

			documents in support of the relevant authorities in support of his projection for additional capital expenditure.		
31	Bolero Jeep and Bolero Camper	110.00	The Petitioner submitted that jeeps and campers are to be procured to replace BER vehicles as per project requirement. Old vehicle was in the original scope of work and after completion of useful life, new vehicle was purchased in lieu of old vehicle. This work is essential for safety of the power plant.	It is noticed that the Petitioner has claimed the said items during the 2014 – 19 tariff period and on prudence check, the same were allowed vide order dated 14.9.2022 in Petition No. 245/GT/2020. In addition to that, the petitioner has claimed the subject items in 2019 – 24 tariff period. However, considering the nature of items, on prudence check, the claimed items are not allowed as an additional capital expenditure in 2019 – 24 tariff period.	0.00
32	Equipment and fittings for Guest House / Field Hostel / Clubs	1.50	The Petitioner submitted that requirement of change of old furniture in G.H. Old furniture was in the original scope of work and after completion of useful life new furniture was purchased in lieu of old for safety of the power plant.	It is noticed that the proposed additional capital expenditure does not pertain to the operation of the generating station. In view of this, the additional capital expenditure claimed is not allowed .	0.00
33	Procurement of Computer / Servers / Laptops and peripherals	62.20	The Petitioner submitted that purchase of computers & peripherals against BER declared IT assets purchase of servers & its OS, purchase of laptops by executives against laptop policy. Old items were in the original scope of work and after completion of useful life new computers was purchased in lieu of old for safety of the power plant.	It is noticed that the Petitioner has claimed additional capital expenditure of Rs. 62.20 lakh in 2019-20 and 8.00 lakhs in 2020-21 towards the said assets/items. Also, the expenditure claimed is primarily the replacement of old items, which form part of the original scope of works. Accordingly, the same is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. The Petitioner is however, directed to submit the details of items within the original scope of works with regard to the number of computers, servers, laptops etc, and those claimed during the 2019-24 tariff period, at the time of truing of tariff. Even though the said works are replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old assets. Accordingly, the same has been	62.20

				determined under "Assumed Deletions".	
34	Pump Set for Water Supply	5.00	The Petitioner submitted that water pumps are to be procured to replace unserviceable pumps installed at Koteshwar Project as per requirement. Old pumps were in the original scope of work and after completion of useful life new pumps was purchased in lieu of old pumps for safety of the power plant.	It is noticed that the additional capital expenditure claimed is primarily as replacement of old items, which form part of the original scope of works. Accordingly, the same is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. Even though the said item is replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined under "Assumed Deletions".	5.00
D	Sub-Total	184.70			73.20
Regulation 26(1)(c), 76 and 77 of the 2019 Tariff Regulations					
35	Furniture and fixtures costing up to Rs. 5000/-	2.00	The Petitioner submitted this as miscellaneous requirement.	As the proposed additional capital expenditure claimed is in the nature of O & M expenses, the same is not allowed .	0.00
36	Supply and installation of air conditioners for multipurpose hall	13.00	The Petitioner has submitted for proper ventilation of multipurpose hall	As the proposed additional capital expenditure do not pertain to the operation of the generating station, the claim is not allowed .	0.00
E	Sub-Total	15.00			0.00
F	Total amount claimed	2160.48			
	Total amount allowed				1590.07

14. In view of the above, the total additional capital expenditure allowed in 2019-20 under the original scope of work, change in law and other than the original scope of work is Rs.473.20 lakh, Rs. 205.00 lakh and Rs.911.87 lakh respectively, on cash basis.

SI No	Head of works / Equipment's	Claim	Justification	Remarks for Admissibility	Amount allowed
Regulation 26(1)(d) of the 2019 Tariff Regulations					
1	Upgradation of SCADA system of Koteshwar HEP	200.00	The Petitioner submitted that in compliance to cyber security audit recommendations, upgradation of SCADA System of Koteshwar HEP is required for safety of the power plant. The Respondents, BRPL, UPPCL and MPPMCL have submitted that, the Petitioner has claimed certain costs in under Regulation 76 and Regulation 77 of the 2019 Tariff Regulation without any specific justification for the same. The Respondent BRPL further submitted that the works claimed by the Petitioner are not related to the 'Force Majeure' event or circumstances or combination of events or circumstances including those which are mentioned under the 'Force Majeure' clause. The respondent BRPL further submitted that all the 26 items of works proposed would show that the works proposed be carried out either under the O&M expenses or undertaken under the Corporate Social Responsibility (CSR) of the Petitioner. The respondent BRPL further submitted that the Petitioner has not filed any documents in support of the relevant authorities in support of his projection for additional capital expenditure.	It is noticed that the proposed additional capital expenditure is for compliance to the cyber security audit recommendations. However, the Petitioner, has not furnished any supporting documents in justification of the said claim. However, considering the nature of works the proposed additional capital expenditure is allowed under Regulation 25(2)(c) of the 2019 Tariff Regulations. The Petitioner is directed to submit the supporting documents at the time of truing of tariff. Even though the subject item is replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined under "Assumed Deletions".	200.00
2	Supply and installation of lighting fixture at entrance of Koteshwar powerhouse	55.00	The Petitioner submitted that proper illumination at entrance is required for the safety of the power plant.	It is noticed that the proposed additional capital expenditure is in the nature of O & M expenses. Accordingly, the additional capital expenditure claimed is not allowed .	0.00
	Sub-Total (A)	255.00			200.00

Regulation 26(1)(c), 26(1)(b) / 76 / 77 of the 2019 Tariff Regulations					
3	Construction of Sewage Treatment Plant at KHEP (at two locations)	250.00	The Petitioner submitted that it is necessary to construct a sewage treatment plant in the project area to reduce pollution and to keep environment clear in compliance to pollution control guidelines.	<p>It is noticed that the Petitioner has also claimed projected additional capital expenditure of Rs. 5.00 lakhs, Rs. 250.00 lakh and Rs. 250.00 lakh in 2019 - 20, 2020 – 21 and 2021-22, respectively. However, the Petitioner has not submitted any documents in support of the same. Since the proposed additional capital expenditure claimed is for the construction of sewerage treatment plant, the same is allowed under Regulation 26(1)(b) of the 2019 Tariff Regulations.</p> <p>The Petitioner is also directed to submit the complete details of subject works and the total expenditure envisaged for the same along with amount already claimed, amount allowed, amount to be claimed etc, with necessary supporting documents thereof at the time of truing up of tariff.</p>	250.00
Sub-Total (B)		250.00			250.00
Regulation 26(1)(d) / 76 / 77 of the 2019 Tariff Regulations					
4	Park in front of dam	20.00	The Petitioner submitted that KHEP is located at remote area, therefore is no place for entertainment of employees. Hence, it is essential to construct a park in project for sports and physical activities of employees. This work is essentially required for safety of the power plant.	As the proposed additional capital expenditure is not related to the operation of the generating station, the claim is not allowed .	0.00
5	Boat point at Zero Bridge	15.00	The Petitioner submitted that it is necessary for pick-up and dropping of O&M staff in case of road blockage due to land slide during monsoons in between Zero bridge to Koteshwar for safe and successful plant operation during rainy season.	It is noticed that the Petitioner has already claimed items like boats, approach road to boat point etc, in Petition no. 245/GT/2020 and the same were allowed vide order dated 14.9.2022. It is observed that the plant already had boat points and the work claimed is over and above the same. However, the Petitioner has not furnished any justification for the same. In view of this, the claim of the Petitioner is not allowed .	0.00

6	Construction of approach road for water supply scheme at u/s of jauasi Nala	41.21	The Petitioner submitted that existing kuccha road is required to be metalled for safety and uninterrupted water supply in Powerhouse.	Keeping in view the nature of the works, the claim of the Petitioner is allowed under Regulation 26(1)(d) of the 2019 Tariff Regulations. The Petitioner is directed to submit information along with supporting documents at the time of truing of tariff.	41.21
7	Hydraulic oil filtration machine	14.00	The Petitioner submitted that for filtration of hydraulic oil used in power pack chamber of penstock service gates. This work is necessary for safe and efficient plant operation.	As the proposed additional capital expenditure is in the nature of O&M expenses, the claim is not allowed .	0.00
8	Supply of Hoisting system for dewatering pump sets at Dam pit	8.00	The Petitioner submitted that for lifting and lowering of submersible pumps in dam pit. This work is necessary for safe and efficient plant operation.		0.00
Sub-Total (C)		98.21			41.21
Regulation 26(1)(c) / 25(2)(a) / 76 / 77 of the 2019 Tariff Regulations					
9	Bolero jeep and Bolero camper	40.00	The Petitioner submitted that jeep and camper are to be procured to replace BER vehicles as per project requirement. Old vehicle was in the original scope of work and after completion of useful life new vehicle was purchased in lieu of old vehicle. This work is essential for safety of the power plant.	It is noticed that the Petitioner has claimed the said items during the 2014 – 19 tariff period and on prudence check, the same were allowed vide order dated 14.9.2022 in Petition No. 245/GT/2020. In addition to that, the petitioner has claimed the subject items in 2019 – 24 tariff period. However, considering the nature of items, on prudence check, the claimed items are not allowed as an additional capital expenditure in 2019 – 24 tariff period.	0.00
10	Procurement of computer /servers/ laptops and peripherals	8.00	The Petitioner submitted that purchase of laptops by executives against laptop policy. Procurement of computers and peripherals for safety of Power Plant.	It is noticed that the Petitioner has claimed additional capital expenditure for Rs. 62.20 lakhs in 2019 – 20 and Rs 8.00 lakh in 2020 – 21 towards the said items. Further, the additional capital expenditure claimed is primarily as replacement of old items, which form part of the original scope of works. Accordingly, the claim is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. The Petitioner is however directed to submit the details of the original scope of works with regard to the	8.00

				number of computers, servers, laptops etc, and those claimed during the 2019 – 24 tariff period, at the time of truing of tariff. Even though the said works are replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old assets. Accordingly, the same has been determined under “Assumed Deletions”.	
11	Pump set for water supply	4.00	The Petitioner submitted that new motor and starter shall be procured to replace unserviceable items, as per project requirement. The old pumps were in the original scope of work and after completion of useful life new pumps was purchased in lieu of old pumps. This work is essential for safety of the power plant.	It is noticed that the additional capital expenditure claimed is primarily as replacement of old items, which form part of the original scope of works. Accordingly, the claim is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. Even though the subject item is of replacement nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined under “Assumed Deletions”.	4.00
12	Furniture and fixtures office	10.00	The Petitioner submitted that the replacement is to be done in phases. Old furniture was in the original scope of work and after completion of useful life new furniture was purchased in lieu of old furniture. This work is essential for safety of the power plant.	It is noticed that the proposed additional capital expenditure claimed is in the nature of O & M expenses and hence the claim is not allowed .	0.00
13	Equipment and fittings for guest house/ field hostel/ clubs	10.00		It is noticed that the proposed additional capital expenditure claimed do not pertain to the operation of the generating station. Accordingly, the claimed additional capital expenditure claimed is not allowed .	0.00
	Sub-Total (D)	72.00			12.00
Regulation 26(1)(c) / 76 / 77 of the 2019 Tariff Regulations					
14	Supply and installation of air conditioners for multipurpose hall	3.00	The Petitioner submitted that for proper ventilation of multipurpose hall is required for the employees of power plant for safety of plant, as it is located at remote location.	It is noticed that the proposed additional capital expenditure claimed do not pertain to the operation of the generating station. Accordingly, the same is not allowed .	0.00
	Sub-Total (E)	3.00			0.00
	Total amount claimed	678.21			
	Total amount allowed				503.21

15. In view of the above, the total additional capital expenditure allowed in 2020-21 under the original scope, change in law and other than original scope of work is Rs.12.00 lakh, Rs.250.00 lakh and Rs.241.21 lakh respectively, on cash basis.

2021-22

<i>(Rs. in lakh)</i>					
SI No	Head of works / Equipment's	Claim	Justification	Remarks for Admissibility	Amount allowed
A					
Regulation 26(1)(c) / 25(2)(a) / 76/ 77 of the 2019 Tariff Regulations					
1	Bolero Jeep	20.00	The Petitioner submitted that jeeps are to be procured to replace BER vehicles as per project requirement.	It is noticed that the Petitioner has claimed the said items during the 2014 – 19 tariff period and on prudence check, the same were allowed vide order dated 14.9.2022 in Petition No. 245/GT/2020. In addition to that, the petitioner has claimed the subject items in 2019 – 24 tariff period. However, considering the nature of items, on prudence check, the claimed items are not allowed as an additional capital expenditure in 2019 – 24 tariff period.	0.00
2	Pump Set for Water Supply	3.00	The Petitioner submitted that water pumps shall be procured to replace unserviceable pumps installed at Koteshwar Project as per requirement. Old pumps were in the original scope of work and after completion of useful life new pumps shall be purchased in lieu of old pumps. This work is essential for safety of the power plant.	It is noticed that the additional capital expenditure claimed is primarily towards replacement of old items, which form part of the original scope of work. Accordingly, the same is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. Even though the said item is replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined under “Assumed Deletions”.	3.00
	Sub-Total(A)	23.00			3.00
B					
Regulation 26(1)(c) / 26(1)(b) / 76 / 77 of the 2019 Tariff Regulations					

SI No	Head of works / Equipment's	Claim	Justification	Remarks for Admissibility	Amount allowed
3	Construction of Sewage Treatment Plant at KHEP (at two locations)	250.00	Necessary to construct a Sewage treatment Plant in the Project area to reduce pollution and keep environment clear in compliance of Pollution control guideline.	It is noticed that the Petitioner has also claimed projected additional capital expenditure for Rs. 5.00 lakh, Rs. 250.00 lakh and Rs. 250.00 lakh during 2019 - 20, 2020 – 21 and 2021-22, respectively. However, the Petitioner has not submitted any documentary evidence in support of the same. However, as the proposed additional capital expenditure is for the construction of sewerage treatment plant, the claim is allowed under Regulation 26(1)(b) of the 2019 Tariff Regulations. Further, the Petitioner is also directed to submit the complete details of subject works and total expenditure envisaged for the same along with amount already claimed, allowed by the Commission, to be claimed etc, and necessary supporting documents thereof at the time of truing up of tariff.	250.00
	Sub-Total (B)	250.00			
	Total amount claimed (A+B)	273.00			
	Total amount allowed				253.00

16. In view of the above, the total additional capital expenditure allowed in 2021-22 under the original scope and change in law are Rs.3.00 lakh and Rs.250.00 lakh, respectively on cash basis, and no additional capital expenditure has been claimed and allowed beyond the original scope of works.

2022-23

(Rs. in lakh)

SI No	Head of works / Equipment's	Claim	Justification	Remarks for Admissibility	Amount allowed
A	Regulation 26(1)(c) / 76 / 77 / 26(1)(d) of the 2019 Tariff Regulations				
1	Submersible pump	12.00	Submersible pump is required for dewatering	It is noticed that the additional capital	12.00

SI No	Head of works / Equipment's	Claim	Justification	Remarks for Admissibility	Amount allowed
			<p>of water from sump of inspection galleries for safe and efficient plant operation. The Respondents, BRPL, UPPCL and MPPMCL have submitted that, the Petitioner has claimed certain costs in under Regulation 76 and Regulation 77 of the 2019 Tariff Regulation without any specific justification for the same. The Respondent BRPL further submitted that the works claimed by the Petitioner are not related to the 'Force Majeure' event or circumstances or combination of events or circumstances including those which are mentioned under the 'Force Majeure' clause. The respondent BRPL further submitted that all the 26 items of works proposed would show that the works proposed be carried out either under the O&M expenses or undertaken under the Corporate Social Responsibility (CSR) of the Petitioner. The respondent BRPL further submitted that the Petitioner has not filed any documents in support of the relevant authorities in support of his projection for additional capital expenditure.</p>	<p>expenditure is primarily for replacement of old items, which form part of the original scope of works. Accordingly, the claim is allowed under Regulation 25(2)(a) in exercise of the power to relax under Regulation 76 of the 2019 Tariff Regulations.</p> <p>Even though the subject item is replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined under "Assumed Deletions".</p>	
	Total amount claimed	12.00			
	Total amount allowed				12.00

17. In view of the above, the total additional capital expenditure allowed in 2022-23 for items within the original scope of works is of Rs.12.00 lakh, on cash basis, and no additional capital expenditure has been allowed beyond the original scope of works.

2023-24

<i>(Rs. in lakh)</i>					
SI No.	Head of work / Equipments	Claim	Justification	Remarks for Admissibility	Amount allowed
Regulation 26(1)(c)/ 25(2)(a)/ 76/ 77 of the 2019 Tariff Regulations					
1	Bolero Jeep	20.00	Jeeps are to be procured to replace BER vehicles as per Project requirement. Old vehicle was in the original scope of work and after completion of useful life new vehicle shall be purchased in lieu of old vehicle. This work is essential for safety of the power plant.	It is noticed that the Petitioner has claimed the said items during the 2014 – 19 tariff period and on prudence check, the same were allowed vide order dated 14.9.2022 in Petition No. 245/GT/2020. In addition to that, the petitioner has claimed the subject items in 2019 – 24 tariff period. However, considering the nature of items, on prudence check, the claimed items are not allowed as an additional capital expenditure in 2019 – 24 tariff period.	0.00
2	Pump Set for Water Supply	3.00	Water pumps shall be procured to replace unserviceable pumps installed at Koteshwar Project as per requirement. Old pumps were in the original scope of work and after completion of useful life new pumps shall be purchased in lieu of old pumps. This work is essential for safety of the power plant.	It is noticed that the additional capital expenditure claimed is primarily for the replacement of old items, which form part of the original scope of works. Accordingly, the same is allowed under Regulation 25(2)(a) of the 2019 Tariff Regulations. Even though the said item is replacement in nature, the Petitioner has not furnished any information regarding the de-capitalized value of old asset. Accordingly, the same has been determined	3.00

Sl No.	Head of work / Equipments	Claim	Justification	Remarks for Admissibility	Amount allowed
				under “Assumed Deletions”.	
	Total amount claimed	23.00			3.00
	Total amount allowed				3.00

18. In view of the above, the total additional capital expenditure allowed in 2023-24 for items within the original scope of works is of Rs.3.00 lakh, on cash basis, and no additional capital expenditure has been allowed beyond the original scope of work.

19. Accordingly, the total additional capital expenditure allowed during the period 2019-24, after considering the assets / works allowed, other than within the original scope of work of the project is summarised as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Additional capital expenditure allowed within the original scope of work of project Regulation 25 (A)	473.20	12.00	3.00	12.00	3.00
Additional capital expenditure allowed under Regulation 26(1)(b) (B)	205.00	250.00	250.00	0.00	0.00
Additional capital expenditure allowed other than the original scope of work of project (C)	911.87	241.21	0.00	0.00	0.00
Total Additional capital Expenditure (D)=(A)+(B)+(C) allowed	1590.07	503.21	253.00	12.00	3.00

Decapitalization

20. As regards to De-capitalization, Regulation 26(2) of 2019 Tariff Regulations, states as follows:

“In case of de-capitalization 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-capitalization 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 when such de-capitalization takes place with corresponding adjustments in cumulative

depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalized'

21. The Petitioner has not claimed any decapitalization of assets/works on projection basis during the 2019-24 tariff period. Accordingly, the Petitioner is directed to submit the details of decapitalization and the year of put to use of the assets, at the time of truing-up of tariff. However, the decapitalized value of items / works allowed on replacement basis has been dealt with under the head 'Assumed Deletions' as under:

Assumed Deletion

22. As per consistent methodology adopted by the Commission, the expenditure on replacement of assets, if found justified, is allowed for the purpose of tariff, provided that the capitalization of the said asset is followed by de-capitalization of the original value of the old asset. However, in certain cases where the de-capitalization is affected in books during the following years, to the year of capitalization of the 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 de-capitalization which is not a book entry in the year of capitalization is termed as "Assumed deletion". Further, in the absence of the gross value of the asset being de-capitalized, 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.

23. It is observed that the Petitioner has claimed many assets / works, such as data acquisition system, firefighting system, Road, culverts, electromechanical O&M store, Bolero jeep and camper etc. on replacement basis. However, the Petitioner, has not provided the de-capitalization value of the old asset/works which have been replaced. Accordingly, based on above methodology, the assumed deletion is as shown below. Accordingly, the total de-capitalization during the 2019-24 tariff period works out as follows :

	<i>(Rs. in lakh)</i>	
	Additional Capital expenditure allowed	Assumed Deletions
2019-20		
Automatic data acquisition system, uplift measuring device, inclinometer, surface crack meter read out unit	55.00	39.09
Procurement of firefighting material and equipment	27.25	19.37
Procurement & installation of fire dampers system in ventilation system of powerhouse	20.00	14.21
Roads, culverts and bridge (steel bridge) and approach to boat point (pertaining to steel bridge).	400.00	284.27
Electromechanical O&M Store	6.00	4.26
Procurement of Computer /Servers/Laptops and peripherals	62.20	44.20
Pump Set for Water Supply	5.00	3.55
Total	575.45	408.96
2020-21		
Upgradation of SCADA system of Koteswar HEP	200.00	135.37
Procurement of Computer /Servers/ Laptops and peripherals	8.00	5.41
Pump Set for Water Supply	4.00	2.71
Total	212.00	143.49
2021-22		
Pump Set for Water Supply	3.00	1.93
Total	3.00	1.93
2022-23		
Submersible pump	12.00	7.37
Total	12.00	7.37
2023-24		
Pump Set for Water Supply	3.00	1.75
Total	3.00	1.75

Discharge of Liabilities

24. The Petitioner has claimed discharge of liabilities of Rs. 405.06 lakh, associated with period upto 31.3.2019, during the 2019-24 tariff period. It is noticed that the closing liability allowed as on 31.3.2019 in order dated 14.9.2022 in Petition No. 245/GT/2020 is Rs.405.06 lakh. Out of this undischarged liability, the Petitioner has submitted the assets wise details for the discharge of liabilities claimed amounting to Rs.362.56 lakh in 2019-20, and the same are allowed.

25. Further, the Petitioner has submitted that the actual discharge of liabilities for the 2019-24 tariff period will be submitted at the time of truing-up of tariff. Accordingly, the Petitioner is directed to submit the reconciliation statement, showing details of such liabilities as per balance sheet, for the 2019-24 tariff period, duly certified by auditor and also furnish the break-up of discharges included in the liabilities discharged against the admitted items within the original scope of work, or other than the original scope of work of the project, at the time of truing-up of tariff.

26. Accordingly, the summary of discharge of liabilities as allowed is as under:

		<i>(Rs. in lakh)</i>				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening undischarged liabilities	405.06	42.50	42.50	42.50	42.50
B	Liabilities corresponding to additional capital expenditure allowed during the year	0.00	0.00	0.00	0.00	0.00
C	Discharges of liabilities during the year	362.56	0.00	0.00	0.00	0.00
E	Closing undischarged liabilities (A+B-C)	42.50	42.50	42.50	42.50	42.50

Additional capital expenditure allowed (Net) for the 2019-24 period

27. In view of above, the net additional capital expenditure allowed for the 2019-24 tariff period is as under:

		<i>(Rs. in lakh)</i>				
		2019-20	2020-21	2021-22	2022-23	2023-24
	Additional capital expenditure allowed (a)	1590.07	503.21	253.00	12.00	3.00
	Less: De-capitalisation (Assumed Deletions) considered (b)	408.96	143.49	1.93	7.37	1.75
	Discharge of liabilities (c)	362.56	0.00	0.00	0.00	0.00
	Net additional capital expenditure allowed (d =a-b+c)	1543.67	359.72	251.07	4.63	1.25

Capital cost allowed

28. Accordingly, the capital cost allowed for the 2019-24 tariff period is as under:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	286012.08	287555.76	287915.47	288166.54	288171.17
Net Additional capital expenditure allowed during the year/ period	1543.67	359.72	251.07	4.63	1.25
Closing Capital Cost	287555.75	287915.47	288166.54	288171.17	288172.42

Debt-Equity Ratio

29. Regulation 18 of the 2019 Tariff Regulations provides as under:

“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 debt: 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 31.3.2019, 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.”

30. In terms of the above regulations, the debt equity ratio of 76.97:23.03 has been considered as on 31.3.2019 and accordingly the debt equity ratio, arrived as on 31.3.2024, after net admitted additional capital expenditure (with adjustment of un-discharged liability) in the ratio of 70:30, is 76.92:23.08 i for the purpose of tariff.

	As on 31.3.2019		Net Additional Capitalization		As on 31.3.2024	
	Amount	(in %)	Amount	(in %)	Amount	(in %)
	(Rs. in lakh)		(Rs. in lakh)		(Rs. in lakh)	
Debt	220146.53	76.97%	1512.23	70.00%	221658.76	76.92%
Equity	65865.56	23.03%	648.10	30.00%	66513.66	23.08%
Total	286012.08	100.00%	2160.33	100.00%	288172.42	100.00%

Return on Equity

31. Regulations 30 and 31 of the 2019 tariff Regulations provide as under:

“30. Return on Equity

(1) Return on equity shall be computed 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 excluding additional capitalization due to Change in Law, 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.

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 paying 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 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.”

32. The Petitioner has furnished effective tax rate for 2019-20, duly certified by Chartered Accountant, which is same as the MAT rate and has applied the same for the period up to 2023-24. Accordingly, Return on Equity has been grossed up and allowed, as under:

Return on Equity at Normal Rate:

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative Equity- Opening (A)	65865.56	66076.90	66153.06	66228.38	66229.77
Addition of Equity due to additional capital expenditure (B)	211.34	76.16	75.32	1.39	0.37
Normative Equity – Closing (C=A+B)	66076.90	66153.06	66228.38	66229.77	66230.14
Average Normative Equity D=(A+C)/2	65971.23	66114.98	66190.72	66229.07	66229.96
Return on Equity (Base Rate) (E)	16.500%	16.500%	16.500%	16.500%	16.500%
Effective Tax Rate (F)	17.472%	17.472%	17.472%	17.472%	17.472%
Rate of Return on Equity (Pre-tax) (G) = (E)/(1-F)	19.993%	19.993%	19.993%	19.993%	19.993%
Return on Equity (Pre-tax) - (annualized) (H) =(D)x(G)	13189.63	13218.37	13233.51	13241.18	13241.36

Return on Equity at WAROI

	(Rs. in lakh)				
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative Equity- Opening (A)	0.00	251.76	283.51	283.51	283.51
Addition of Equity due to additional capital expenditure (B)	251.76	31.75	0.00	0.00	0.00
Normative Equity – Closing (C=A+B)	251.76	283.51	283.51	283.51	283.51
Average Normative Equity D=(A+C)/2	125.88	267.64	283.51	283.51	283.51
Return on Equity (Base Rate) (E)	9.292%	9.296%	9.305%	9.350%	9.350%
Effective Tax Rate (F)	17.472%	17.472%	17.472%	17.472%	17.472%
Rate of Return on Equity (Pre-tax) (G) = (E)/(1-F)	11.260%	11.264%	11.274%	11.329%	11.329%
Return on Equity (Pre-tax) - (annualized) (H) =(D)x(G)	14.17	30.15	31.96	32.12	32.12

Interest on Loan

33. Regulation 32 of the 2019 Tariff Regulations provides as under:

“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.

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

34. The salient features for computation of interest on loan are summarized below:

a) The gross normative loan amounting to Rs. 220146.53 lakh allowed in order dated 14.9.2022 in Petition No.245/GT/2020, as on 31.3.2019, has been considered as on 1.4.2019.

b) Cumulative repayment of Rs. 93089.15 lakh as on 31.3.2019 as considered in order dated 14.9.2022 in Petition No. 245/GT/2020 has been considered.

c) The repayment of normative loan for the 2019-24 tariff period has been considered equal to the depreciation allowed for that year. Further, the repayments have been adjusted for de-capitalization of assets considered for the purpose of tariff;

d) Interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest as claimed by the Petitioner.

35. Accordingly, 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)	220146.53	221227.09	221478.90	221654.64	221657.89
Cumulative repayment of loan upto previous year / period (B)	93089.15	106465.19	120007.70	133632.01	147264.66
Net Loan Opening(C)=(A+B)	127057.38	114761.90	101471.20	88022.63	74393.23
Addition on account of additional capital expenditure (D)	1080.57	251.80	175.75	3.24	0.87
Repayment of loan during the year (E)	13527.67	13602.34	13625.22	13636.41	13636.81
Less: Repayment adjustment on account of de-capitalization (F)	151.63	59.84	0.90	3.76	0.98
Net Repayment (G)=(E)-(F)	13376.04	13542.50	13624.32	13632.64	13635.83
Net Loan Closing (H=C+D-G)	114761.90	101471.20	88022.63	74393.23	60758.27
Average Loan (I=(C+H)/2)	120909.64	108116.55	94746.92	81207.93	67575.75
Weighted Average Rate of Interest on Loan (J)	9.2923%	9.2956%	9.3045%	9.3500%	9.3500%
Interest on Loan (K=I*J)	11235.24	10050.09	8815.73	7592.94	6318.33

Depreciation

36. Regulation 33 of the 2019 Tariff Regulations provides as under:

“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 up to 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.”

37. Accordingly, the cumulative depreciation amounting to Rs.93089.15 lakh, as on 31.3.2019, as allowed vide order dated 14.9.2022 Petition No. 245/GT/2020, has been considered, as on 1.4.2019 for the purpose of tariff. In terms of the 2014 Tariff Regulations, the useful life of a hydro generating station was 35 years. However, the 2019 Tariff Regulations stipulates that the useful life of a hydro generating station is 40 years. Accordingly, the balance useful life of the generating station, as on 1.4.2019,

has been considered as 33 years, in line with the 2019 Tariff Regulations. The weighted average rate of depreciation (WAROD) has been considered as submitted by the Petitioner. Accordingly, depreciation has been allowed, as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross block (A)	286012.08	287555.75	287915.47	288166.54	288171.17
Net Additional capital expenditure during 2019-24 (B)	1543.67	359.72	251.07	4.63	1.25
Closing gross block (C=A+B)	287555.75	287915.47	288166.54	288171.17	288172.42
Average gross block (D)=(A+C)/2	286783.92	287735.61	288041.00	288168.85	288171.79
Land Value (L)	461.78	461.78	461.78	461.78	461.78
Depreciable Value (E)=(D-L)*90%	257689.92	258546.45	258821.30	258936.37	258939.01
Remaining Depreciable Value at the beginning of the year (F=E- Cum Dep at 'K' at the end of previous year)	164600.77	152081.26	138813.61	125304.35	111674.36
Rate of Depreciation (G)	4.72%	4.73%	4.73%	4.73%	4.73%
Balance useful Life (H)	33.00	32.00	31.00	30.00	29.00
Depreciation (I=D*G)	13527.67	13602.34	13625.22	13636.41	13636.81
Cumulative Depreciation at the end of the year (J=I+ Cum Dep at 'K' at the end of previous year)	106616.82	120067.53	133632.91	147268.42	160901.47
Adjustment on account of decapitalization (L)	151.63	59.84	0.90	3.76	0.98
Cumulative Depreciation at the end of the year (J=K-L)*	106465.19	120007.70	133632.01	147264.66	160900.49

*Cumulative Depreciation as on 31.3.2019 is Rs. 93089.15 lakh

Operation & Maintenance Expenses

38. Regulation 35(2)(a) of the 2019 Tariff Regulations provide as under:

“35. Operation and Maintenance Expenses

xxxx

(2) Hydro Generating Station: (a) Following operations and maintenance expense norms shall be applicable for hydro generating stations which have been operational for three or more years as on 1.4.2019:

(in Rs. lakh)

<i>Particulars</i>	2019-20	2022-21	2021-22	2022-23	2023-24
<i>KHEP</i>	13452.46	14093.68	14765.46	15469.26	16206.61

Note: The impact in respect of revision of minimum wage, wage revision and GST, if any, will be considered at the time of determination of tariff.

39. The Petitioner has claimed total O&M expenses as follows:

<i>(Rs. in lakh)</i>					
Period	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses as per Regulation 35(2)(a) - (A)	13452.46	14093.68	14765.46	15469.26	16206.61
Additional O&M expenses due to pay revision - (B)	3012.00	3253.00	3513.00	3795.00	4098.00
Security Expenses (C)	979.78	1058.16	1142.81	1234.23	1332.97
Total O&M Expenses claimed (A+B+C)	17444.24	18404.84	19421.27	20498.49	21637.58

It is noticed that as on 1.4.2019, the generating station is in operation for more than three years and the normative O&M expenses claimed by the Petitioner are in line with the Regulation 35(2)(a) of the 2019 Tariff Regulations. Accordingly, the normative O & M expenses claimed by the Petitioner has been allowed.

Additional O&M Expenses

(a) Impact of pay revision of THDC staff

40. The Petitioner has claimed additional O&M expenses on account of the impact of pay revision of its staff as under:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
3012.00	3253.00	3513.00	3795.00	4098.00

41. It is noticed that in order to estimate the year wise impact of pay revision during the 2019-24 tariff period, the Petitioner has considered Rs.2789.00 lakh as pay revision impact for its staff in 2018–19 and has escalated the same with an annual increment of 8% in every year thereafter. It is however observed that the Commission vide its order dated 14.9.2022 in Petition No.341/MP/2020 (filed by the Petitioner seeking recovery of impact of wage/pay revision for the 2017-19 tariff period for the generating station), had allowed an amount of Rs.2735 lakh in 2018-19 towards impact of pay revision of the Petitioner's staff. The provisions of the 2019 Tariff Regulations read with the Statement of Objects and Reasons (SOR) to the said regulations, provide for an annual escalation rate 4.77 % for the projected O & M expenses during

the 2019 – 24 tariff period. Accordingly, the impact of pay revision for the Petitioner’s staff during the 2019–24 tariff period, has been worked out and allowed as follows:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2865.46	3002.14	3145.34	3295.38	3452.57

Capital Spares, impact due to Minimum Wages and GST

42. As regard Capital spares, additional impact on account of Minimum Wages and GST, the Petitioner has submitted that the actual amount will be submitted at the time of truing-up of tariff. In view of this, the allowable capital spares, impact on account of revision in minimum wages and GST, shall be considered at the time of truing-up of tariff.

Security Expenses

43. Regulation 35(2)(c) of 2019 Tariff Regulations provide as under:

“(c) The Security Expenses and Capital Spares for hydro generating stations shall be allowed separately after prudence check:

Provided further that the generating station shall submit the assessment of the security requirement and estimated expenses, the details of year-wise actual capital spares consumed at the time of truing up with appropriate justification.”

44. The Petitioner has claimed projected Security expenses, as part of the O&M expenses in terms of Regulation 35(2)(d) of the 2019 Tariff Regulations, as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
979.78	1058.16	1142.81	1234.23	1332.97

45. It is noticed that, the Petitioner, in order to estimate the year wise security charges during the 2019-24 tariff period, has considered Rs.907.20 lakh as Security charges in 2018 – 19 and has escalated the same, with an annual increment of 8 % in every year, thereafter. It is pertinent to mention that the Petitioner in Petition No. 341/MP/2020, had claimed an amount of Rs.907.20 lakh in 2018-19 as Security expenses. The provisions of the 2019 Tariff Regulations read with the SOR to the said

regulations, provide for an annual escalation rate 4.77 % for projected O & M expenses during the 2019-24 tariff period. Accordingly, the projected security expenses during the 2019-24 tariff period has been worked out and allowed as follows:

<i>(Rs. in lakh)</i>				
2019-20	2020-21	2021-22	2022-23	2023-24
950.47	995.81	1043.31	1093.08	1145.22

46. Accordingly, the O&M expenses allowed for the generating station are as summarized as under:

<i>(Rs. in lakh)</i>					
	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses Regulation 35(2)(a) of the 2019 Tariff Regulations (a)	13452.46	14093.68	14765.46	15469.26	16206.61
Impact of pay revision of THDC staff (b)	2865.46	3002.14	3145.34	3295.38	3452.57
Total O&M Expenses allowed (a+b)	16317.92	17095.82	17910.80	18764.64	19659.18
Security Expenses allowed separately (c)	950.47	995.81	1043.31	1093.08	1145.22
Total O & M expenses including Security charges	17268.39	18091.63	18954.12	19857.71	20804.39

Claim on rebate provided to DISCOMs during COVID-19 pandemic

47. The Petitioner has claimed a rebate amount of Rs.1100.91 lakh provided by it to the Respondents beneficiaries, during Covid-19 pandemic. The Petitioner has also submitted that the MOP, GOI vide communication dated 15.5.2020 and Corrigendum dated 16.5.2020 had stated that all Central Public Sector Generation Companies under MOP, including their Joint Ventures/ Subsidiaries and Central Public Sector Transmission Company, may consider offering rebate to the Distribution Companies on account of Covid-19 pandemic. In line with the said directions, the Petitioner has prayed to allow the said claim as shown under:

Sl. No.	Name of DISCOM	Koteshwar HEP (400 MW)	
		Amount of Rebate Offered by THDCIL (Rs.)	Amount of Rebate availed by DISCOMs as on 23.11.2020 (Rs.)
1	UT, Chandigarh	1401864	1401864
2	Delhi DISCOMs		
a	TPDDL, Delhi	3786300	3786300
b	BRPL, Delhi	8555109	8555109
3	HPPC, Haryana	5269502	5269502
4	JKPCL, J&K	13931018	13931018
5	PSPCL, Punjab	7960584	7960584
6	Rajasthan DISCOMs		
a	JVVNL, Rajasthan	4214213	0
b	AVVNL, Rajasthan	2839994	0
c	JdVVNL, Rajasthan	3409706	0
7	UPPCL, UP	50091601	50091601
8	UPCL, Uttarakhand	8419225	8419225
9	MPPMCL, MP	212779	212779
Total		110091895	99627982

48. The Commission noticed that the Petitioner has provided the rebate to the Respondents considering adversities faced by the Respondent beneficiaries on account of COVID – 19 pandemic, based on the communication of the MOP, GOI, as stated above. It is pertinent to mention that the communication of MOP, GOI is advisory in nature and cannot be said to be a mandate on the Petitioner. The Petitioner having granted rebate based on the said communication cannot seek to recover the same through the tariff order. Accordingly, the claim of the Petitioner is **not allowed**.

Interest on Working Capital

49. Sub-section (c) of clause (1) of Regulation 34 of the 2019 Tariff Regulations provide as under:

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

(c) For Hydro generating station (Including Pumped Storage Hydro Generating Station) and transmission system:

(i) Receivables equivalent to 45 days of annual fixed cost;

(ii) Maintenance spares @ 15% of operation and maintenance expense including security expenses; and

(iii) Operation and maintenance expenses including security expenses for one month”

50. The Petitioner has claimed various components of working capital and interest on the working capital as follows:

(Rs. Lakhs)

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	1453.69	1533.74	1618.44	1708.21	1803.13
Maintenance Spares	2616.64	2760.73	2913.19	3074.77	3245.64
Receivables	7126.20	7118.41	7099.00	7084.74	7070.82
Total working Capital	11196.53	11412.87	11630.63	11867.72	12119.59
Rate of Working Capital	12.55%	12.45%	12.45%	12.45%	12.45%
Interest on Working Capital	1405.16	1420.90	1448.01	1477.53	1508.89

Working capital for Receivables

51. The receivable component of working capital has been worked out based on 45 days of fixed cost as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
6953.92	6934.64	6885.35	6850.63	6793.78

Working capital for Maintenance Spares

52. The maintenance spares @15% of O&M expenses, including security charges, for working capital are worked out and allowed as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2590.26	2713.74	2843.12	2978.66	3120.66

Working capital for O&M Expenses

53. The O&M expenses for 1 (one) month for the purpose of working capital are as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
1439.03	1507.64	1579.51	1654.81	1733.70

Rate of Interest on Working Capital

54. Regulation 34(3) of the 2019 Tariff Regulations provides as under:

“34(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 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.”

55. The Petitioner has submitted that it has computed IWC for 2019-24 period considering the SBI Base Rate plus 350 basis points as on 1.4.2019 i.e. 12.05 % (855 + 350). As the SBI base rates are already available as on 01.04.2019, 01.04.2020, 01.04.2021 and 01.04.2022, in terms of Regulation 34 of the 2019 Tariff Regulations, the rate of IWC of 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 and 01.04.2022 of 7.00% plus 350 basis points) for 2021-22 and 2022–23 are considered and for 2023–24, the rate applicable for 2022 – 23 was considered. Accordingly, interest on working capital is allowed as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Working capital for O&M expenses (one month)	1439.03	1507.64	1579.51	1654.81	1733.70
Working capital for Maintenance Spares	2590.26	2713.74	2843.12	2978.66	3120.66
Working capital for Receivables	6953.92	6934.64	6885.35	6850.63	6793.78
Total Working capital	10983.22	11156.02	11307.98	11484.09	11648.14
Rate of interest (%)	12.05%	11.25%	10.50%	10.50%	10.50%
Interest on Working capital	1323.48	1255.05	1187.34	1205.83	1223.05

Annual Fixed Charges

56. Based on the above, the annual fixed charges approved for the generating station for the 2019-24 tariff period are summarized as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	13527.67	13602.34	13625.22	13636.41	13636.81
Interest on loan	11235.24	10050.09	8815.73	7592.94	6318.33

	2019-20	2020-21	2021-22	2022-23	2023-24
Return on Equity	13203.80	13248.51	13265.47	13273.30	13273.47
Interest on Working Capital	1323.48	1255.05	1187.34	1205.83	1223.05
O&M Expenses	17268.39	18091.63	18954.12	19857.71	20804.39
Total	56558.59	56247.63	55847.87	55566.19	55256.07

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.

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

Normative Annual Plant Availability Factor (NAPAF)

58. The Petitioner has claimed NAPAF of the generating station as 68% and the same is in terms of clause (4) of Regulation 50(A) of the 2019 Tariff Regulations. Accordingly, NAPAF of 68% is allowed for the generating station during the 2019-24 tariff period in terms of the said regulation.

Design Energy

59. CEA vide letter dated 6.8.2012 had approved the Design Energy (DE) of 1154.84 MUs. Accordingly, the same has been considered for the generating station month-wise as detailed under:

Months	Period (10 days monthly)	Design Energy (MUs)
April	I	29.81
	II	30.6
	III	35.61
May	I	40.11
	II	36.42
	III	42.81
June	I	40.01
	II	42.02
	III	12.6
July	I	13.6
	II	14.1
	III	20.41
August	I	52.12
	II	51.11
	III	67.73
September	I	31.51
	II	33.41

Months	Period (10 days monthly)	Design Energy (MUs)
	III	20.31
October	I	22.91
	II	19.61
	III	14.9
November	I	18.91
	II	19.6
	III	20.31
December	I	32.5
	II	33.41
	III	37.81
January	I	35.8
	II	36.41
	III	41.82
February	I	39.42
	II	32.01
	III	28.31
March	I	35.31
	II	35.8
	III	35.71
Total		1154.84

60. Accordingly, the DE of 1154.84 MUs and NAPAF of 68% shall be considered for the purpose of billing.

Application Fee and Publication Expenses

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

62. 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, 2015, shall be recovered from the beneficiaries. In addition, the Petitioner is entitled to recovery of statutory taxes, levies,

duties, cess etc. levied by the statutory authorities in accordance with the 2019 Tariff Regulations.

63. Accordingly, the annual fixed charges for 2019-24 period allowed is as shown under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Annual fixed charges claimed	57009.63	56947.28	56791.99	56677.94	56566.59
Annual fixed charges allowed	56558.59	56247.63	55847.87	55566.19	55256.07

64. Annexure -I attached hereto form part of this order.

65. Petition No. 244/GT/2020 is disposed of in terms of the above.

Sd/

(Pravas Kumar Singh)
Member

Sd/

(Arun Goyal)
Member

Sd/

(I. S. Jha)
Member

Annexure I

Sl. No.	Name of the Assets ¹	Rate of Dep (%)	GB as on 01.04.2019	Depreciation	GB as on 01.04.2020	Depreciation	GB as on 01.04.2021	Depreciation	GB as on 01.04.2022	Depreciation	GB as on 01.04.2023	Depreciation	GB as on 01.04.2024
1	Land Freehold	0.00%	461.78	0.00	461.78	0.00	461.78	0.00	461.78	0.00	461.78	0.00	461.78
2	Land Leasehold	3.34%	49.18	1.64	49.18	1.64	49.18	1.64	49.18	1.64	49.18	1.64	49.18
3	Office Building	3.34%	4752.15	161.26	4904.15	167.97	5154.15	176.32	5404.15	180.50	5404.15	180.50	5404.15
4	Other Civil Works (TEMP STRU)	100.00%	5.25	5.25	5.25	0.00	5.25	0.00	5.25	0.00	5.25	0.00	5.25
5	Residential Buildings & Guest House	3.34%	3725.65	127.33	3899.15	130.23	3899.15	130.23	3899.15	130.23	3899.15	130.23	3899.15
6	Water Supply & Sewerage	5.28%	473.15	25.11	478.15	25.56	490.15	25.96	493.15	26.36	505.15	26.75	508.15
7	CONSTRUCTION PLANT AND MACHINERY	5.28%	277.14	14.63	277.14	14.63	277.14	14.63	277.14	14.63	277.14	14.63	277.14
8	Car, Bus, Trucks	9.50%	242.04	30.20	393.74	39.30	433.74	42.15	453.74	43.10	453.74	44.05	473.74
9	Boats & Helicopter	5.28%	233.70	12.76	249.55	13.18	249.55	13.18	249.55	13.18	249.55	13.18	249.55
10	Office & Misc. Equipment	6.33%	544.96	35.52	577.25	37.71	614.25	38.88	614.25	38.88	614.25	38.88	614.25
11	Plant & Machinery & Small Assets upto Rs.5000.00	100.00%	2.88	0.11	2.88	0.00	2.88	0.00	2.88	0.00	2.88	0.00	2.88
12	Intangible Assets	15.00%	0.19	0.03	0.19	0.03	0.19	0.03	0.19	0.03	0.19	0.03	0.19
13	Computers & Printers	15.00%	54.45	12.83	116.65	18.10	124.65	18.70	124.65	18.70	124.65	18.70	124.65
14	Elect. Sub Station & Transmission	5.28%	491.36	25.94	491.36	25.94	491.36	25.94	491.36	25.94	491.36	25.94	491.36
15	ROAD AND BRIDGES	3.34%	2047.12	78.50	2653.60	89.57	2709.81	90.51	2709.81	90.51	2709.81	90.51	2709.81
16	ENVIRONMENT & ECOLOGY	5.28%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17	DAM AND SPILLWAY	5.28%	111621.46	5902.43	111955.45	5911.78	111975.45	5912.30	111975.45	5912.30	111975.45	5912.30	111975.45



Sl. No.	Name of the Assets ¹	Rate of Dep (%)	GB as on 01.04.2019	Depreciation	GB as on 01.04.2020	Depreciation	GB as on 01.04.2021	Depreciation	GB as on 01.04.2022	Depreciation	GB as on 01.04.2023	Depreciation	GB as on 01.04.2024
18	Power House Building	3.34%	61914.73	2071.80	62145.38	2076.57	62200.38	2077.49	62200.38	2077.49	62200.38	2077.49	62200.38
19	Tunnel, Penstock	5.28%	11347.76	599.16	11347.76	599.16	11347.76	599.16	11347.76	599.16	11347.76	599.16	11347.76
20	GENERATING PLANT AND MACHINERY	5.28%	71581.77	3784.71	71778.60	3795.19	71978.60	3800.47	71978.60	3800.47	71978.60	3800.47	71978.60
21	UNCLASSIFIED LAND	3.34%	4565.28	155.82	4765.28	159.16	4765.28	159.16	4765.28	159.16	4765.28	159.16	4765.28
	TOTAL		274392.00	13045.05	276552.48	13105.74	277230.69	13126.77	277503.69	13132.29	277515.69	13133.64	277538.69
	Weighted Average Rate of depreciation			4.717%		4.727%		4.730%		4.73%		4.73%	

*Calculated as per rate of depreciation in Appendix-II of the 2019 Tariff Regulations.