

	2014-15	2015-16	2016-17	2017-18	2018-19
Interest on Working Capital	1387.70	1392.69	1389.75	1298.54	1289.08
O&M Expenses	5932.00	6325.88	6745.92	7193.85	7671.52
Total	53370.68	53041.18	52322.19	47641.39	46552.16

4. Against the above order dated 9.10.2018, the Petitioner has filed appeal (Appeal No.126/2021) before the Appellate Tribunal for Electricity (APTEL) and the same is pending.

Present Petition

5. In terms of Regulation 8(1) of the 2014 Tariff Regulations, the Petitioner has filed the present Petition for truing up of tariff of the generating station for the 2014-19 tariff period and has claimed capital cost and annual fixed charges as under:

Capital Cost claimed

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	262240.26	266634.29	272756.98	273401.70	282629.58
Add: Additional during the year	2017.31	5772.32	16.35	4643.24	4219.96
Less: De-capitalisation during the year	88.44	11.28	11.50	7.05	47.15
Add: Discharges during the year	2465.16	361.66	639.87	4,591.69	101.56
Closing capital cost	266634.29	272756.98	273401.70	282629.58	286903.95
Average capital cost	264437.27	269695.63	273079.34	278015.64	284766.77

(Rs. in lakh)

Annual Fixed Charges claimed

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	12579.06	12821.46	12978.82	13213.41	13506.79
Interest on Loan	21095.12	19789.90	18290.52	13493.45	12292.12
Return on Equity	12396.69	12787.66	13000.60	13311.24	13772.37
Interest on Working Capital	1388.53	1394.85	1318.34	1229.18	1203.89
O&M Expenses	5938.80	6333.14	6753.66	7202.10	7680.32
Total	53398.20	53127.01	52341.93	48449.38	48455.50

(Rs. in lakh)

6. The Respondent UPPCL, Respondent MPPMCL and the Respondent BRPL have filed their replies vide affidavits dated 9.9.2020, 5.10.2020 and 1.4.2021



respectively. The Petitioner has filed its rejoinder affidavits on 9.11.2020, 6.11.2020 and 11.5.2021 respectively to the above replies. The Petitioner has also submitted additional affidavits dated 5.8.2020, 25.5.2021, 31.8.2021 and 6.9.2021 after serving copy to the Respondents. This Petition, along with Petition No. 244/GT/2020 (tariff of the generating station for the period 2019-24) was heard through video conferencing on 25.1.2022 and the Commission after directing the Petitioner to file certain additional information reserved its order in the matter. In response, the Petitioner has filed the additional information on 19.2.2022, with copy to the Respondents. Based on the submissions of the parties and documents available on record and after prudence check, we proceed for truing up the tariff of the generating station for the 2014-19 tariff period, in this Petition, as stated in the subsequent paragraphs.

Capital Cost

7. Regulation 9(3) of the 2014 Tariff Regulations provides as under:

“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.”*

8. The Respondent BRPL and the Respondent MPPMCL have submitted that in terms of order dated 9.10.2018 in Petition No. 117/GT/2018, the additional capitalization has been restricted to the Revised Cost Estimates (RCE) by the CCEA for this generating station and the CCEA has not agreed for any further capital expenditure. Accordingly, they have submitted that no further additional capital



expenditure can be permitted during the period 2014-15. The Petitioner, in its rejoinder has submitted that CCEA had approved the RCE for Rs. 2717.35 crore, including IDC of Rs. 383.88 crore. It has also submitted that the Commission vide its order dated 16.4.2019 in Review Petition No. 41/RP/2018 had revised the IDC to Rs. 400.12 crore. i.e., increase in IDC of Rs. 16.24 crore (Rs. 400.12 crore – Rs. 383.88 crore) and therefore, the completion cost of the project is Rs. 2733.59 crore (Rs. 2717.35 crore + Rs. 16.24 crore).

9. We have considered the submissions of both parties. The Commission vide its order dated 4.6.2019 in Review Petition No. 47/RP/2018 had approved the opening capital cost of Rs. 262240.26 lakh as on 1.4.2014. Accordingly, the capital cost of Rs. 262240.26 lakh has been considered as the opening capital cost as on 1.4.2014, for the purpose of determination of tariff for the 2014-19 tariff period.

Additional Capital Expenditure

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

14. Additional Capitalisation and De-capitalisation:

(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) Undischarged 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 undischarged 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 undischarged 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-materialisation 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:*

