

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 Modernisation (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.

(4) 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 de-capitalisation 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, duly taking into consideration the year in which it was capitalised.”

11. The projected additional capital expenditure allowed vide order dated 9.10.2018 in Petition No. 117/GT/2018 for the 2014-19 tariff period, is as under:

	<i>(Rs. In lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Total additional capital expenditure (A)	4482.47	6124.87	649.51	191.15	380.00
De-capitalization (B)	88.44	11.28	11.50	0.00	0.00
<b>Total projected additional capital expenditure allowed (C=A-B)</b>	<b>4394.03</b>	<b>6113.59</b>	<b>638.01</b>	<b>191.15</b>	<b>380.00</b>

12. The reconciliation of additional capital expenditure claimed by the Petitioner, duly supported by auditor certificate, for the 2014-19 tariff period is as under:

	<i>(Rs. In lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Closing Gross Block as per books (A)	265620.09	272046.65	276685.41	281448.99	286054.05
Less: Opening Gross Block as per books (B)	263691.22	265620.09	272046.65	276685.41	281448.99
<b>Total Additions as per books (C=A-B)</b>	<b>1928.87</b>	<b>6426.56</b>	<b>4638.76</b>	<b>4763.58</b>	<b>4605.05</b>
Exclusions (items not allowable / not claimed) (D)	0.00	29.08	46.86	26.00	69.68
<b>Net Additional Capital Expenditure claimed before adjustment of</b>	<b>1928.87</b>	<b>6397.48</b>	<b>4591.90</b>	<b>4737.58</b>	<b>4535.37</b>



	2014-15	2015-16	2016-17	2017-18	2018-19
<b>liability but after Decapitalisation (E=C-D)</b>					
Add Discharged Liability as per Form 11	2465.16	361.66	639.87	4591.69	101.56
Less Liability as per Form 9A	0.00	636.45	4587.06	101.38	362.56
<b>Total Additions as per Form 9 or Form 11</b>	<b>4394.03</b>	<b>6122.68</b>	<b>644.72</b>	<b>9227.88</b>	<b>4274.37</b>

13. Based on the above reconciliation, the year-wise claim for additional capital expenditure, under various heads, is as under:

<i>(Rs. In lakh)</i>						
S. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
<b>A</b>	<b>Additions being claimed for tariff purpose</b>					
<b>i</b>	<b>Capitalization claimed against admitted items</b>					
	Claim under Regulation 14(1)(ii)	1965.23	63.00	0.00	0.00	0.00
	Claim under Regulation 14(3)(iii)	-	-	2.37	-	-
	Claim under Regulation 14(3)(vii)	0.31	-	-	-	-
	Claim under Regulation 14(3)(viii)	51.78	5709.32	13.97	-	-
<b>ii</b>	<b>Capitalization claimed against new items</b>					
	Claim under Regulation 14(3)(iii)	-	-	-	32.95	-
	Claim under Regulation 14(3)(viii)	-	-	-	4610.29	4219.96
	<b>Sub-total (A)</b>	<b>2017.31</b>	<b>5772.32</b>	<b>16.35</b>	<b>4643.24</b>	<b>4219.96</b>
B	Decapitalization	88.44	11.28	11.50	7.05	47.15
C	Discharge of undischarged Liabilities	2465.16	361.66	639.87	4591.69	101.56
E	<b>Net additions claimed (E=A-B+C-D)</b>	<b>4394.03</b>	<b>6122.69</b>	<b>644.72</b>	<b>9227.88</b>	<b>4274.37</b>

14. The Respondent UPPCL has submitted that during 2018-19 an amount of Rs. 4582.52 lakh were earlier disallowed by the Commission. Hence claim is currently inadmissible and needs to be disallowed. The Petitioner vide rejoinder submitted that the liability of Rs. 4321.52 lakh against Rs. 4582.52 lakh had been discharged during the FY 2018-19, which has already been indicated at Form 9A of the year-wise statement of additional capital expenditure for 2018-19.



15. The Respondent MPPMCL has submitted that the additional capital expenditure claimed by the Petitioner under Regulation 14(3) (iii) of the 2014 Tariff Regulations, is without any supporting document / recommendations of the Appropriate authority. It has also submitted that the Petitioner has claimed expenditure towards procurement of minor assets under Regulation 14(3)(viii) of the 2014 Tariff Regulations, but the same does not permit the same. The Petitioner in its rejoinder has clarified that the documents in respect of additional capital expenditure claimed under Regulation 14(3)(iii) has been annexed. It has been further submitted that the expenses have been incurred on account of requirement of security and safety as per the recommendations of Intelligence Bureau (IB) report. It has also submitted that the disallowed additional capital expenditure has been claimed in view of the necessity of the items required for successful and efficient plant operation.

16. We have considered the submissions of the parties. It is noticed that the completion cost of the project is of Rs. 273359 lakh, whereas, the allowed capital cost as on 1.4.2014 is of Rs. 262240.26 lakh. It is also noticed that the Petitioner has claimed many items/assets during the period from 2016-17 to 2018-19 under Regulation 14(3)(iii) of the 2014 Tariff Regulations. Some of the claimed items were allowed vide order dated 9.10.2018 in Petition No. 117/GT/2020; some are within RCE limit; some are claimed in terms of recommendations of CISF, wherein, the Petitioner has furnished the documentary evidence; some are claimed for the safety and security of the plant; and some items are in the nature of minor items / tools and tackles. The Petitioner, in compliance to the ROP, has submitted that the assets / works claimed as additional capital expenditure for the period 2014-19 were executed as per the



Policy and Procedure of the Petitioner's Company. It has also enclosed the certificate in this regard from the competent authority and the Auditor's certificate with respect to the liability flow statement shown in Form-16 for the 2014-19 tariff period. Accordingly, the additional capital expenditure has been examined and dealt in the subsequent paragraphs.

## **2014-15**

17. The details of the additional capital expenditure claimed under the provisions of Regulation 14 of the 2014 Tariff Regulations are examined as follows:

			<i>(Rs. in lakh)</i>
<b>Sl. No.</b>	<b>Regulation</b>		<b>2014-15</b>
(a)	14(1)(ii)	The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on account of works deferred for execution 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.	1965.23
(b)	14(3)(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;	0.31
(c)	14(3)(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;	51.78
<b>Total additional capital expenditure claimed</b>			<b>2017.31</b>

