

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 237/GT/2020

Coram:

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri Pravas Kumar Singh, Member

Date of Order: 26th July, 2023

IN THE MATTER OF

Petition for truing-up of tariff of Ramagundam STPS, Stages-I&II (2100 MW) for the period 2014-19.

AND

IN THE MATTER OF

NTPC Limited,
NTPC Bhawan, Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi – 110 003

.... Petitioner

Vs

1. AP Eastern Power Distribution Company Limited,
Corporate Office, P&T Colony, Seethammadhara,
Visakhapatnam – 530 013 - (AP)
2. AP Southern Power Distribution Company Limited,
Corporate Office, Back Side Srinivasa Kalyana Mandapam,
Tiruchhanur Road, Kesavayana Gunta,
Tirupathi – 517 503 (AP)
3. Telangana State Northern Power Distribution Company Limited,
H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanamkonda,
Warangal – 506 001 (AP)
4. Telangana State Southern Power Distribution Company Limited,
Mint Compound, Corporate Office,
Hyderabad (AP) – 500 063
5. Tamil Nadu Generation & Distribution Corporation Limited,
144, Anna Salai, Chennai – 600 002



6. Bangalore Electricity Supply Company Limited,
Krishna Rajendra Circle, Bangalore - 560 009.
7. Mangalore Electricity Supply Company Limited,
MESCOM bhavana, Corporate Office,
Bejai, kavoor cross road, Mangaluru,
575004, Karnataka
8. Chamundeshwari Electricity Supply Corp. Limited,
Corporate Office, No. 29, Vijayanagar,
2nd stage, Hinkal, Mysore – 570 017
9. Gulbarga Electricity Supply Company Limited,
Main road, Gulbarga, Karnataka.
Gulbarga – 585 102
10. Hubli Electricity Supply Company Limited,
Corporate office, P.B. Road, Navanagar,
Hubli – 580 025.
11. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004
12. Electricity Department,
Govt. of Puducherry,
137, Netaji Subhash Chandra Bose Salai,
Puducherry- 605001
13. Electricity Department,
Govt. of Goa, Vidyut Bhavan ,3rd Floor,
Panaji, Goa -403001

...Respondents

Parties Present:

Shri Venkatesh, Advocate NTPC
Shri Anant Singh, Advocate, NTPC
Shri Rishabh Sehgal, Advocate, NTPC
Shri Kartikey Trivedi, Advocate, NTPC
Shri Shahrab Zaheer, NTPC
Shri U.S. Mohanty, NTPC
Shri S. Vallinayagam, Advocate, TANGEDCO
Shri Prabhas Bajaj, Advocate, KSEBL



ORDER

This Petition has been filed by the Petitioner, NTPC Limited, for truing up of tariff of Ramagundam Super Thermal Power Station, Stage-I&II (2100 MW) (in short 'the generating station') for the period 2014-19, in terms of Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations'). The generating station with a total capacity of 2100 MW comprises of two stages. Stage-I consists of three units of 200 MW each and Stage-II consists of three units of 500 MW each. The dates of commissioning of the units of the generating station are as under:

| | Capacity (MW) | COD |
|-------------------------------------|---------------|------------------|
| Unit-I | 200 | 1.03.1984 |
| Unit-II | 200 | 1.11.1984 |
| Unit-III | 200 | 1.05.1985 |
| Unit-IV | 500 | 1.11.1988 |
| Unit-V | 500 | 1.09.1989 |
| Unit-VI / Generating Station | 500 | 1.04.1991 |

2. The Commission vide its order dated 24.1.2017 in Petition 292/GT/2014 had determined the capital cost and annual fixed charges of the generating station for the period 2014-19, as under:

Capital Cost allowed

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| Opening capital cost | 230569.84 | 230569.84 | 230569.84 | 230569.84 | 230569.84 |
| Add: Addition during the year | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing capital cost | 230569.84 | 230569.84 | 230569.84 | 230569.84 | 230569.84 |
| Average capital cost | 230569.84 | 230569.84 | 230569.84 | 230569.84 | 230569.84 |

Annual Fixed Charges allowed

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-----------------------------|----------|----------|----------|----------|----------|
| Depreciation | 1369.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest on Loan | 116.58 | 0.00 | 0.00 | 0.00 | 0.00 |
| Return on Equity | 22470.09 | 22578.95 | 22578.95 | 22578.95 | 22578.95 |
| Interest on Working Capital | 12866.14 | 13000.21 | 13143.94 | 13550.87 | 13731.16 |
| O&M Expenses | 39712.23 | 42127.23 | 44692.23 | 47422.23 | 50323.23 |
| Compensation Allowance | 1000.00 | 500.00 | 0.00 | 0.00 | 0.00 |



| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|-------------------|-----------------|-----------------|-----------------|------------------|------------------|
| Special Allowance | 7735.54 | 12214.87 | 17231.89 | 18326.11 | 19489.82 |
| Total | 85270.30 | 90421.26 | 97647.01 | 101878.16 | 106123.17 |

Present Petition

3. Regulation 8 (1) of the 2014 Tariff Regulations provides as under:

“8. Truing up

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

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

4. Accordingly, in terms of the above regulation, the Petitioner has claimed the capital cost and annual fixed charges vide affidavit dated 9.8.2022 (revised) for the period 2014-19, as under:

Capital cost claimed

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|-----------|-----------|-----------|-----------|-----------|
| Opening capital cost | 230569.84 | 228319.26 | 231334.00 | 231254.35 | 233250.28 |
| Add: Addition during the year | 308.91 | 3116.06 | - | 2391.60 | 202.20 |
| Less: De-capitalisation during the year | 2559.49 | 101.33 | 327.88 | 619.85 | 56.95 |
| Add: Discharges during the year | - | - | 248.23 | 224.18 | 323.98 |
| Closing capital cost | 228319.26 | 231334.00 | 231254.35 | 233250.28 | 233719.51 |
| Average Capital cost | 229444.55 | 229826.63 | 231294.17 | 232252.31 | 233484.89 |

Annual fixed charges claimed

(Rs. in lakh)

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---------------------------------------|-----------------|-----------------|------------------|------------------|------------------|
| Depreciation | 356.93 | 2647.41 | 1411.99 | 1157.42 | 1667.19 |
| Interest on Loan | 220.20 | 178.41 | 94.52 | 63.47 | 46.02 |
| Return on Equity | 22404.58 | 22535.70 | 22622.46 | 22679.10 | 22811.89 |
| Interest on Working Capital | 15393.35 | 15561.87 | 15960.12 | 16458.21 | 16731.91 |
| O&M Expenses | 42373.73 | 43799.31 | 45910.63 | 48301.82 | 51724.10 |
| Compensation Allowance | 1000.00 | 500.00 | - | - | - |
| Special Allowance | 7735.54 | 12214.87 | 17231.89 | 18326.11 | 19489.82 |
| Total (A) | 89484.33 | 97437.58 | 103231.61 | 106986.12 | 112470.93 |
| Additional O&M Expenditure | | | | | |
| Impact of pay revision | - | 91.74 | 5157.91 | 5745.89 | 6340.33 |
| Impact of GST | - | - | - | 377.87 | 533.59 |
| Ash Transportation Expenditure | - | - | - | - | - |
| Total (Additional O&M) (B) | - | 91.74 | 5157.91 | 6123.76 | 6873.92 |
| Total (A+B) | 89484.33 | 97529.32 | 108389.52 | 113109.88 | 119344.85 |



5. The Respondent TANGEDCO and KSEBL have filed their replies on 29.10.2020/23.3.2021/26.12.2022 and 16.7.2021, respectively. In response, the Petitioner has filed rejoinder to the said replies on 23.12.2020/26.5.2021(TANGEDCO) and on 31.8.2021(KSEBL). The Petitioner has also submitted certain additional information, vide its affidavits dated 30.6.2021, 15.7.2021, 9.8.2022, 16.9.2022 and 6.12.2022, after serving copies on the Respondents. The Petition was heard on 6.12.2022 and the Commission, after hearing the parties, reserved its order in the matter. The Petitioner has filed the note of arguments made during the hearing. The Commission also permitted the Respondents to file their written submissions (not exceeding three pages), to the note of arguments filed by the Petitioner. Based on the submissions of the parties and the documents available on record and on prudence check, we proceed for truing up the tariff of the generating station for the period 2014-19, as stated in the subsequent paragraphs.

Capital Cost

6. Regulation 9(1) 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 of determination of tariff for existing and new projects.

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 capitalisation and de-capitalisation for the respective year of tariff as determined in accordance with Regulations 14.*
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15;”*

7. The Commission vide its order dated 27.6.2016 in Petition No. 217/GT/2014 had trued up the tariff of the generating station for the period 2009-14, considering the

