

available on record, we proceed for truing-up the tariff of the generating station for the 2014-19 tariff period as stated in the subsequent paragraphs.

### **Capital Cost claimed**

6. The capital cost claimed by the Petitioner in Form-1(I) of the petition, is as follows:

	<b>(Rs. in lakh)</b>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Opening Capital Cost	87440.42	87777.65	87809.39	88936.74	89258.60
Add: Additions during the period	336.81	66.85	145.02	55.19	(-) 24.78
Less: De-capitalization during the period	0.30	110.24	241.18	119.17	419.02
Less: Reversal during the year / period	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the period	0.71	75.13	1223.50	385.84	10.64
<b>Closing Capital Cost</b>	<b>87777.65</b>	<b>87809.39</b>	<b>88936.74</b>	<b>89258.60</b>	<b>88825.45</b>
Average Capital Cost	<b>87609.03</b>	<b>87793.52</b>	<b>88373.06</b>	<b>89097.67</b>	<b>89042.03</b>

### **Capital cost as on 1.4.2014**

7. Clause (1) of Regulation 9 of the 2014 Tariff Regulations provides that the capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis for determination of tariff for existing and new projects.

Clause 3 of Regulation 9 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...”*

8. The Commission vide its order dated 27.6.2016 in Petition No. 321/GT/2014 had admitted the closing capital cost of Rs. 87440.43 lakh, as on 31.3.2014, and the same was considered as the opening capital cost as on 1.4.2014, vide order dated 19.4.2017 in Petition No. 373/GT/2014. Therefore, the capital cost of Rs. 87440.43



lakh, as on 31.3.2014, has been considered as the opening capital cost as on 1.4.2014, in terms of Regulation 9(3) of the 2014 Tariff Regulations.

### **Additional Capital Expenditure**

9. Regulations 14 of the 2014 Tariff Regulations provides as follows:

*“14 (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;

xxx “

**Projected additional capital expenditure allowed vide order dated 19.4.2017 in Petition No. 373/GT/2014**

10. The details of the projected additional capital expenditure allowed vide order dated 19.4.2017 in Petition No. 373/GT/2014 are summarized below:

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Construction of 16 Nos 'D' Type quarters	98.00	0.00	0.00	0.00	0.00	98.00
Installation of CCTV cameras in Plant premises	0.00	375.00	0.00	0.00	0.00	375.00
<b>Total projected additional capital expenditure allowed</b>	<b>98.00</b>	<b>375.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>473.00</b>

11. The Petitioner vide Form-9A has claimed the actual additional capital expenditure incurred for the 2014-19 tariff period, on accrual basis, and on cash basis. The additional capital expenditure claimed by the Petitioner (on cash basis) for the 2014-19 tariff period are as under:

(Rs. in lakh)

Sl. No.	Head of Work /Equipment	Regulation	2014-15	2015-16	2016-17	2017-18	2018-19	Total
<b>A</b>	<b>Admitted</b>							
1	Construction of 16 No.(s) D type quarters	14(3)(i)	53.66	0.00	0.00	54.88	0.00	108.54
2	Installation of CCTV cameras in plant premises	14(3)(iii)	280.35	7.39	1.80	0.31	0.00	289.85
	<b>Sub Total (A)</b>		<b>334.01</b>	<b>7.39</b>	<b>1.80</b>	<b>55.19</b>	<b>0.00</b>	<b>398.39</b>
<b>B</b>	<b>New Claim</b>							
1	Making of settling pits in marshal yard CHP area	14(3)(vi)	2.81	0.00	0.00	0.00	0.00	2.81
2	Combined Foam Tender	14(3)(iii)	0.00	33.26	0.00	0.00	0.00	33.26
3	Effluent Quality Monitoring	14(3)(ii)	0.00	26.20	0.71	0.00	0.42	27.33



Sl. No.	Head of Work /Equipment	Regulation	2014-15	2015-16	2016-17	2017-18	2018-19	Total
	System							
4	Installation of 120 KW rooftop solar plant	54	0.00	0.00	142.51	0.00	(-) 25.20	117.31
	<b>Sub Total (B)</b>		<b>2.81</b>	<b>59.46</b>	<b>143.22</b>	<b>0.00</b>	<b>(-) 24.78</b>	<b>180.71</b>
<b>C</b>	<b>Total Additional Capital Expenditure (C=A+B)</b>		<b>336.81</b>	<b>66.85</b>	<b>145.02</b>	<b>55.19</b>	<b>(-) 24.78</b>	<b>579.09</b>
<b>D</b>	<b>Decapitalization</b>							
5	De-capitalization of capital spares: Part of capital cost	14 (4)	0.30	110.24	241.18	119.17	419.02	889.90
	<b>Sub Total (D)</b>		<b>0.30</b>	<b>110.24</b>	<b>241.18</b>	<b>119.17</b>	<b>419.02</b>	<b>889.90</b>
<b>E</b>	<b>Liability Discharges</b>							
6	Discharge of Liabilities	14 (3)(v) & 14(3)(vi)	0.71	75.13	1223.50	385.84	10.64	1695.83
	<b>Sub Total (E)</b>		<b>0.71</b>	<b>75.13</b>	<b>1223.50</b>	<b>385.84</b>	<b>10.64</b>	<b>1695.83</b>
	<b>Total additional capital expenditure claimed (F=C-D+E)</b>		<b>337.23</b>	<b>31.74</b>	<b>1127.35</b>	<b>321.87</b>	<b>(-) 433.16</b>	<b>1385.03</b>

12. There is a variation in the additional capital expenditure claimed by the Petitioner in the present petition, as against those allowed by order dated 19.4.2017 in Petition No. 373/GT/2014. We examine the item-wise actual additional capital expenditure claimed for the 2014-19 tariff period as under:

#### **A. Additional capital expenditure towards allowed works**

##### **(a) Construction of 16 No.(s) D type quarters**

13. The Petitioner has claimed additional capital expenditure for Rs. 53.66 lakh in 2014-15 and Rs. 54.88 lakh in 2017-18 towards D-Type Quarters under Regulation 14(3)(i) of the 2014 Tariff Regulations. In justification for the same, the Petitioner has submitted that the Commission vide its order dated 19.4.2017 had already allowed the additional capital expenditure towards the said work and has therefore, has prayed that the same may be allowed. It is noticed from records that the Commission vide its order dated 25.5.2012 in Petition No. 279/2009 had allowed the actual additional

