regulation 77 of the 2019 Tariff Regulations and grant relief to the Petitioner. In view of this, claim of the Petitioner under this head is not allowed.

Share of Subsidiary Activities

258. The Petitioner has claimed total amount of Rs. 2239.16 lakh (Rs. 406.77 lakh in 2019-20, Rs. 426.34 lakh in 2020-21, Rs. 446.84 lakh in 2021-22, Rs. 468.34 lakh in 2022-23 and Rs. 490.87 lakh in 2023-24) in the period 2019-24 towards Share of Subsidiary Activities under Regulation 76 and Regulation 77 of the 2019 Tariff Regulations.

259. The Objector, DVPCA has submitted that the Petitioner has also claimed contribution to subsidiary funds and has claimed the ROE, Interest on Loan and Depreciation on the common assets namely Direction Office, Subsidiary Activities, Other Offices, R&D, IT Centre and Central Office for the period 2019-24 under the nomenclature "share of common office expenditures". As such, the contribution to

subsidiary fund is not allowable as the Return on Equity, Interest on Loan and Depreciation on the common assets have already been claimed separately. The objector has further submitted that the Commission, in its order dated 31.8.2016 in Petition No. 347/GT/2014, had disallowed the expenditure on subsidiary activity and the same was to be recovered as part of the normative O&M expenses. The objector, has also submitted that it has demonstrated that the actual O&M expenses, including the expenditure on subsidiary activity, for the period 2014-19, have been lower than the normative O&M expenses specified under the 2014 Tariff Regulations. Similarly. the normative O&M expenses provided under the 2019, Tariff Regulations would be sufficient to cover such expenses in the period 2019-24 also.

260. The matter has been considered. It is noticed that APTEL vide its judgement dated 23.11.2007 and Hon'ble Supreme Court vide its judgement dated 23.7.2018 had observed that the apportioned expenditure associated with subsidiary activities can be recovered through electricity tariff. Since, the amount claimed is small, we are not allowing the share of subsidiary activities at this juncture. However, the Petitioner, may at the time of truing up of tariff for the period 2019-24, furnish the actual audited apportioned expenditure associated with subsidiary activities for consideration of the Commission.

Share of Common Office Expenditure

261. The Petitioner has submitted that the projected expenditure pertaining to common office expenditure such as Direction Office, Central Office, Other Offices, Subsidiary activities, IT centre and R&D caters services to all generating stations as well as composite transmission and distribution systems. The Petitioner has stated that it has allocated the cost of common offices amongst its generating stations, on the basis of installed capacity and has claimed additional capital expenditure, as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Direction Office	-	-	-	-	-
Subsidiary Activities	-	-	-	-	-
Other Offices	132.00	66.39	222.42	15.52	-
R&D	-	-	-	-	-
IT	960.00	1240.00	-	-	-
Central Office	-	-	-	-	-
Total	**1092.00**	**1306.39**	**222.42**	**15.52**	**-**

262. The head-wise additional capital expenditure claimed by the Petitioner towards various offices is summarised as below:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Sub Station Equipment	132.00	66.39	222.42	15.52	-
Network Access Controller and Data Centre	960.00	1240.00	-	-	-
Total	**1092.00**	**1306.39**	**222.42**	**15.52**	**-**

263. The Petitioner has computed the ROE, Interest on Loan and Depreciation on the Common Assets for the period 2019-24, based on the opening capital cost as on 1.4.2019, for different offices, and has apportioned them to each generating stations and T&D system, in proportion to the capital cost, claimed as on 31.3.2019. Further, the Petitioner has allocated the cost of common offices, amongst its generating stations, on the basis of installed capacity. Accordingly, the annual fixed charges claimed for assets of common offices are as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Direction Office	60.21	60.21	60.21	60.21	60.21
Subsidiary Activities	114.93	114.93	114.93	114.93	114.93
Other Offices	219.28	231.91	250.29	265.43	151.45
R&D	183.01	175.44	167.87	165.66	165.66
IT	149.74	319.41	407.60	394.52	381.44
Central Office	809.38	747.16	668.93	435.29	435.29
Total	**1536.55**	**1649.04**	**1669.83**	**1436.05**	**1308.98**

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Common Office Expenditure apportioned to all DVC Generating Stations	1423.20	1527.40	1546.65	1330.11	1212.42
Common Office Expenditure apportioned to T&D	113.35	121.65	123.18	105.93	96.56
Total	**1536.55**	**1649.04**	**1669.83**	**1436.05**	**1308.98**

264. In line with the above, the Petitioner claimed apportioned common office expenses to the generating station are as follows.

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Common Office Expenditure apportioned to DTPS – 1 and 2	196.65	211.05	213.71	183.79	167.53

265. The matter has been considered. It is observed that the common office expenditures are associated with the various offices of the Petitioner, but not to subsidiary activities. In order to work out the common office expenses to be allowed as a part of determination of tariff for the period 2019-24, we have examined the additional capital expenditure claimed by the Petitioner. The Petitioner has claimed projected additional capital expenditure during the period 2019-24 as under:

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
1	Fully automated microprocessor-based portable CT&PT Analyser (CRITL)	35.00	-	-	-	-
2	10 kV Digital Insulation Tester (CRITM)	17.00	-	-	-	-
3	Relay Test Kit (CRITL)	80.00	-	-	-	-
4	Dielectric Frequency Response Analysis (DFRA) Test Kit (CRITL)	-	36.17	-	-	-
5	Flash Point of Transformer Oil Measurement Kit (CRITL)	-	4.70	-	-	-
6	3-Phase Portable Power Source (CRITM)	-	-	21.00	21.00	-
7	Laptop (CRITM)	-	-	4.52	4.52	-
8	Fully Automatic Three Phase Transformer Test Kit (CRITM)	-	-	-	75.58	-
9	Swift Frequency Response Analysis (SFRA) Test Kit (CRITL)	-	-	-	21.72	-
10	Furan Test Kit (CRITL)	-	-	-	60.00	-
11	3-Phase Portable Reference Standard Meter (0.02 Class) (CRITM)	-	-	-	39.60	-
12	Line Impedance Measurement Kit	-	-	-	-	15.52
13	Network Access Controller, Next Generation Firewall (NGFW) and Networking Switches	160.00	40.00	-	-	-
14	Data Centre (Hardware & Licenses)	800.00	1200.00	-	-	-
	Total	**1092.00**	**1280.87**	**25.52**	**222.42**	**15.52**

266. As regards additional capital expenditure claimed for fully automated

microprocessor-based portable CT&PT Analyser and 10 kV Digital Insulation Tester, the Petitioner has submitted that CT&PT analyser is required for replacement of the existing 220 KV & 132 KV CTs in DVC grid with 0.2 Accuracy Class CTs, as per CEA guidelines. As regards Relay Test Kit (CRITL); Dielectric Frequency Response Analysis (DFRA) Test Kit (CRITL); Flash Point of Transformer Oil Measurement Kit(CRITL); 3-Phase Portable Power Source (CRITM); Laptop (CRITM); Fully Automatic Three Phase Transformer Test Kit (CRITM); Swift Frequency Response Analysis (SFRA) Test Kit (CRITL); Furan Test Kit (CRITL); 3-Phase Portable Reference Standard Meter (0.02 Class) (CRITM); and Line Impedance Measurement Kit, the Petitioner has submitted that these items are required to facilitate testing, condition monitoring of various power equipment’s and smart meters. As regards additional capital expenditure claimed for Network Access Controller, next generation Firewall (NGFW) and networking Switches, the Petitioner has submitted that in order to comply with cyber security guidelines, of MOP, GOI, NCIIPC network security layer are proposed to be established, so that access to the system is provided to authenticated users only. As regard claim for Data centre, the Petitioner has submitted that the procurement of hardware and licenses for Oracle to host EBA and other DVC applications, website, Firewall, Managed Back-up services, Load Balancer, IPS and Log Servers, IT infrastructure servers like DHCP, Ex-Bus, DNS, Virtualization, Security Appliances and storage in a DRC at different seismic zone, has been planned to be completed during the year 2019-20 and 2020-21.

267. The matter has been considered. It is observed that the items mentioned under the head ‘Substation Equipment’s’ are required for the efficient functioning of the substations (including generating stations’ switchyards) and therefore, the claim is allowed. As regards Network Access Controller, next Generation Firewall (NGFW), Networking switches and Data Centre, it is observed that the proposed additional

expenditure is for measures taken to strengthen cyber security, in terms of the MOP, GOI guidelines dated 12.4.2010 and therefore the claim is allowed. Further, considering the nature of works, additional capitalization claimed against the head 'IT Equipment' are allowed. Further, the Petitioner is directed to furnish additional information regarding the total expenditure incurred on this count, segregated claims during the periods 2014-19 and 2019-24, expenditure envisaged in future etc., along with supporting documents.

268. Based on the total additional capital expenditure allowed by the Commission under Common Office Expenditure for the period 2019-24 is summarised as follows:

(Rs. in lakh)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Sub Station Equipment	132.00	66.39	222.42	15.52	0.00
Network Access Controller	960.00	1240.00	0.00	0.00	0.00
Total	**1092.00**	**1306.39**	**222.42**	**15.52**	**0.00**

269. It is observed that that the Petitioner has worked out Common Office expenses for various offices, including Subsidiary activities. However, expenses of subsidiary activities will be dealt at the time of truing-up of tariff for the period 2019-24.

270. Accordingly, the annual fixed charges for Common offices have been worked out by considering the opening capital cost as on 1.4.2014. The annual fixed charges for Common Offices, as worked out has been apportioned to the generating stations / T&D systems of the Petitioner, based on the approved capital cost as on 31.3.2014 and the same is subject to truing-up for the period 2019-24. Accordingly, the share of common office expenses, worked out and allocated to the generating station are as under:

(Rs. in lakh)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Depreciation	458.06	357.82	300.14	310.67	232.58
Interest on Loan	91.10	136.51	163.38	148.52	135.87
Return on Equity	517.46	553.96	577.23	580.86	581.10
Total	**1066.62**	**1048.29**	**1040.75**	**1040.05**	**949.55**

(Rs. in lakh)

	Capital Cost as on 1.4.2014	2019-20	2020-21	2021-22	2022-23	2023-24
All DVC Generating Stations	2036943.91	981.93	965.06	958.12	957.47	874.16
T&D	175678.95	84.69	83.23	82.63	82.58	75.39
Total	**2212622.86**	**1066.62**	**1048.29**	**1040.75**	**1040.05**	**949.55**

271. As regards the common office expenditure for the generating station, it is observed that the Commission vide its order dated 3.10.2016 in Petition No. 207/GT/ 2015 had observed the following:

> *"61. The petitioner has claimed the projected expenditure of Rs. 208.76 lakh during 2014-15, Rs. 194.64 lakh during 2015-16, Rs. 248.00 lakh during 2016-17, Rs. 363.90 lakh during 2017-18 and Rs. 412.33 lakh during 2018-19 and apportioned to Mejia 7&8 towards Common Office Expenditure which includes expenditure on Direction Office, Central Office, Other Offices, subsidiary activities, IT and R&D. The apportioned amount of share of Common Office expenditure includes return on equity, depreciation and interest on loan on the Common assets. The generating station is a new 1000 MW station for which normative O&M as specified under the 2014 Tariff Regulation, includes Corporate Office expenses also and under Corporate Office expenses, depreciation and interest on loan has also been included. Accordingly, the normative O&M expense for 500 MW unit size as allowed to the generating station includes the expenditure for Common Offices in respect of depreciation and interest on loan. As per special provisions relating to DVC generating stations specified under the Regulation 53 of 2014 Tariff Regulations and also as per the order of Tribunal dated 27.11.2007 in Appeal no 273/2006, the Common Office expenditure are to be allowed for the purpose of determination of tariff. The petitioner has furnished the details of total "Office Expenditure" in respect of the generating stations and T&D systems are as under:*
> *xxx*
>
> *The Commission has considered the O&M norms for this generating station as specified for 500 MW units including the expenditure for Common Offices in respect of depreciation and interest on loan. Therefore, only return on equity has been allowed as computed in the above table. Accordingly, return on equity of Rs. 87.01 lakh in 2014-15, Rs. 93.07 lakh in 2015-16, Rs. 115.68 lakh in 2016-17, Rs. 154.82 lakh in 2017-18 and Rs. 175.65 lakh in 2018-19 is allowed as part of share of Common office expenditure and annual fixed charges for the generating station."*

272. Since the Commission has considered the O&M norms for this generating station as specified for 500 MW units including the expenditure for Common Offices in respect of depreciation and interest on loan, only ROE has been allowed as computed in the above table. Accordingly, the share of Common office expense computed for this generating station, is as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Total Common Office Expenditure for generating stations (A)	981.93	965.06	958.12	957.47	874.16
Total Common Office Expenditure for T&D (B)	84.69	83.23	82.63	82.58	75.39
Total Common Office Expenditure for generating stations and T&D C=(A+B)	1066.62	1048.29	1040.75	1040.05	949.55
Total Depreciation for generating stations and T&D (D)	458.06	357.82	300.14	310.67	232.58
Total Interest on loan for generating stations and T&D (E)	91.10	136.51	163.38	148.52	135.87
Total Return on equity on for generating stations and T&D (F)	517.46	553.96	577.23	580.86	581.10
Total of Depreciation, Interest on Loan and ROE of Generating Station and T&D (G)	1066.62	1048.29	1040.75	1040.05	949.55
Return on equity corresponding to the generating stations only (A/C)*F (H)	476.38	509.98	531.40	534.74	534.96
Apportionment of the common office expenditure to the generating station including depreciation, interest on loan and ROE. (I)	135.68	133.35	132.39	132.30	120.79
Apportioned amount of only Return on Equity" corresponding to the generating station (I/A)xH (J)	65.82	70.47	73.43	73.89	73.92

(Rs. in lakh)

Common Office Expenditure	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**
DSTPS (this generating station)	65.82	70.47	73.43	73.89	73.92

Annual Fixed Charges approved for the period 2019-24

273. Based on the above discussion, the annual fixed charges approved for the generating station is summarized below:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	36638.68	36651.77	36660.00	36664.02	36669.88
Interest on loan	15719.68	12044.33	8370.64	4682.15	1419.28
Return on Equity	19982.13	19990.57	19996.07	19998.80	20002.77
Interest on Working Capital	8216.76	7669.96	7157.04	7164.70	7177.59
O&M Expenses	22510.00	23300.00	24120.00	24970.00	25840.00
Water Charges	2780.49	3050.18	3355.20	3690.72	4070.91
Security Expenses	2042.14	2140.37	2243.34	2351.25	2464.36
Sub-total (A)	**107889.87**	**104847.16**	**101902.26**	**99521.61**	**97644.78**
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	6082.58	6508.36	6963.94	7451.42	7973.02
Share of P&G	0.00	0.00	0.00	0.00	0.00

	2019-20	2020-21	2021-22	2022-23	2023-24
Share of Common Office Expenditure	65.82	70.47	73.43	73.89	73.92
Mega Insurance Expenses	0.00	0.00	0.00	0.00	0.00
Share of subsidiary activities	0.00	0.00	0.00	0.00	0.00
Sub-total (B)	**6148.40**	**6578.83**	**7037.37**	**7525.31**	**8046.94**
Total Annual Fixed Charges	**114038.28**	**111425.99**	**108939.64**	**107046.92**	**105691.72**

Note: (1) All figures are on annualized basis. (2) All figures under each head have been rounded. The figure in total column in each year is also rounded. As such the sum of individual items may not be equal to the arithmetic total of the column.

274. Ash Evacuation expenses, shall be recovered separately in terms of this order, as under:

(Rs in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
113.76	119.23	124.97	130.98	137.28

275. The annual fixed charges approved as above are subject to truing up in terms of Regulation 13 of the 2019 Tariff Regulations.

Application Fee and Publication expenses

276. The Petitioner has sought the reimbursement of filing fee paid by it for filing the tariff petition for the period 2019-24 and for publication expenses. The Petitioner shall be entitled for reimbursement of the filing fees and publication expenses in connection with the present petition, directly from the beneficiaries on pro-rata basis in accordance with Regulation 70(1) of the 2019 Tariff Regulations.

277. Similarly, RLDC Fees & Charges paid by the Petitioner in terms of the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations, 2019, shall be recovered from the beneficiaries. In addition, the Petitioner is entitled for recovery of statutory taxes, levies, duties, cess etc. levied by the statutory authorities in accordance with the 2019 Tariff Regulations.

278. Petition No. 573/GT/2020 is disposed of in terms of the above.

Sd/-	***Sd/-***	***Sd/-***
(Pravas Kumar Singh)	**(Arun Goyal)**	**(I.S. Jha)**
Member	**Member**	**Member**

Annexure-I

<u>Additional Capital Expenditure claimed and disallowed for the period 2019-24 (Para 182 of the order)</u>

The reasons for disallowance of additional capital expenditure are based on the following:

(A)- Capitalization of the expenditure claimed under Regulation 25(1) read with 76&77 is disallowed for creation of additional facilities, testing kits, office furniture etc. which have not been linked with original scope.

(B)-Capitalization of the expenditure on procurement of spare assets/spares for maintaining inventory and reducing downtime has been disallowed. However, during truing up, the Petitioner is at liberty to claim the incurred expenditure on spare assets/spares which are put to use, under Regulation 35 (1)(6) of the 2019, Tariff Regulations.

(C)- Assets of O&M nature

(D)- Capitalization of expenditure claimed for procurement of assets/works at risk and behalf of BHEL has not been allowed. Liberty is granted to claim the same during truing up with supporting documents clearly establishing that the claimed amount has been recovered/adjusted against the pending bills of BHEL.

(E)- Capitalization of expenditure on replacement of assets claimed under Regulation 25(2)(a) before getting fully depreciated has not been allowed. However, during truing, the Petitioner is at liberty to claim the incurred expenditure on assets which are of capital nature (not of O&M nature) and actually put to use, under Regulation 35 (1)(6) of the 2019, Tariff Regulations.

****Decapitalization value, if any, has also been ignored for the assets not considered for capitalization***.

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
2	Construction of car parking garage in front of Tech. building at DSTPS, DVC, Andal.	16.41	25 (1) 76 & 77	As per (A) above
3	Construction of RCC drainage outfall connecting to Garland Drain near AWRS, DSTPS, DVC, Andal	4.33		As per (D) above
4	Construction of Boundary wall	99.44		
6	Freight Payment for Procurement of Fully Bladed LPT Rotor	8.53		It is observed that the Petitioner has not linked its claim with the year of capitalization of the subject item. As such, in absence of such linkage, the Commission is
7	Freight Payment in r/o Procurement of Complete condensate Extraction pump without motor	0.82		

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
				not inclined to invoke Regulation 76 and/or 77 to consider the claim. Accordingly, the claim towards freight charges is **not allowed**. The same may be claimed at the time of truing up of tariff along with proper linkage and the year of capitalization of the assets.
8	Procurement of Oil equipment (Oil filtration machine portable oil centrifuge, low vacuum dehydration machine)	18.61	25 (2) (a)	As per (A) above
10	Freight Payment in r/o procurement of Main Exciter Stator, Pilot Exciter Stator, Exciter Rotor Assembly	0.80	25 (1) 76 & 77	It is observed that the Petitioner has not linked its claim with the year of capitalization of the subject item. As such, in absence of such linkage, the Commission is not inclined to invoke Regulation 76 and 77 to consider the claim. Accordingly, the claim towards freight charges is **not allowed**
12	Pedestal Fan	0.17	25 (1) 76 & 77	As per (A) above
13	Industrial vacuum cleaner	0.83		
	Supply & Installation of 3 Ton AC	0.53		
	Total amount of disallowed assets for 2019-20 (*Rs in lakh)*			**150.48**
	2020-21			
1	Heater for Air Drier	2.12	25 (1) 76 & 77	As per (D) above
2.	LT motor	4.28	25(2)(a)	As per (C) above
3	High Mast lighting (30 Meters)	36.87	26 (1) 76 & 77	As per (A) above

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
4	Erection & Commissioning of 45 nos. of Poles & Electrification of 03 nos. of watch towers in Ash Pond area at DVC, DSTPS,ANDAL.	11.13		
6	Filter cartridge and kit of chute	2.71	25 (2) (a)	As per (C) above
7.	Development of surrounding area of Silo at DSTPS, DVC, Andal	84.08	25 (1) 76 & 77	As the Petitioner itself has stated that Ash utilization fund has been used for this work, the same is **not allowed**
8	220V (2250A) Battery bank-108 nos. (with acid and accessories)	174.49	25 (2) (a)	As per (E) above
9	MS Plate	0.52	25 (1) (a)	As per (C) above
10	Inspection of Diverter switch (Off Circuit) of 200MVA GT Unit	6.61	25 (2) (a)	As per (B) above
11	Digital clamp on Meter (two numbers)	0.51	25 (1) 76 & 77	As per (C) above
12	Inspection of 10KLPH Transformer Oil Filtration machine	18.88		As per (A) above
13	315 kw compressor Motor	17.96		As per (B) above
14	Resonating Inductor for Delta 2000 Tan Delta	13.04		As per (A) above
15	VFD Transformer DYn1	23.54		As per (B) above
17	LT motor (190 kW)	4.28		As per (C) above
18.	LT Motors	2.48	25 (2) (a)	
19.	33 kV Circuit Breaker of CGL make	3.59	25 (2) (a)	
20	Leak Proof Make Mechanical Seal	0.88	25 (1) 76 & 77	
21	Requisition for HP LaserJet Cartridge	0.05	25 (2) (a)	
22	Online particle monitoring (OPM II)	3.39	25 (1) 76 & 77	As per (A) above
23	Inspection of contamination checking kit for Boiler & Coal Mill Section.	0.23	25 (1) 76 & 77	
24	HT Nut & Bolt	0.84	25 (2) (a)	As per (C) above
25.	Inspection of oil filtration machines for Boiler & Coal Mill Section.	4.31	25 (1) 76 & 77	As per (A) above
26.	Inspection of Plant Layout Model of DSTPS.	9.85		As per (A) above
28	Inspection of different hydraulic jack for boiler & coal mill.	1.53		
29	Hydraulic jack, (100 tone)	1.79		
30	Air plasma cutting machine for Boiler & Coal Mill Section	3.04		
31	HP Printer Cartridge	0.43	25 (2) (a)	As per (C) above
32	Oil filtration machine	18.61	25 (1) 76 & 77	As per (A) above
33	Inspection of different micrometer for BACM.	1.12	25 (2) (a)	As per (C) above
34	Different type of gear box	14.23		
35	5 Ton capacity electric chain hoist	5.65	25 (1) 76 & 77	As per (A) above
36	Hydraulic jack, manual puller, Hydraulic puller for boiler & coal mill section	4.52		
37	Portable tube beveling machine	2.84		

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
38	300NB SISTAG Valve	12.97	25 (2) (a)	As per (C) above
39	200 NB & 300 NB SISTAG make KGV of	6.48		
40	Rotor of compressor Dryer,Model No.- MD-600, Make- Atlascopco	36.96		As per (B) above
41	FD fan rotor assy.	244.14		
42	Tool post grinder for lathe machine	0.26	25 (1) 76 & 77	As per (C) above
43	Kit of Chute,	2.71	25 (2) (a)	
44.	Knife gate valve	66.23		
45	Inspection of Ultra Sonic Level Transmitter	1.62	25 (1) 76 & 77	
46	hirel fuse item	0.09		
47	8 channel analog o/p module	3.12		
48	Complete Solenoid Valve, Make: Rotex	2.82		
49	Inspection of telescopic chute	11.27		
50	Spares of Vacuum pump	1.07	25 (1) 76 & 77	As per (B) above
51	M/s Delta Lvs & Its Spares	8.91		
52	Fluid coupling of Ash Slurry Disposal pump	13.13		As per (B) above
53	Procurement of Jigs and Fixture of HP Turbine on cost recovery basis from M/s BHEL for DSTPS, DVC, Andal.	2.12		As per (D) above
54	Procurement of Jigs and Fixture of HP Turbine on cost recovery basis from M/s BHEL for DSTPS, DVC, Andal.	0.14		
55	Pin bush coupling	0.17	25 (2) (a)	As per (C) above
56	Procurement of Jigs and Fixture of HP Turbine on cost recovery basis from M/s BHEL for DSTPS	1.00	25 (1) 76 & 77	As per (D) above
57	Procurement of Fire Extinguisher for DSTPS	3.27		As per (C) above
58	Seal Kit for HPBP	1.21		
59	Electronic Unit Cum Monitor with Chlorine Leak Detector	0.21	25 (2) (a)	
60	Module Terminal Base, Part No:1440-TB-H	0.15	25 (2) (a)	
61	Spare complete set of oxygen analyser	10.44	25 (1) 76 & 77	As per (B) above
62	Micro Switch	0.07	25 (1) 76 & 77	As per (C) above
63	Conductivity Meter (Bench Top).	1.92		As per (A) above
64	Portable PPB Level Dissolved Oxygen Analyser.Range: 0 - 2000 ppb O2 Accuracy: +/- 0.8 ppb or +/- 2%Detection limit: 0.6 ppb U	10.32		
65	Procurement of Humidity oven:	1.49		
66	Digital Moisture Oven, Mechanical Convection Type, As Per IS 1350(PART I)1984, MAKE "SD"	1.64		
67	Procurement of PH meter	1.46		
68	Dew Point Sensor/Moisture Measuring Probe for Generator H2 Gas, Make: GE Sensing, Model:M2LR-0-0-0-4-0-1	2.09		
69	Acaustic Analyzer	8.97		
71	Exide Battery Bank	175.07	25 (2) (a)	As per (E) above
72	Material for Up gradation of MaxDNA DCS System	585.04	25 (1) 76 & 77	This item appears to be a duplicate

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
				claim, as it had been already allowed. Accordingly, the same is **not allowed.** However, in case, the Petitioner is able to demonstrate that the item is not a duplicate claim, the same may be claimed at the time of truing-up of tariff.
73	Being the freight charges previously booked in Capital Stock now transferred to Asset code.	0.75		Not linked with the asset, as such cannot be allowed by invoking Regulation 76 & Regulation 77.
74	Motor Bearing	0.64	25 (2) (a)	As per (C) above
75	HP and LP element of IAC	39.25	25 (2) (a)	As per (E) above
76	Set of Coupling for Control Fluid Regeneration pump	0.03	25 (1) 76 & 77	As per (C) above
79	Complete Pump Assembly Of Drain Pump	7.09		As per (B) above
80	Wey Knife gate valve	10.15		As per (C) above
81	Neck Ring,	0.50		
82	Inspection of materials against DRR No.-02576.	4.60		
83	Spares of different pumps	19.48	25 (1) 76 & 77	As per (B) above
84	Frame plate liner and lateral	6.43	25 (1) 76 & 77	As per (C) above
85	Material inspection of Asco solenoid	1.86	25 (1) 76 & 77	
86	Hex Screw M30x90, Spare Part code: 21205337000006 & Hex Screw M36x70, Spare Part code: 0139380107000022	0.10		
87	Base Plate, Base Frame	15.46		As per (B) above)
88	Procurement of Balance mandatory spares of M/s Indure -Make on cost debitable basis from BHEL-ISG, for DSTPS, DVC, Andal.	5.33		
89	Inspection of Volute liner of BAOFP	6.00	25 (2) (a)	As per (C) above
90	Procurement of Balance mandatory spares of M/s Indure -Make on cost debitable basis from BHEL-ISG, for DSTPS, DVC, Andal.	1.60	25 (1) 76 & 77	As per (B) above
91	Electrical Panel for IAC	32.96		As per (D) above
92	Inspection of Bearings	0.19	25 (2) (a)	As per (C) above

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
93	Procurement of Jigs and Fixture of HP Turbine on cost recovery basis from M/s BHEL for DSTPS, DVC, Andal.	5.15	25 (1) 76 & 77	As per (D) above
94	Solenoid valve	0.58		As per (C) above
95	Hydraulic Torque wrench	14.36		As per (A) above
99	Supply, Installation and Commissioning of one complete 220 V, 2250 AH (Model: YHP - 43) Battery Bank of make: Exide for 2x500 MW, DSTPS, DVC, Andal.	1.48	25 (2) (a)	As per (E) above
100	Service charge of erection and commissioning of 1 no. of BAHP Pump	0.20	25 (1) 76 & 77	As per (C) above
103	Freight bill payable to BHEL for procurement of spare SF6 pole	1.53		As per (B) above
105	CHAIR -3 Nos. , 4DR.book case -1 Nos. , Chair Model 5002T - 2 Nos,.	0.65		As per (A) above
106	Pedestal fan & Ceiling Fan	0.59		
107	Pump for PA fan	3.87	25 (2) (a)	As per (B) above
109	Furniture for OHC DSTPS Andal	1.34	25 (1) 76 & 77	As per (A) above
110	Aquaguard Water Cooler Cum Purifier Make Eureka Forbes Ltd. MODEL-AG CCP CAPACITY-40 L.P.H	0.53		
111	Water Purifier- Aqua guard Storage Cooler cum Purifier, Product Name- AG Green Pure Chill 120 PSS-UV	1.61		
112	Electric chain pulley block	2.15		
113	Aluminium trolley step ladder for Central Stores	1.41		
114	1.0 Ton 6 No. of AC machines for occupational health centre, DSTPS	1.93		
	Total amount of disallowed assets for 2020-21 (Rs in lakh)			**1888.80**
	2021-22			
1	Press Advertisement for publication of tender	2.02	25 (1) 76 & 77	As per (c) above
2	Construction of approach road and area development around 100MT road weigh bridge of DVC, DSTPS, Andal	7.76	25 (1) 76 & 77	As per (A) above
6	1 set Water Wall Front Panel Assy MDLE	46.42	25 (2) (a)	As per (C) above
7	2 nos. Filter element for oil filtration machine having flow rate 10 LPM;	2.46	25 (1) 76 & 77	As per (C) above
9	1 no. Complete Condensate Extraction Pump, Make: BHEL.	207.20		As per (B) above
10	1 no. Bearing Induction Heater suitable for bearings with Min. ID 20 MM & Max OD 400MM,	2.47		As per (A) above
11	GRP relays (Micom).	17.67		As per (B/C) above
12	2 nos. Duplex Type Metering Panel. 3 nos. Network Switch /Ethernet Switch as per project	3.66	25 (1) 76 & 77	As per (C) above

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
	requirement. ABT Meter upgradation at 400kV Switchyard.			
13	1 no. Numerical Relay	1.00		As per (C) above
14	1 no. ABB make-numerical feeder protection relay	8.11		
15	1 no. Bay Control Unit (BCU)/ MiCOM C264. Replacement of defective one.	7.29	25 (2) (a)	As per (B) above
17	1 no. 100kw MRC Motor. Motor 110KW	3.73	25 (1) 76 & 77	
18	Numerical Relay.	18.49		As per (C) above
19	1 no. 220V DC NO Battery Bank of 400Ah Plante Type Cell (Model: YKP -33) Comprising of 108 nos. cells Replacement of old battery bank.	33.84	25 (2) (a)	As per (E) above
20	1 no. Rotor of compressor Dryer,Model No.-MD#600, Make- Atlascopco. PO-113 sl -03.	19.82		As per (B) above
21	1 no. (HP screw element),.	21.27		
22	BHEL make Steam Compensator	0.04	25 (1) 76 & 77	As per (C) above
23	1 set Complete set of Hydraulic Rail clamp with hydraulic cylinder.	6.01	25 (2) (a)	As per (B) above
24	1 no. Remote Terminal Unit (RTU) on IEC61850 Compliant Platform with Scalable Digital	16.41	25 (1) 76 & 77	
25	PLC spares required for PLC upgradation.	125.54		
27	Spare for coal decanted pump. 1 no. Complete Bowl assembly for coal decanted pump.	26.89		
28	1 no. CKC 280 Gear Box.	17.95	25 (2) (a)	As per (C) above
29	1 no. High Range Infra Red Thermography Camera	11.87	25 (1) 76 & 77	
30	1 no. ILMS Gear box.	3.50	25 (2) (a)	
32	1 no. Gear Box: Model: CKC-500, Make: NAW.	91.51		As per (B) above
33	1 no. 400KV SF6 CB Pole with PIR. Double Interrupter Assy.	33.04		
34	1 no. LDO Cum Hfo Pressuring Pumps,	18.02	25 (1) 76 & 77	
35	Air Lifting Bags for Boiler (4 operating bags) with all necessary fittings, controllers, valves, hoses and connectors, for operating air pressure 6kg/cm2; Capacity: 75±1 T, Lifting Height:500-520 mm, Approx. Dimension: 36 X 36 X 1 (inch).	5.39	25 (1) 76 & 77	As per (C) above
36	1 No. O.F.S.I-41 (Hp Screw Element)	20.50	25 (2) (a)	
37	1 No. O.F.S.M-21 (Lp Screw Element)	36.34		
38	1 no. CT Analyser.	24.43	25 (1) 76 & 77	As per (A) above
39	1 no. Complete Bare Pump assembly of BAHP WATER PUMP	6.40		As per (B) above
41	Scaffolding material.	24.44	25 (2) (a)	As per (C) above
42	1 no. Submersible type slurry pump with motor and Force cooling arrangement /Water jacketing arrangement.	14.30	25 (1) 76 & 77	

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
43	1 no. Aluminium Alloy Tiltable Tower Extension Ladder	3.10		
44	1 no. Complete Fahp Pump Assembly,	7.60		As per (B) above
45	2 nos. Deluge Valve Model-A, 100 NB Flanged to ANSI B16.1	0.97	25 (2) (a)	As per (C) above
46	1 no. Complete Pump Assembly Of Balp Water Pump	2.40	25 (1) 76 & 77	As per (B) above
48	1 no. Planetary Gearbox Of Xrp-1003 Coal Mill.	236.80		
50	1 no. Complete Pump Assembly of Eco Booster Pump	1.60		As per (C) above
51	Wey knife gate valve of size-300NB &450NB.	17.66	25 (2) (a)	
52	1 no. KIT OF Chute, Eqp Telescopic Chute	2.99	25 (1) 76 & 77	As per (A) above
53	1 no. Complete Ash Slurry Disposal Pump Assembly,	23.95		As per (B) above
54	1 no. GEAR BOX , EQP - Ash Slurry Pump	10.76		As per (C) above
55	1 no. Automatic Potentiometric Titrator.	6.79		As per (A) above
57	Spares for CW make up pump.	28.65		As per (B) above
58	1 no. Oil Filtration Machine suitable for gear oil , 1 no. Oil Filtration Machine suitable for hydraulic oil	5.12		As per (A) above
59	1 no. L-Shape Pitot tube, 1 no. Digital Manometer(along with connecting pvc tubes)	0.81		As per (A/C) above
60	1 no. Spectrophotometer.	4.93		As per (A) above
61a	Payment of Freight to M/s BHEL Procurement of 3 nos. complete 400kV SF6 CB Poles		25 (1) 76 & 77	As per (B) above Freight for spare Poles.
61b	Supervision of Installation & Commissioning (I&C) of 220V/2250Ah Battery bank. Supply, Installation and Commissioning of one complete 220 V, 2250 AH (Model: YHP - 43) Battery Bank			As per (E) above
61c	Works and services bill against Implementation of RTU Based Digitization of GT in existing 61850 compliant SAS at 400kV SWYD, DSTPS, DVC,ANDAL.	567.50		As per (B) above
64	1 no. Modular control desk workstation made of heavy duty industrial grade Aluminium, suitable for 24x7 operation with provision for 10 monitors and 2 printers having future extension and expansion facility at 400kv/220kv switchyard.	10.58	25 (2) (a)	As per (E) above
65	1 no. Self-Propelled Electric Scissor Lift of minimum 225kg lifting capacity for reaching working height not less than 7m.	12.20	25 (1) 76 & 77	As per (A) above
66	Requisition of Testing Tools and Instruments for 400kV Switchyard, DSTPS.	5.23		
67	2 nos. Complete Bare Pump, Model -PDSU-52-4N for coal mill.	6.72		
68	Reimbursement for 6 nos. laptops purchased for the DVC employees -	4.60		

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
69	16 nos. Complete Set (Single Indoor & Single Outdoor) of Capacity 3.0 TR, Split Type Air Conditioner.	12.59		
	Total amount claimed for 2021-22	**1859.34**		
	Total amount allowed for 2021-22			
1	PMT- Hydraulic Jack and Lifting Wedge	20.00	25 (2) (a)	As per (A) above
2	OTA- Water Purifier-	1.50		
3	OTA- Water purifier	0.42		
4	PMT- Drum Safety Valve	17.00		As per (B) above
5	PMT- LDO Cum Hfo Pressuring Pumps,	19.00		
5	Online Moisture Testing Kit	6.00	76 & 77	As per (A) above
6	Numerical relay	5.39	25 (2) (a)	As per (B/C) above
7	Numerical Relay	1.21		
8	Secure make swift elite energy meter	8.91		
9	Elster make Energy Meter of EMS System (5 Nos.)	5.32		
10	Procurement of 2 nos. Travel Gear box for Stacker cum Reclaimer	30.00		
11	Procurement of 01 no. Gear Box for In-Line Magnetic Separator	4.00		As per (C) above
12	Procurement of 01 no. Pump for Dry Fog Dust Suppression System.	1.20	25 (2) (c)	As per (B/C) above
13	Merger/ Demerger RTU (Remote Terminal Unit)	15.00	25 (2) (a), 76 & 77	As per (B) above
14	0.5mH/2000A Wave Trap for 400kV Lines	12.00	25 (2) (a)	
15	415/415V 500KVA Isolation Transformer for DG Incomer Feeder at ACDB board installed at 400kV S/Y Control Room	12.00	76 & 77	
16	Procurement of 01 set (02 nos.) coil for ILMS/SM, Machine no.-0234-0948 ,220V DC	28.00	25 (2) (a)	
22	415/415V 50 KVA & 100 KVA Isolation Transformer for LDB/ ELDB board installed at 400kV S/Y Control Room	20.00		
23	Complete Gear Box of Ash Slurry Disposal Pump	13.00		As per (C) above
24	Knife Gate Valve, Size -300 NB (4 Nos.)	15.50	25 (2) (a)	
25	Knife Gate Valve, Make, Size -450 NB (2 Nos.)	23.50		
26	Complete Assembly of Bottom Ash High Pressure Pump	7.50		As per (B) above
27	Complete Assembly of Fly Ash High Pressure Pump	8.50		
28	Complete Assembly of Eco-Booster Pump	2.00		As per (C) above
29	Complete Assembly of SS Cladding Vacuum Pump (4 Nos.)	40.00		As per (B) above
30	Complete Assembly of Bottom Ash Low Pressure Pump	3.00		
31	LP Screw Element of IAC, Model: ZR#275, Make: Atlas Copco (2 Nos.)	91.70		As per (E) above

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
32	HP Screw Element IAC, Model: ZR#275, Make: Atlas Copco (2 Nos.)	46.53		
33	BFP-Drive Turbine Rotor Assembly with Dry Flexible Shimpack type Coupling at both ends,	834.00		As per (B) above
34	Dustless connector (16 Nos.)	14.00	76 & 77	As per (C) above
35	Turbine drive shaft assembly of DM plant	10.00	25 (2) (a)	As per (B) above
36	Rake drive shaft assembly of DM plant	10.00		
37	Foam pumps assembly	8.00		
38	Jockey pump assy.	8.00		
39	Column pipe of Intake Pumps (4 Nos.)	8.00		
40	Thrust stand assembly of Intake Pump	15.00		
41	Complete float valve, Model No 50 SV of Seal oil tank	20.00		
42	NRV of BFP RH spray line	8.00		
43	Middle collector of Mixed Bed at DM plant	20.00		As per (B) above
44	Flue gas analyser	8.00	76 & 77	As per (A) above
45	Complete rotating assembly & Impeller for final effluent disposal pump.	29.00	25 (2) (a)	As per (B) above
47	VFD and DAVR Card	98.00		As per (B/C) above
48	BTS	40.50		
49	Procurement of SEL Make Numerical Relay, For DVC, DSTPS, ANDAL	29.50		As per (B/C) above
50	Procurement of Numerical Relay (ABB & SEL make)	29.21	25 (2) (a)	
51	Procurement of 01 no. of CW Motor 2000KW	187.94		As per (B) above
52	Supply & Installation of 01 no. of High Mast Lamp	12.37		As per (A &C) above
53	Secure make Energy meter	10.33		As per (B) above
	Total amount claimed for 2022-23	**1858.02**		
	Total amount allowed for 2022-23			
1	Spares of scaffolding	10.00	25 (2) (a)	As per (B&C) above
2	Hydraulic Jack and Lifting Wedge	18.00		As per (A) above
3	Portable Handheld XRF Analyzer with light element capability	20.00		
4	Portable Ultrasonic Hardness Tester UCI method with accessories, Model-EQUOTIP 540 UCI HV1 - HV 20, Make-PROCEQ S.A Switzerland, Measuring Range-20 - 2000HV, Test Load-Adjustable between HV1-HV10	10.00		
5	Ultrasonic Thickness Gage with Oxide Scale, Corrosion Thickness thru-coat gaging features, equipped with data logger PC Interface, Model-38DL PLUS, Make-Olympus	8.00	25 (2) (a)	
6	Heating Coil For Coal Mill	4.00		
7	Journal Head and Trunion Shaft Assembly	45.00		As per (B) above
8	Safety Net for Cuplock Scaffolding	15.00		As per (C) above
6	SEL make O/C & E/F relay for 3.3 KV switch gear	1.70		As per (B) above
7	ABB make-Numerical Motor Protection Relay	5.39		

Sl. No	Asset/Work	Amount Claimed (Rs. lakh)	Regulation	Reason for disallowance
	2019-20			
8	Numerical relay	1.12		As per (C) above
9	ABB Make-Numerical Feeder Protection Relay (REF-543),Model NO.REF543KB127AAAA	4.96		
10	Procurement of 01 no. Travel Gear Box for Paddle feeder (Model: RF73ZDB/8"SM, Make-New Allenberry Works)	6.50		As per (B) above
12	ABB MAKE-Numerical Motor Protection Relay (3 Nos.)	21.00		As per (C) above
13	Numerical relay, Make- ABB,	10.00		
14	ABB make-Numerical Feeder Protection Relay	7.00		
17	Knife Gate Valve, Size -300 NB (4 Nos.)	16.50		
18	Knife Gate Valve, Make, Size -450 NB (2 Nos.)	25.00		
19	Element of Transport Air Compressor	64.00		As per (B) above
20	Complete Assembly of Eco-Booster Pump	2.12		
21	Complete Assembly of Drain Pump of Ash Slurry Pump House/ Silo Drain Pump	7.00		
22	HP Element of Instrument Air Compressor	20.06		
23	Gear Box of Air Drier MD 600	8.00		
24	LP Screw Element of IAC, Model: ZR#275, Make: Atlas Copco	50.20		
25	HP Screw Element IAC, Model: ZR#275, Make: Atlas Copco	25.38		
26	Rotor of Instrument air Dryer, Model No. MD#600, Make: Atlas Copco	22.00		
27	Seal Ring of Turbine 500 MW	148.00		
28	Shaft Gland Seal of HP/IP/LP turbine	117.90		
29	Complete Gland steam valves and leakage steam valves of Main Turbine	39.50		
30	Governing spares of Main Turbine and TDBFP	375.00		
31	Filter assembly and change over valve of TG & TDBFP	15.00		
32	Gearbox assembly of TG EOT	60.00		
33	Rotating assembly of ECW TG &SG, DM makeup pump	15.00		
29b	TG Rotor Stand and Slings	80.00		
30b	HT Heat Exchanger Assembly of VAM	20.00		
31b	MAL valve, Steam, Feed, condensate, cooling water line valve	175.00	25 (2) (a)	As per (B) above
	Total amount of Assets disallowed for 2023-24 (Rs in lakh)			**1472.32**