CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 453/GT/2020

Coram:

Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member

Date of Order: 12th January, 2024

IN THE MATTER OF

Petition for truing-up of tariff for the period 2014-19 and for determination of tariff for the period 2019-24 in respect of Kishanganga hydroelectric Project (330 MW).

AND

IN THE MATTER OF

NHPC Limited,
NHPC Office Complex, Sector-33,
Faridabad (Haryana)- 121003 **……..Petitioner**

Vs

1. Power Development Department,
New Secretariat,
Jammu – 180001 (J&K)

2. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan 14-Ashok Marg,
Lucknow 226001

3. Chhattisgarh State Power Distribution Company Limited,
P.O. Sunder Nagar, Dangania, Raipur- 492013,
Chhattisgarh **……..Respondents**

Parties Present:

Shri Rajiv Shankar Dwivedi, Advocate, NHPC
Shri Ajay Shrivas, NHPC
Shri Mohd. Faruque, NHPC
Shri Piyush Kumar, NHPC
Shri Brijesh Kumar Saxena, UPPCL

ORDER

This petition has been filed by the Petitioner NHPC Ltd, for truing up of tariff of Kishanganga Hydroelectric Project (3 x 110 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”) and for the determination of tariff of the generating station for the period 2019-24 in terms of the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short ‘the 2019 Tariff Regulations’).

2. The generating station, located in the Bandipora District of Jammu & Kashmir, is a Run-of the-River with pondage scheme (ROR with pondage) envisaging diversion of water of Kishanganga (a tributary of river Jhelum) into an underground power house and discharging the tail race water into Wular Lake. The project was sanctioned on the basis of a feasibility report prepared by the State Government which was further reviewed by the petitioner in October, 2005. The project was handed over to the Petitioner for execution by the State Government through an MOU signed between Government of J&K and the Ministry of Power, GOI in July, 2000. Thereafter, the MOP, GOI on 20.7.2007, conveyed the sanction of Central Government for construction of the generating station at the cost of Rs. 2238.67 crore (including IDC & FC of Rs165.12 crore) at November, 2005 Price Level.

3. Subsequent to sanction of the Project, the major works were awarded to M/s Kishanganga Consortium (HCC-Halcrow) on turnkey basis through International Competitive Bidding with an award price was Rs.2919.07 crore. However, due to the variation between sanctioned cost and the awarded cost, a fresh proposal for revised CCEA approval was processed. Accordingly, the revised CCEA approval was accorded on 14.1.2009 for a total cost of Rs.3642.04 crore including IDC & FC of

Rs.8.52 crore at September, 2007 Price Level. The revised construction schedule was 84 months and the project was scheduled for commissioning in January, 2016.

4. The date of commercial operation of the first unit (Unit-I) was 18.5.2018 and the commercial operation of both Units II & III of the generating station was 24.5.2018. The power generated from this generating station is being supplied to the various Bulk Power beneficiaries / Customers / Successor utilities, i.e. Respondents herein as per Power Purchase Agreements (PPAs) / BPSAs signed between them.

5. In Petition No. 43/GT/2018 filed by the Petitioner, the Commission vide its order dated 28.10.2019 approved the capital cost and annual fixed charges of the generating station for the period from COD of the Units (18.5.2018 till 31.3.2019) as under:

Capital Cost allowed

(Rs. in lakh)

	As on 18.5.2018 (Unit-I)	**As on COD of the station (24.5.2018) (all Units)**
Hard Cost	167354.29	536457.28
IDC	2573.14	7737.44
Normative IDC	1450.51	4351.52
FC	6.52	19.56
Total Capital cost	**171384.46**	**548565.8**
Liabilities	6706.28	15111.21
Net Capital Cost	**164678.18**	**533454.59**

Annual Fixed Charges allowed

(Rs. in lakh)

	18.5.2018 to 23.5.2018 (Unit-I)	**24.5.2018 to 31.3.2019 (Units I, II & III)**
Return on Equity	169.54	28558.00
Interest on Loan	8.12	4480.14
Depreciation	40.61	6839.91
Interest on Working Capital	7.01	1247.96
O & M Expenses	49.76	8437.11
Total	**275.04**	**49563.12**

6. Aggrieved by the said order, the Petitioner had filed Review Petition No. 1/ RP/ 2020 on the issue of allowing normative IDC and treatment of normative IDC up to SCOD and from SCOD to the actual COD of the units, and the same was rejected by Commission's order dated 22.7.2020.

Present Petition

7. As stated, the Petitioner, in terms of Regulation 8(1) of the 2014 Tariff Regulations, vide affidavit dated 24.1.2020 has filed the present Petition for truing up of tariff of the generating station for the period 2014-19. Thereafter, in compliance to the directions of the Commission vide ROP of the hearing dated 10.8.2022, the Petitioner has amended the tariff filing forms vide affidavit dated 22.8.2022 and has claimed the capital cost and annual fixed charges as under

Capital Cost claimed

(Rs. in lakh)

	Unit-I (as on 18.5.2018)	**Station (as on 24.5.2018)**
Opening Capital Cost (*including normative IDC)*	176021.43	533475.76
Add: Addition during the year / period	0.00	5068.56
Less: De-capitalization during the year / period	0.00	806.91
Less: Reversal during the year / period	0.00	0.00
Add: Discharges during the year / period	0.00	5309.61
Closing Capital Cost	**176021.43**	**543047.02**
Average Capital Cost	**176021.43**	**538261.39**

Annual Fixed Charges claimed

(Rs. in lakh)

	18.5.2018 to 23.5.2018 (Unit-I)	**24.5.2018 to 31.3.2019 (Units I, II &III)**
Depreciation	2640.32	8073.92
Interest on Loan	9601.66	5280.69
Return on Equity[2]	11193.38	34228.58
Interest on Working Capital	673.16	1547.87
O & M Expenses	3749.10	11247.30
Total annual fixed charges (annualized)	**27857.62**	**60378.36**

Capital Cost

8. 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 of determination of tariff for existing and new projects.

Clause 2 of Regulation 9 of the 2014 Tariff Regulations provides as follows:

> *"(2) The Capital Cost of a new project shall include the following:*
>
> *a) the expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
> *b) Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed, in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan, or (ii) being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed;*
> *c) ["(bi) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period shall form part of the capital cost."]5*
> *d) Increase in cost in contract packages as approved by the Commission;*
> *e) Interest during construction and incidental expenditure during construction as computed in accordance with Regulation 11 of these regulations;*
> *f) capitalized Initial spares subject to the ceiling rates specified in Regulation 13 of these regulations;*
> *g) expenditure on account of additional capitalization and de-capitalization determined in accordance with Regulation 14 of these regulations;*
> *h) adjustment of revenue due to sale of infirm power in excess of fuel cost prior to the COD as specified under Regulation 18 of these regulations; and*
> *i) adjustment of any revenue earned by the transmission licensee by using the assets before COD. "*

9. The Commission vide its order dated 28.10.2019 in Petition No 43/GT/2018 had examined the time over run involved in the completion of the project along with the cost of the project vetted by the DIA and CEA and observed as follows:

> *"……...After considering the CEA recommended cost and on detailed scrutiny of the report of DIA and on prudence check, we are of the considered view that the time overrun of 28 months and 11 days and the cost overrun involved in the generating station is not attributable to the Petitioner. Accordingly, the time & cost overrun has been condoned and the CEA recommended cost of Rs. 533579 lakh (as on 24.5.2018) and the completion cost of Rs. 575593 lakhs, excluding the cost of Rs. 2556 lakh for Dam Toe Power House is allowed for the purpose of tariff, subject to approval of RCE from MOP, GOI. In case of RCE is approved by MOP GOI, the same shall be brought tothe notice of the Commission."*

Normative IDC

10. The Commission vide its order dated 28.10.2019 in Petition No. 43/GT/2018 had disallowed the normative IDC amounting to Rs. 32452.48 lakh. Aggrieved by the said order, the Petitioner had filed Review Petition No. 1/RP/2020 and vide order dated 22.7.2020, the Commission had rejected the said review petition. The Petitioner has

submitted that it has filed appeal before APTEL challenging the said orders of the Commission and the same is pending. Further, the Petitioner has revised the claim forms vide affidavit dated 22.8.2022 in which Normative IDC of Rs. 4351.52 lakh, as allowed in order dated 28.10.2019 in Petition No. 43/GT/2018 has been claimed and thus the same has been considered in this order subject to APTEL decision.

Initial Spares

11. Regulation 13 of the 2014 Tariff Regulations, provides as under:

> *"Initial spares shall be capitalized as a percentage of the Plant and Machinery cost upto the cut-off date, subject to following ceiling norms:*
> *xxx*
> *(c) Hydro generating stations including pumped storage hydro generating station. - 4.0%"*

12. The Petitioner has claimed total amount of Rs 2452.65 lakh towards the purchase of initial spares as under:

(Rs in lakh)

As on COD	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
2284.67	0.00	0.00	30.75	24.00	101.25	12.00

13. The Petitioner has submitted that the expenditure amounting to Rs. 2452.65 lakh on account of purchase of initial spares is within the ceiling limit of 4% of the Plant & Machinery cost specified under Regulation 13(c) of the 2014 Tariff Regulations. The Petitioner has also stated that it was unable to purchase the initial spares within the cut-off date, due to various reasons are as under:

Main reasons are as under:

a. Delay due to frequent shutdown of Kashmir valley, bandh calls given by various organizations. Further, work at Gurez dam site was stopped due to mortar shelling across the border.

b. After the announcement of abrogation of Article 370 on 5.8.2019, the migrant workers working at the project left the work places, causing complete/partial stoppage of works on all fronts. As such progress of works that were planned during the 2019-20 got seriously affected. These works are expected to be carried forwarded in next financial year due to difficulties in demobilization/mobilization of resource and as such some more works shall be pushed beyond the cut-off date.

c. As the works are awarded through e-tendering only and internet facility is withdrawn/given at designated locations, most of the local contractors/vendors are unable to get the access/information for filling the bids as a result start of works got delayed due to no response or inadequate response from the bidders.

d. The law and order situation described above has also been responsible for the delay in completion of the project, and these factors also contribute to the time overrun in the completion of the balance works of the Project.

e. Work also got effected during the lockdown due to increasing COVID cases during 2020-21.

In view of above, some initial spares have been projected beyond the cut-off date of the generating station and the Commission may allow the same by extending the cut-off date till 31.3.2024.

14. The matter has been examined. The cut-off date of the generating stations is 31.3.2021. The Plant & Machinery cost as on cut-off date is Rs. 94438.29 lakh. As such, as per above regulation the permissible limit of initial spares works out to Rs. 3839.73 lakh. Accordingly, the claim of the Petitioner for Rs. 2284.67 lakh being within the ceiling limit upto the COD of the generating station, the same is allowed. The Petitioner has not claimed capitalization of initial spares in 2018-19.

15. As regard the prayer for extension of cut-off date till 31.3.2024, we are not in agreement to extend the cut-off date, however, based on the justification provided by the Petitioner, the claim of capitalization of initial spares during the period 2019-24, beyond the cut-off date is being considered, subject to above ceiling limit of Rs. 3839.73 lakh.

16. The Commission vide its order dated 28.10.2019 in Petition No. 43/GT/2018 had directed the Petitioner to submit the Auditors certificate of the capital cost as on COD of Unit-I (18.5.2018) and of generating station, as on 24.5.2018, for the period 2014-19. The Petitioner vide affidavit dated 24.1.2020 has also submitted the same with the revised capital cost. Accordingly, the capital cost of Rs.176021.43 lakh as on COD of Unit- I and Rs. 533475.76 lakh as on COD of the generating station, has been considered as on 18.5.2018 and 24.5.2018 respectively, for the purpose of tariff for the period 2014-19 as detailed below:

(Rs. in lakh)

	As on	
	18.5.2018	**24.5.2018**
Hard cost	178683.69	536457.28
IDC	2573.14	7737.44
NIDC	1450.51	4351.52
FC	6.52	19.56
Total Capital Cost	182713.86	548565.80
Less: Undischarged liabilities	6692.43	15090.04
Capital cost for the purpose of tariff	**176021.43**	**533475.76**

Contingent Liabilities

17. The Petitioner vide affidavit dated 24.1.2020 has submitted that the project has contingent liabilities which are under arbitration and is pending with statutory authorities as on 31.3.2019. As there is no cash expenditure under this head, liberty is granted to the Petitioner to claim the said contingent liabilities, at the time of actual discharge along with documentary evidence, duly certified by auditor and reconciled with the balance sheet.

Additional Capital Expenditure

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

14. Additional Capitalization and De-capitalization:

(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:
(i) Undischarged liabilities recognized to be payable at a future date;

(ii) Works deferred for execution;

(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;

(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and

(v) Change in law or compliance of any existing law:

Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.

(2) The capital expenditure incurred or projected to be incurred in respect of the new project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;

(ii) Change in law or compliance of any existing law;

(iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and

(iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.

(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:

(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;

(ii) Change in law or compliance of any existing law;

(iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;

(iv) Deferred works relating to ash pond or ash handling system in the original scope of work;

(v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such undischarged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;

(vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;

(vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal / lignite-based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

(viii) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house

attributable to the negligence of the generating company) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;

(ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolesce of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and

(x) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialization of coal supply corresponding to full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station:

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 Modernization (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-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 such de-capitalization takes place, duly taking into consideration the year in which it was capitalized."

19. The year-wise additional capital expenditure claimed by the Petitioner, under various heads, is as under:

(Rs. In lakh)

Sl. No		**18.5.2018 to 23.5.2018**	**24.5.2018 to 31.3.2019**
A	**Additions being claimed for purpose of tariff**		
i	Capitalization claimed against admitted items		
	Claims under Regulation 14(1)(ii)	0.00	5068.56
ii	**Claims not projected / allowed but incurred on actual basis due to site requirements.**	0.00	0.00
	Sub-total (A)	**0.00**	**5068.56**
B	**Deletions**		
i	Assumed Deletion	0.00	0.00
ii	Decapitalization	0.00	806.91
	Sub-total (B)	**0.00**	**806.91**

C	Discharge of Liabilities **(C)**	0.00	5309.61
D	**Net additions claimed (D=A-B+C)**	**0.00**	**9571.26**
	Additional capitalization not to be claimed		
	Additions claimed in Exclusions **(E)**	0.00	0.00
	Deletions claimed in Exclusions **(F)**	0.00	572.82
	Total (G= E-F)	**0.00**	**(-)572.82**

20. The Petitioner has claimed total additional capital expenditure of Rs 5068.56 lakh under Regulations 14(1)(ii) of the 2014 Tariff Regulations. This comprise of Rs 5770.79 lakh on accrual basis and Rs 702.22 lakh as undischarged liability in respect of the assets/works related to building, tunnel works, generating units and EHV switchgear. The Petitioner has submitted that these items are under approved RCE-1 scheme and are works within the original scope of works, which were deferred to be completed before the cut-off date.

21. The Respondent CSPDCL has submitted that minor assets and assets of temporary nature may not be allowed to be capitalized and the same may be met from the O&M expenses allowed to the generating station. The Petitioner has also stated that the works are within the original scope of works and hence the contention of Respondent is incorrect.

22. We have considered the matter. The Petitioner has submitted that the additional capital expenditure claimed for assets / works for the period 2018-19 were executed/ procured 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 period 2018-19. The Petitioner has also submitted documentary evidence against the additional capital expenditure claimed vide additional affidavit. Accordingly, the additional capital expenditure has been examined and dealt in the subsequent paragraphs.

23. The Petitioner has not sought any additional capital expenditure during the period from 18.5.2018 to 24.5.2018. The Petitioner has claimed additional capital expenditure for the period from 24.5.2018 to 31.3.2019 vide revised Form 9A. The Petitioner has stated that IDC within the additional capital expenditure is 'nil'. Since, the claim of the Petitioner is for works which are within the original scope of work of the project/RCE and deferred for execution, the additional capital expenditure for Rs 5068.56 lakh claimed in 2018 (24.5.2018) to 31.3.2019, is allowed.

Discharge of liabilities

24. The Petitioner has claimed the following discharge of liabilities in Form -16 as under:

(Rs. in lakh)

	24.5.2018 to 31.3.2019
Opening Liabilities	15090.04
Add: Liabilities corresponding to additional capital expenditure allowed	702.23
Discharge of Liabilities	5309.61
Reversal of Liabilities	617.60
Closing Liabilities	**9865.06**

25. The Petitioner has submitted the additional capital expenditure as per finalized audited accounts for the period 2018-19. Since the liabilities claimed correspond to the admitted additional capital expenditure, as above, the same is allowed. Accordingly, the summary of discharge of liabilities allowed is as under:

(Rs. in lakh)

	24.5.2018 to 31.3.2019
Opening Liabilities	15090.04
Add: Liabilities corresponding to additional capital expenditure allowed	702.23
Discharge of Liabilities	5309.61
Reversal of Liabilities	617.60
Closing Liabilities	**9865.06**

Exclusions (additions/deletions incurred, capitalized in books of accounts but not to be claimed for tariff purpose) as per reconciliation with books of account;

26. The year-wise 'exclusions' claimed by the Petitioner, is as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
Exclusions in Deletions	0.00	572.82

Exclusions in deletions (de-capitalized in books but not to be considered for tariff purpose)

27. The Petitioner has de-capitalized the amount (Rs 572.82 lakh) in books of accounts on various heads viz., Civil works related to building, boundary wall, tunnel, dams and barrages etc. and hydro-mechanical works etc., due to reversal of liabilities. Since the liabilities are not allowed to form the part of capital cost for the purpose of tariff, the exclusion of reversal of liabilities is allowed as claimed by the Petitioner. Accordingly, the decapitalization of exclusion of (-) Rs 572.82 is allowed.

De-capitalization

28. Regulation 14(4) of the 2014 Tariff Regulations, provides as under:

> *"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 such de-capitalization takes place, duly taking into consideration the year in which it was capitalized."*

29. The Petitioner has claimed the de-capitalization against assets such as main generating equipment of Unit- I, laptops etc., vide Form – 9B(i) as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
Decapitalization as per books	0.00	806.91
Assumed Deletions	0.00	0.00
Total	**0.00**	**806.91**

30. The Petitioner has claimed the decapitalization against various assets/ works which are not in use, which include items like Main Generating Equipment(s) for Units-I and III, Laptop, Complete compressor with motor, etc. Since the assets are not in

use, the claim of the Petitioner for de-capitalization of Rs. 806.91 lakh in 2018-19 is allowed.

31. Based on the above, the net additional capital expenditure allowed for the period 2014-19 is as under:

(Rs. in lakh)

	24.5.2018 to 31.3.2019
Additions allowed	5068.56
Decapitalization allowed	806.91
Discharge of Liabilities	5309.61
Net Additional Capitalization allowed (D=A-B+C)	**9571.26**

Capital cost approved for the period 2018-19

32. Accordingly, the capital cost allowed for the generating station, for the period 2018-19 is as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
Opening capital cost (a)	176021.43	533475.76
Net additional capital expenditure allowed during the year/ period (b)	0.00	9571.26
Closing Capital Cost (a)+(b)	**176021.43**	**543047.02**

Debt Equity Ratio

33. Regulation 19 of the 2014 Tariff Regulations provides as under:

"19. Debt-Equity Ratio: (1) For a project declared under commercial operation on or after 1.4.2014, the debt-equity ratio would be considered as 70:30 as on COD. 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 shall submit the resolution of the Board of the company or approval from Cabinet Committee on Economic Affairs (CCEA) regarding infusion of fund 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 1.4.2014, debt; equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2014 shall be considered.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2014, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2014, the Commission shall approve the debt: equity ratio based on actual information provided by the generating company or the transmission licensee as the case may be.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2014 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernization expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation."

34. The debt equity ratio considered is 70:30, in terms of Regulation 19 of the 2014 Tariff Regulations, for the purpose of additional capitalization. De-capitalization of assets has been deducted from the corresponding loan as well as equity, taking into consideration the debt equity ratio, applied in the year in which it was capitalized, as per Regulation 19 (4) of 2014 Tariff Regulations. The opening and closing debt and equity is as under:

(Rs. in lakh)

	As on COD (24.5.2018)		**Additional Capitalization**		**De-capitalization**		**As on 31.3.2019**	
	Amount	**(%)**	**Amount**	**(%)**	**Amount**	**(%)**	**Amount**	**(%)**
Debt	373433.03	70.00	7264.72	70.00	564.84	70.00	380132.92	70.00
Equity	160042.73	30.00	3113.45	30.00	242.07	30.00	162914.11	30.00
Total	**533475.76**	**100.00**	**10378.17**	**100.00**	**806.91**	**100.00**	**543047.02**	**100.00**

Return on Equity

35. Regulation 24 of the 2014 Tariff Regulations provides as under:

"24. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 19.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating stations, transmission system including communication system and run of

the 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:

i. in case of projects commissioned on or after 1st April 2014, an additional return of 0.50 % shall be allowed, if such projects are completed within the timeline specified in Appendix-I:

ii. the additional return of 0.5% shall not be admissible if the project is not completed within the timeline specified above for reasons whatsoever:

iii. additional RoE of 0.50% may be allowed if any element of the transmission project is completed within the specified timeline and it is certified by the Regional Power Committee/National Power Committee that commissioning of the particular element will benefit the system operation in the regional/national grid:

iv. the rate of return of a new project shall be reduced by 1% 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)/ Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system:

v. as and when any of the above requirements are found lacking in a generating station based on the report submitted by the respective RLDC, RoE shall be reduced by 1% for the period for which the deficiency continues:

vi. additional RoE shall not be admissible for transmission line having length of less than 50 kilometers."

36. Regulation 25 of the 2014 Tariff Regulations provides as under:

"Tax on Return on Equity: (1) The base rate of return on equity as allowed by the Commission under Regulation 24 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 the 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 income on other income stream (i.e., income of non-generation or non-transmission business, as the case may be) shall not be considered 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

(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 2014-15 to 2018-19 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 transmission customers/DICs as the case may be on year to year basis."

37. Accordingly, the base rate of Return on Equity (ROE) has been grossed up, based on the MAT rate of the Petitioner, for the period 2018-19. Accordingly, in terms of the above Regulations, ROE has been computed as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
Opening Equity **(A)**	52806.43	160042.73
Addition of Equity due to additional capital expenditure **(B)**	-	2871.38
Normative Equity- Closing **(C) =(A) + (B)**	52806.43	162914.11
Average Equity **(D)=(A+C)/2**	52806.43	161478.42
Base Rate (%) **(E)**	16.500%	16.500%
Effective Tax Rate (%) **(F)**	21.549%	21.549%
Effective ROE Rate (%) **(G)**	21.032%	21.032%
Return on Equity (H)= (D)*(G)(Pro-rated)	**182.57**	**29030.65**

Interest on Loan

38. Regulation 26 of the 2014 Tariff Regulations provides as under:

"26. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 19 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2014 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2014 from the gross normative loan.

(3) The repayment for each of the year of the tariff period 2014-19 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 generating company or the transmission licensee, as the case may be, shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the beneficiaries and the net savings shall be shared between the beneficiaries and the generating company or the transmission licensee, as the case may be, in the ratio of 2:1.

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

(9) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute: Provided that the beneficiaries or the long term transmission customers /DICs shall not withhold any payment on account of the interest claimed by the generating company or the transmission licensee during the pendency of any dispute arising out of re-financing of loan."

39. Interest on loan has been computed as under:

(i) The opening gross normative loan as on COD has been arrived at in accordance with Regulation 26 of the 2014 Tariff Regulations;

(ii) The weighted average rate of interest has been worked out on the basis of the actual loan portfolio of respective year applicable to the project;

(iii) Depreciation allowed has been considered as repayment of normative loan during the respective year of the period 2014-19. Further, repayments have been adjusted for de-capitalization of assets considered for the purpose of tariff.

(iv) The interest on loan has been calculated on the normative average loan of the year by applying the weighted average rate of interest.

40. Interest on loan has been worked out as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
Gross opening loan **(A)**	123215.00	373433.03
Cumulative repayment of loan Up to previous year **(B)**	0.00	43.40
Net Loan Opening (C=A-B)	123215.00	373389.63
Addition due to additional capital expenditure **(D)**	0.00	6699.89
Repayment of loan during the year **(E)**	43.40	6901.54
Less: Repayment adjustment onaccount of de-capitalization **(F)**	0.00	5.23
Net Repayment of loan during the year	43.40	6896.31

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
(G=E-F)		
Net Loan Closing (H = C+D-G)	123171.60	373193.20
Average Loan (**I= (C+H)/2)**	123193.30	373291.42
Weighted Average Rate of Interest of loan **(J)**	0.43%	1.42%
Interest on Loan (K= I*J)(Pro-rated)	**8.68**	**4520.51**

Depreciation

41. Regulation 27 of the 2014 Tariff Regulations provides as under:

"27. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system including communication system or element thereof. 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 or elements thereof.

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 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 in case of hydro generating station, the salvage value shall be as provided in the agreement signed by the developers with the State Government for development of the Plant:

Provided further 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 generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and 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-II 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 1.4.2014 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2014 from the gross depreciable value of the assets.
(7) The generating company or the transmission license, as the case may be, shall submit the details of proposed capital expenditure during the fag end of the project (five years before the useful life) along with justification and proposed life extension. The Commission based on prudence check of such submissions shall approve the depreciation on capital expenditure during the fag end of the project.

(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 decapitalized asset during its useful services."

42. The COD of the generating station is 24.5.2018. Depreciation has been allowed at the rate of 1.50% in line with order dated 28.10.2019 in Petition No.43/GT/2018. Accordingly, depreciation has been allowed as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
Opening Gross block **(A)**	176021.43	533475.76
Net Additional capital expenditure during 2018-19 **(B)**	-	9571.27
Closing gross block **(C=A+B)**	176021.43	543047.02
Average gross block **(D)=(A+C)/2**	176021.43	538261.39
Value of Free Hold Land	0.00	0.00
Depreciable Value **(E= (D *90%))**	158419.28	484435.25
Remaining Depreciable Value at the beginning of the year **(F=E-Cum Dep at 'L' at the end of previous year)**	158419.28	484391.85
Balance useful Life **(G)**	35.00	35.00
Rate of Depreciation **(H)**	1.500%	1.500%
Depreciation (I=D*H)(Pro-rated)	**43.40**	**6901.54**
Cumulative Depreciation at the end of the year (J=I+ Cum Dep at 'L' at the end of previous year)	43.40	6944.95
Less: Depreciation adjustment on account of de-capitalization (K)	0.00	5.23
Cumulative Depreciation at the end of the year (L)	43.40	6939.71

Operation & Maintenance Expenses

43. Regulation 29(3)(d) of the 2014 Tariff Regulations, stated as:

"(d) In case of the hydro generating stations declared under commercial operation on or after 1.4.2014, operation and maintenance expenses shall be fixed at 4% and 2.50% of the original project cost (excluding cost of rehabilitation & resettlement works) for

first year of commercial operation for stations less than 200 MW projects and for stations more than 200 MW respectively and shall be subject to annual escalation of 6.64% per annum for the subsequent years."

44. The O&M expenses allowed in order dated 28.10.2019 is as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018 (Unit-I)	**24.5.2018 to 31.3.2019 (Units I, II & III)**
Capital cost considered as on COD of Units/station	164678.18	533454.59
Less: R&R expenses	13312.56	39937.69
Capital cost for the purpose of O&M expenses	151365.62	493516.90
Annualized O&M expenses @ 2% of above	3027.31	9870.34

45. The Petitioner, in the present Petition, has claimed O&M expenses based on the capital cost of Rs. 579374.10 lakh as on 31.3.2024 (considering the extended cut-off date till 31.3.2024) and has revised in Annexure-I to tariff Form (1) vide affidavit dated 22.8.2022 as under:

(Rs. in lakh)

A	**Capital Expenditure incurred on the works covered within original scope**	
(i)	Capital Cost as on COD (i.e. 24.05.2018) (Excluding Un-discharged liability)	533475.76
(ii) (a)	Balance Works of Original Scope from COD to 31.03.2019 (Excluding Un-discharged liability) (after adjusting de-capitalization)	4261.66
(ii) (b)	Discharge of Liability from COD to 31.03.2019	5309.61
(iii) (a)	Balance Works of original scope during 2019-24 (Refer Form-9A for the period 2019-24)	26462.02
(iii) (b)	Discharge of Liability during 2019-24 (Refer Form-16 for the period 2019-24)	9865.06
	Capital Expenditure within original scope up to Cut-Off date (extended 31.3.2024)	579374.10
(iv)	R&R Expenses upto 31.3.2021 (Ref Appendix -1)	15594.60
(v)	R&R Expenses upto 31.3.2024 (Ref Appendix -1)	17009.00
	Capital expenditure up to cut-off date for the purpose of O&M Expenses = (i)+(ii)+(iii)-(iv)	**562365.10**
B	**O&M Expenses as per Regulation 29(3)(d) of the 2014 Tariff Regulations**	
	O & M Expenses @ 2.5% p.a for three units (First full year)	**14059.13**
C	**O&M Expenses considered by the Petitioner**	
	O & M Expenses @ 2.0% p.a. for three units (First full year) **(N)**	**11247.30**
	Annual escalation (from second year after COD i.e. 2018-19) as per Regulation 35(2) (C) of the 2019 Tariff Regulations. **(Esc)**	4.77%

Sl. No.	**Particulars**	**2018-19**	
		18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**

		1 unit	3 units
	No. of days:	**6**	**312**
1	Annual Escalation	**N**	
2	O&M Expenses (annualized) *(Rs.in lakh)*	3749.10	11247.30
3	**O&M Expenses (pro-rata)** *(Rs.in lakh)*	**61.63**	**9614.13**

46. The matter has been examined. The COD of the generating station is 24.5.2018, accordingly, the cut-off date is 31.3.2021. As per Regulation 29(3)(d) of the 2014 Tariff Regulations, 2.5% of the original project cost (excluding R&R cost) has to be considered for the generating station. In this regard it is to mention that the Petitioner in petition no. 43/GT/2018 had submitted that '*Keeping in view present energy market scenario and in order to ensure sale of power, the petitioner has optimized the norms of O&M expenses from 2.5% of project cost to 2.0%*'. Commission in its order dated 7.8.2018 had observed that the 'the proposal of the petitioner provides benefits to the respondents by way of reduction in tariff as compared to the CERC norms, the Commission is inclined to allow the O&M expenses for the first year of operation at the rate of 2% of the original project cost'. The Petitioner in the prsent petition has claimed O&M expenses based on 2% of original project cost (excluding R&R cost). Accordingly, in line of above decision of Commission in order dated 7.8.2018, we have considered the same in this order. Further, the capital expenditure of Rs.548263.06 as on the cut-off date i.e. 31.3.2021 as allowed in this order is considered for calculating the O&M expenses for the period from 18.5.2018 to 31.3.2019. In view of above, the O&M expenses allowed is as under:

(Rs. in lakh)

(i)	**Capital Expenditure within the original scope up to Cut-off date**	548263.06
(ii)	R&R Expenses up to 31.3.2021	15594.60
(iii)	Capital expenditure up to cut-off date for the purpose of O&M Expenses (excluding R&R expenses) = (i)-(ii)	532668.46
(iv)	O & M Expenses @ 2.0% p.a. of above (iii) (First full year normalized) = (iii)x2% for the period 2018-19	**10653.37**
O&M expenses allowed for the period from COD of Unit-1 to 31.3.2019 (pro-rata) based on the normalized O&M expenses above for the period 2018-19		

Period	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
No. of Units	1	3
No. of days	6	312
O&M expenses allowed for the period on prorate basis based on normalized O&M arrived at sl. No. (iv) above	**58.37**	**9106.44**

<u>Additional O&M expenses</u>

Capital Spares

47. The Petitioner has not claimed any expenditure on towards capital spares.

Wage Revision impact

48. The Petitioner has submitted that it has filed Petition No. 286/MP/2019 claiming the recovery of impact of wage revision of its employees, deputed employees of Central Industrial Security Force (CISF) in Kishanganga Power Station during the period 18.5.2018 (COD of first Unit to 31.3.2019). It is noticed that the additional O&M expenses claimed by the Petitioner, had already been considered and disposed of by the Commission vide its order dated 30.12.2022 in Petition No. 286/MP/2019. Accordingly, the same has not been considered in this order.

Goods & Services Tax

49. The Petitioner has also claimed the reimbursement of additional tax paid due to implementation of GST in respect of the generating station as additional O&M expenses. Accordingly, the Petitioner has requested for relaxation of the provisions of Regulation 29(3) in exercise of the powers vested under Regulation 54 and Regulation 55 of the 2014 Tariff Regulations. The Petitioner has further submitted that the implementation of GST is a "change in law" event and the impact of the same should be passed through in tariff. As such, the tax paid in O&M expenditure of Plants (service portion) has been claimed over and above the O&M expenses allowed to the power stations. The Petitioner has also submitted that it had filed Petition No. 133/MP/2019,

which was disposed of by the Commission vide its order dated 22.8.2019, granting liberty to the Petitioner to raise the claim for reimbursement of additional tax on O&M expenses due to implementation of GST Act, 2017 along with the truing up petition for the period 2014-19. The additional impact of GST in the 2018-19 as submitted by the Petitioner, duly certified by statutory auditors, are as under:

Additional Impact of GST on O&M Expenses **(in Rs.)**		
2018-19 (COD to 31.12.2018)	**2018-19 (1.1.2019 to 31.3.2019)**	**Total**
5,24,18,420	1,03,44,019	**6,27,62,439**

4. We have examined the matter. It is evident from the submissions of the Petitioner and the documents on record, that in terms of the provisions of J&K General Sales Tax Act, 1962 and the Rules framed thereunder, Security services were not falling in the definition of 'goods' or 'services', as defined in Section 2(h) of the said Act and therefore, the same were not eligible to any tax i.e. WCT under J&K General Sales Tax Act, 1962 or Service Tax in the State of J&K in pre-GST Regime. However, with the introduction of GST in J&K w.e.f. 8.7.2017, Security services are being subjected to GST @18%. It can, therefore, be concluded that due to the implementation of GST on security services, the Petitioner has been obligated to pay GST on security services for this generating station. In this background, the details of GST, duly certified by the Auditor and claimed by the Petitioner on Security services is allowed as under:

(Rs. in lakh)

Sl. No.	**Year**	**Security Services**	**Operational Services**	**Total**
1	24.5.2018 to 31.12.2018	400.78	123.40	524.18
2	1.1.2019 to 31.3.2019	87.53	15.91	103.44
	Total	**488.31**	**139.31**	**627.62**

50. In view of the submissions of the Petitioner, the impact of GST in respect of security services amounting to Rs. 488.31 lakh for 2018-19 is allowed.

Interest on Working Capital

51. Sub-section (c) of clause (1) of Regulation 28 of the 2014 Tariff Regulations provides as under:

> *"28. Interest on Working Capital: (1) The working capital shall cover*
>
> *(c) Hydro generating station including pumped storage Hydro Electric generating Station and transmission system including communication system:*
>
> *(i) Receivables equivalent to two months of fixed cost;*
>
> *(ii) Maintenance spares @ 15% of operation and maintenance expense specified in Regulation 29; and*
>
> *(iii) Operation and maintenance expenses for one month."*

Working Capital for Receivables

52. The Receivable component of working capital has been worked out based on two months of fixed cost as under:

(Rs. in lakh)

18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
50.13	8560.84

Working Capital for Maintenance Spares

53. Maintenance spares @15% of O&M expenses is worked out and allowed as under:

(Rs. in lakh)

18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
8.76	1439.21

Working capital for O&M Expenses

54. O&M expenses for 1 month for the purpose of working capital are as under:

(Rs. in lakh)

18.5.2018 to 23.5.2018	**24.5.2018 to 31.3.2019**
4.86	799.56

Rate of Interest on Working Capital

55. Clause (3) of Regulation 28 of the 2014 Tariff Regulations provides as under:

> *"Interest on working Capital: (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 2014-15 to 2018-19 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."

56. Accordingly, interest on working capital is worked out and allowed as under:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
Working capital for O&M Expenses (one month of O&M Expenses)	4.86	799.56
Working capital for Maintenance Spares (15% of operation and maintenance expense)	8.76	1439.21
Working capital for Receivables (two months of fixed cost)	50.13	8560.84
Total working capital	**63.76**	**10799.62**
Rate of Working Capital (%)	12.20%	12.20%
Interest on Working Capital	**7.78**	**1317.55**

Annual Fixed Charges for the period 2014-19

57. Based on the above, the annual fixed charges approved for the generating station for the period 2018-19 is summarized below:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
Depreciation	43.40	6901.54
Interest on Loan	8.68	4520.51
Return on Equity	182.57	29030.65
Interest on Working Capital	7.78	1317.55
O&M Expenses	58.37	9594.75
Total	**300.81**	**51365.01**

Note: (1) All figures under each head have been rounded. (2) 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.

Normative Annual Plant Availability Factor (NAPAF)

58. The Petitioner has claimed NAPAF of 90%. It is pertinent to mention that Commission vide its order dated 28.10.2019 in Petition No. 43/GT/2018 had allowed NAPAF of 90% for the period 2018-19 for the generating station. Accordingly, the same has been considered in this order.

Auxiliary Energy Consumption

59. As per Regulation 8(6) of the 2014 Tariff Regulations and its subsequent amendment thereof, the financial gain on account of actual auxiliary energy consumption being less than the normative auxiliary energy consumption is to be shared in the ratio of 60:40 between generating station and the beneficiaries. The Petitioner has submitted that in line with the 2014 Tariff Regulations, and amendments thereof, the actual auxiliary energy consumption is 0.9% which is less than the normative auxiliary energy consumption of 1.2%. The Petitioner has stated that saleable schedule generation is less than saleable design energy. Hence, there is no gain on account of auxiliary consumption. The Petitioner has also submitted the annual energy bill for 2018-19 in support of actual auxiliary consumption. The Respondent UPPCL has requested to separate the excess energy generated due to saleable energy and financial gains on this excess energy be calculated on the basis of energy charge calculated considering the saleable scheduled energy minus the excess energy generated on account of reduced auxiliary consumption. It has stated that the financial gain so calculated, should be shared in the ratio of 60:40 and adjusted in the electricity bills.

60. The matter has been examined. The scheduled saleable energy as stated by the Petitioner is 388.70 MUs, which means considering auxiliary energy as 0.9%, the actual generated energy is 392.23 MUs. However, it is noticed that the scheduled saleable energy is less than the saleable design energy for the period and accordingly, in terms of Regulation 8(6) of Regulation 37 of the 2014 Tariff Regulations, the financial gains are not available to the Petitioner in 2018-19.

Design Energy

61. The Commission in its order dated 28.10.2019 in Petition No. 43/GT/2018 had allowed the CEA approved annual Design Energy (DE) of 1712.96 MUs for the period

2018-19, in respect of this generating station. The same had also been considered in this order, as per month-wise details below:

Months	10 days monthly Design Energy	Design Energy (MUs)
April	I	75.24
	II	75.24
	III	75.24
May	I	75.24
	II	75.24
	III	82.76
June	I	75.24
	II	75.24
	III	75.24
July	I	75.24
	II	75.24
	III	82.76
August	I	69.00
	II	65.39
	III	63.16
September	I	53.55
	II	52.97
	III	48.14
October	I	47.73
	II	49.71
	III	47.89
November	I	19.64
	II	17.36
	III	16.73
December	I	6.61
	II	4.48
	III	3.60
January	I	8.64
	II	8.71
	III	9.24
February	I	11.85
	II	13.22
	III	10.51
March	I	37.82
	II	46.89
	III	82.19
Total		**1712.96**

Summary

62. The annual fixed charges allowed vide order dated 28.10.2019 in Petition No. 43/GT/2018 and the annual fixed charges allowed in this order (after truing-up) for the period 2014-19 for the generating station are summarized below:

(Rs. in lakh)

	18.5.2018 to 23.5.2018	24.5.2018 to 31.3.2019
Annual fixed charges allowed vide order dated 28.10.2019 in Petition No. 43/GT/2018	275.04	49563.12
Annual fixed charges allowed	**300.81**	**51365.01**

63. The difference between the annual fixed charges recovered by the Petitioner in terms of order dated 28.10.2019 in Petition No. 43/GT/2018 and the annual fixed charges determined by this order, shall be adjusted in terms of the provisions of Regulation 8(13) of the 2014 Tariff Regulations.

DETERMINATION OF TARIFF FOR THE PERIOD 2019-24

64. The Petitioner, in this petition, has also sought the determination of tariff of the generating station for the period 2019-24, in terms of the provisions of the 2019 Tariff Regulations. Accordingly, the annual fixed charges claimed by the Petitioner for the period 2019-24 is as under:

Annual Fixed Charges claimed

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	8158.40	8197.52	8329.27	8500.96	8628.97
Interest on Loan	4970.68	4587.50	4502.08	4434.82	4198.18
Return on Equity	32622.19	32778.62	33305.42	33991.94	34503.80
Interest on Working Capital	1460.35	1493.76	1540.54	1592.47	1640.36
O&M Expenses	14259.03	14939.18	15651.78	16398.37	17180.57
Total	**61470.65**	**61996.58**	**63329.10**	**64918.56**	**66151.88**

Capital Cost

65. Clause (1) of Regulation 19 of the 2019 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. However, capital cost for an existing project is governed as per clause (3) of Regulation 19 of the 2019 Tariff Regulations, which provides as under:

> *"The Capital cost of an existing project shall include the following:*
>
> *(a) Capital cost admitted by the Commission prior to 1.4.2019 duly trued up by excluding liability, if any, as on 1.4.2019;*
>
> *(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these Regulations;*
>
> *(c) Capital expenditure on account of renovation and modernization as admitted by this Commission in accordance with these Regulations;*
>
> *(d) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;*
>
> *(e) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal upto the receiving end of generating station but does not include the transportation cost and any other appurtenant cost paid to the railway; and*
>
> *(f) Capital cost incurred or projected to be incurred by a thermal generating station, on account of implementation of the norms under Perform, Achieve and Trade (PAT) scheme of Government of India shall be considered by the Commission subject to sharing of benefits accrued under the PAT scheme with the beneficiaries…."*

66. The Petitioner vide affidavit dated 22.8.2022 has revised Form-1(i) and has claimed the capital cost as follows:

(Rs. in lakh)

		2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
	Opening Capital Cost	543047.02	544740.03	548263.06	562306.36	571155.18
B	Addition during the year / Period	1231.61	415.57	8161.50	8434.43	8218.92
C	De-capitalization during the year/period	0.00	0.00	0.00	0.00	0.00
D	Discharges during the year	461.41	3107.46	5881.80	414.40	0.00
E	Closing Capital Cost (A+B-C+D)	**544740.03**	**548263.06**	**562306.36**	**571155.18**	**579374.10**

67. The Commission, in this order, while truing up tariff of the generating station for the period 2018-19, has allowed the closing capital cost of Rs. 543047.02 lakh, as on 31.3.2019. Accordingly, in terms of Regulation 19 of the 2019 Tariff Regulations, the capital cost of Rs. 543047.02 lakh, as on 31.3.2019, has been considered as the opening capital cost as on 1.4.2019, for the purpose of determination of tariff for the period 2019-24.

Additional Capital Expenditure for the period 2019-24

68. Regulation 24 of the 2019 Tariff Regulations provides as under:

"24. Additional Capitalization within the original scope and upto the cut-off date:
(1) The additional capital expenditure in respect of a 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:
(a) Undischarged liabilities recognized to be payable at a future date;
(b) Works deferred for execution;
(c) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these regulations;
(d) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;
(e) Change in law or compliance of any existing law; and
(f) Force Majeure events:
Provided that in case of any replacement of the assets, the additional capitalization shall be worked out after adjusting the gross fixed assets and cumulative depreciation of the assets replaced on account of de-capitalization.
(2) The generating company or the transmission licensee, as the case may be shall submit 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."

69. Regulation 25(1) of the 2019 Tariff Regulations provides as under:

"25. Additional Capitalization within the original scope and after the cut-off date:

(1) The additional capital expenditure incurred or projected to be incurred in respect of an existing project or a new project on the following counts within the original scope of work and after the cut-off date may be admitted by the Commission, subject to prudence check:

(a) Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority, or order or decree of any court of law;

(b) Change in law or compliance of any existing law;

(c) Deferred works relating to ash pond or ash handling system in the original scope of work;

(d) Liability for works executed prior to the cut-off date;

(e) Force Majeure events;
(f) Liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments; and
(g) Raising of ash dyke as a part of ash disposal system.

(2) In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these Regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission.

70. Regulation 26 of the 2019 Tariff Regulations provides as under:

26. Additional Capitalization beyond the original scope

(1) 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 beyond the original scope, may be admitted by the Commission, subject to prudence check:

(a) Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law;

(b) Change in law or compliance of any existing law;

(c) Force Majeure events;

(d) Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security;

(e) Deferred works relating to ash pond or ash handling system in additional to the original scope of work, on case to case basis:

Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M) or repairs and maintenance under O&M expenses, the same shall not be claimed under this Regulation;

(f) Usage of water from sewage treatment plant in thermal generating station.

(2) 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 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.

71. The Petitioner vide affidavit dated 24.1.2020, has submitted that the projected additional capital expenditure has been claimed under various provisions of Regulation 25 and Regulation 26 of the 2019 Tariff Regulations. The Petitioner vide affidavit dated 16.7.2021 has updated the claim for additional capital expenditure vide Form 9A for the period 2019-24. In compliance of the directions vide ROP, the Petitioner has vide affidavit dated 22.8.2022 revised the tariff filing forms. Accordingly, the details of the additional capital expenditure claimed by the Petitioner are as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
1231.61	415.57	8161.50	8434.43	8218.92

72. The Petitioner vide affidavit dated 22.8.2022 has submitted that certain additional capital expenditure which are within the original scope of work, could not be incurred by the Petitioner till 31.3.2021, due to the following reasons:

i. Non- starting of Dam Toe Power house work at Gurez Dam site.
ii. Right bank Dam Road, internal road works and construction of diesel storage tank.
iii. Land acquisition and R&R payments.
iv. Works under Environment management Plan
v. Administrative Building, Security buildings, Area Development, Land scaping and Township.
vi. Boundary Wall of Power house.

73. The Petitioner has also submitted that on account of above reasons, which were beyond the control of the Petitioner, the Petitioner could not execute all the works/ items, within the cut-off date (i.e., 31.3.2021). It has also submitted that the balance works/ supplies are still in process and a major portion of the same is anticipated to be completed/ executed by the generating station by 31.3.2024. In this background, the Petitioner has furnished the details of works which were anticipated to be completed / executed after the cut-off date till 31.3.2024 and has claimed the same in the present petition, with a prayer to extend the cut-off date of the generating station till 31.3.2024. The Petitioner has further submitted that the Project is covered under the Indus Waters Treaty, 1960 and therefore, on the disputes raised by Pakistan over the design and construction of the project, the International Court of Arbitration (ICA) had directed to release a minimum of 9 Cumecs of water downstream from the Kishanganga Dam (against the original provision of 4.25 Cumecs). Thus, to make sure the release of 9 Cumecs downstream and to generate energy due to significant downstream release from the dam which will act as an additional source of power at

Gurez for the operation of dam equipment especially during winter, the Dam Toe Power House has been setup.

74. The Respondent UPPCL has submitted that Hydroelectric Project (HEP) and Dam Toe Power House (DTPH) may be considered as two different projects and that whole of the project is split into two parts, i.e., Kishanganga HEP and Dam Toe Power Station (DTPH); and be assigned separate cost as on the date of commissioning of HEP on 24.5.2018 and schedule date of commissioning of DTPH and the scheduled date of commissioning of DTPH might be decided in view of difficulties expressed by the Petitioner in implementation of the project in Gurez Valley. The Respondent has prayed that the time delay in execution of the DTPH should be excluded from the combined delay of the Project in order to work out the actual delay, and accordingly the time & cost overrun of the Project should be evaluated. The Respondent CSPDCL has submitted that there is no provision in the 2014 Tariff Regulations to extend the cut-off date itself. However, it has stated that in terms of Regulation 14(2) of the 2014 Tariff Regulations, 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 and the items/assets not falling under original scope of work should not be allowed to be capitalized after the cut-off date of 31.3.2021.

75. The Petitioner has also submitted that MOP, GOI has approved the RCE of Rs. 5658.82 crores as against the RCE of Rs. 5840.98 crores submitted earlier, as MOP, GOI had allowed the time and cost overrun while allowing RCE. Thus, it is clear from the approved RCE, MoP has allowed the balance works within the original scope of work. The Petitioner has stated that the additional capital expenditure claimed during the period 2019-24 includes the spill over works within the original scope and the

competent authority for approving the additional capital expenditure within the original scope of work and beyond original scope is the Board of Directors of the Petitioner Company. In view of above, the Petitioner has prayed that the balance works within the original scope of work, but beyond the cut-off date may be considered, as these works are necessary for the efficient and successful operation of the power station. The Petitioner has added that Regulation 25 of the 2019 Tariff Regulations also allows the generating station to complete the balance works of original scope after the cut-off date.

76. We have examined the submissions. Keeping in view that the works/ items could not be completed by the Petitioner on account of extreme conditions, tough location of the generating station and as per submissions in para 73 above, we are inclined to allow the additional capitalization of the works/ items, which are within the original scope of work (but could not be executed/ completed) as claimed by the Petitioner, after the cut-off date, in terms of the Regulation 24(1)(b) of the 2019 Tariff Regulations. On prudence check, it is noticed that the claim of the Petitioner is towards assets/ works within the original scope, the Commission is inclined to allow such additional capitalization in exercise of the powers under Regulation 76 of Tariff Regulations (power to relax). Also, considering the fact that the provisions of mandatory discharge was revised in the later stage and considering the location and tough conditions in the project, we are inclined to allow the scheme for Construction of Dam Toe Power House (DTPH) as the same was approved in RCE dated 11.6.2021.

77. It is observed that the Petitioner has claimed certain assets under Regulation 24(1)(c) of the 2019 Tariff Regulations, for procurement of items under initial spares. The items claimed by Petitioner is within the ceiling limit of 4% of the Plant & Machinery

cost (as discussed in para 15 of this order), and therefore, we allow the initial spares claimed, subject to ceiling limit of Rs. 3839.73 lakh. This is however subject to truing - up, based on actuals.

78. The break-up of the actual additional capital expenditure claimed is as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Addition during the year / period	1231.61	415.57	8161.50	8434.43	8218.92	**26462.02**
Less: De-capitalization during the year / period	0.00	0.00	0.00	0.00	0.00	**0.00**
Add: Discharges during the year / period	461.41	3107.46	5881.80	414.40	0.00	**9865.06**
Net Additional capitalization claimed	**1693.01**	**3523.02**	**14043.30**	**8848.83**	**8218.92**	**36327.08**

We now examine the claim of the Petitioner as under:

2019-20

Sl. No.	Regulation		Amount *(Rs in lakh)*
(a)	24(1)(b)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Works deferred for execution	1225.46
(b)	24(1)(c)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these Regulations	2.39
(c)	26(1)(d)	Additional capitalization beyond the original scope. Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security	3.75
	Total additional capital expenditure claimed		**1231.61**

(Rs. in lakh)

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
A.	**Regulation 24(1)(b) of the 2019 Tariff Regulations**				
1	Construction of block no. 1 to 6 (48 nos. qtrs.) permanent b-type residential accommodation i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	1145.00	This work is in the original scope as per approved RCE under the head "K-Buildings". Amount Rs. 1145 lakh, Rs. 60 lakh capitalized in 2019-20 respectively.	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 1 to 8) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	1145.00
2	Acquisition and upgradation of E&M, HM & general stores at powerhouse area.	60.00			60.00
3	Computer	13.28	This work is in the original scope as per approved RCE under the head "O - Miscellaneous". Amount of Rs 13.28 lakh, Rs. 2.05 lakh, Rs.0.03 lakh, Rs 0.23 lakh, Rs. 0.61 lakh, Rs. 4.26 lakh incurred respectively in 2019-20,		13.28
4	Providing Hospital equipment's	2.05			2.05
5	Printer	0.03			0.03
6	EDP Equipment's (servers, routers, switches, fire wall items etc.)	0.23			0.23
7	Purchase of Biometric Attendance Machine	0.61			0.61
8	Office Furniture	4.26			4.26
	Sub Total (A)	**1225.46**			**1225.46**
B.	**Regulation 24(1)(c) of the 2019 Tariff Regulations**				
9	Submersible Dewatering pumps of capacity 7.5 HP, 5 Hp & 3 Hp along with starters and accessories for Power House.	2.39	This work is in the original scope as per approved RCE under the head "Electromechanical works". Rs. 2.39 Lakh capitalized in 2019-20.	The Petitioner has submitted that these assets have been procured as initial spares. As discussed in paragraphs 15 and 77, above, the claim of the Petitioner is within the ceiling limit of the initial spares and hence, the claim is allowed under Regulation 24(1)(c) of the 2019 Tariff Regulations.	2.39
	Sub-Total (B)	**2.39**			**2.39**
C.	**Regulation 26(1)(d) of the 2019 Tariff Regulations**				

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
10	DFMD	2.29	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Rs. 2.29 lakh, Rs.1.46 lakh respectively capitalized in 2019.20. Relevant supporting Documents are attached at Appendix to Annexure-II	As the projected additional capital expenditure claimed (@sl nos 1 & 2) are for the higher security and safety of the plant, the claims of the Petitioner are allowed under Regulation 26 (1)(d) o the 2019 Tariff Regulations.	2.29
11	Boom Barrier	1.46			1.46
	Sub Total (C)	**3.75**			**3.75**
	Grand Total (A+B+C)	**1231.61**			**1231.61**

79. In view of the above, the total additional capital expenditure allowed is Rs. 1231.61 lakh for 2019-20.

<u>2020-21</u>

Sl. No.	Regulation		Amount *(Rs in lakh)*
(a)	24(1)(b)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Works deferred for execution	356.45
(b)	24(1)(c)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these Regulations	31.12
(c)	26(1)(d)	Additional capitalization beyond the original scope. Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security	28.00
	Total additional capital expenditure claimed		**415.57**

(Rs. in lakh)

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
A.	**Regulation 24(1)(b) of the 2019 Tariff Regulations**				
1	Balance work of PDE Contract (Euro converted to INR @Rs.78/-)	131.00	This work is in the original scope as per approved RCE under the head "Planning, design & engineering". Out of Total amt of Rs. 1064 lakh, Rs. 131 lakh is capitalized in 2020-21	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 1 to 4) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	131.00
2	SETC of 2 Nos. 625 KVA DG sets at Dam site, Gurez	62.83	This work is in the original scope as per approved RCE under the head "C-Works". Rs 62.83 lakh capitalized in 2020-21.		62.83
3	B-Type residential Quarters at NHPC Colony, Karalpora, (Electrification)	60.50	This work is in the original scope as per approved RCE under the head "K-BUILDINGS". Rs. 60.50 lakh, Rs. 22.00 lakh respectively capitalized in 2020-21.		60.50
4	Watch Tower at Dam site	22.00			22.00
5	Net-working devices	0.24	This work is in the original scope as per approved RCE under the head " O - MISCELLANEOUS". Rs. 22 lakhs, Rs. 4.75 lakh, Rs 1.91 lakh, Rs. 7.28 lakh, Rs 1.68 lakh, Rs 0.02 Lakh, Rs. 18.38 Lakh, Rs. 0.12 lakh, Rs. 15.9 lakh, Rs. 29.85 Lakh capitalized in 2020-21 respectively.	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 5 to 12) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	0.24
6	Office Furniture	4.75			4.75
7	Providing Hospital equipment's	1.91			1.91
8	Photo copier	7.28			7.28
9	Miscellaneous Sound system/ Projector	1.68			1.68
10	EDP Equipment's (servers, routers, switches, fire wall items etc.)	0.02			0.02
11	Computer	18.38			18.38
12	Interior communication equipment's	0.12			0.12

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
13	Fork Lift 5T	15.90	This work is in the original scope as per approved RCE under the head- Special Tools And Plants". Rs. 15.9 lakh, Rs. 29.85 capitalized in 2020-21 respectively.	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 13 and 14) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	15.90
14	Excavator (Hydraulic excavator/ Loader cum excavator)	29.85			29.85
	Sub-Total (A)	**356.45**			**365.45**
B. Regulation 24(1)(c) of the 2019 Tariff Regulations					
1	Submersible Dewatering pumps of capacity 7.5 HP, 5 Hp & 3 Hp along with starters and accessories for Power House.	0.37	This work is in the original scope as per approved RCE under the head "Electromechanical works". Rs. 2.39 Lakh capitalized in 2019-20 and Rs. 0.37 lakh capitalized in 2020-21	The Petitioner has submitted that these assets have been procured as initial spares. As discussed in paragraphs 15 and 77, above, the claim of the Petitioner is within the ceiling limit of the initial spares and hence, the claim is allowed under Regulation 24(1)(c) of the 2019 Tariff Regulations.	0.37
2	Governor OPU pump motor sets for Power House.	9.75	Initial spares within the ceiling of 4% of Cost of Plant & machinery as per CERC Regulation 13 (c) of Tariff Regulations 2014		9.75
3	Cooling water pump set	21.00			21.00
	Sub-total (B)	**31.12**			**31.12**
C. Regulation 26(1)(d) of the 2019 Tariff Regulations					
1	Tyre Killer	4.50	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Rs 4.50 lakh,23.50 capitalized in 2020-21 respectively. Relevant supporting Documents are attached at Appendix to Annexure-II	As the projected additional capital expenditure claimed (@sl nos 1 & 2) are for the higher security and safety of the plant, the claims of the Petitioner are allowed under Regulation 26 (1)(d) of the 2019 Tariff Regulations.	4.50
2	Explosive detector	23.50			23.50
	Sub-Total (C)	**28.00**			**28.00**
	Total (A+B+C)	**415.57**			**415.57**

80. In view of the above, the total additional capital expenditure allowed in 2020-21 is Rs. 415.57 lakh.

2021-22

(Rs. in lakh)

Sl. No.	Regulation		Amount (Rs in lakh)
(a)	24(1)(b)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Works deferred for execution	6880.64
(b)	24(1)(c)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these Regulations	59.58
(c)	24(1)(d)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Liabilities to meet award of arbitration or for compliance of the directions or order of any statutory authority or order or decree of any court of law;	36.00
(d)	24(1)(e)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Change in law or compliance of any existing law;	711.00
(e)	26(1)(d)	Additional capitalization beyond the original scope. Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security	474.28
	Total additional capital expenditure claimed		**8161.50**

(Rs. in lakh)

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
A.	**Regulation 24(1)(b) of the 2019 Tariff Regulations**				
1	(Balance work of PDE Contract (Euro converted to INR @Rs.78/-)	364.00	This work is in the original scope as per approved RCE under the head "Planning, Design & Engineering". Out of Total amt of Rs. 1064 lakh, Rs. 131 lakh is capitalized in 2020-21 and Rs.933 Lakh projected in 2021-22.	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 1 to 12) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital	364.00
2	(Balance work of PDE Contract (Euro converted to INR @Rs.78/-)	60.00			60.00
3	Balance work of PDE Contract (Euro	509.00			509.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	converted to INR @Rs.78/-)			expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations.	
4	Balance civil work (Including escalation)	63.00	This work is in the original scope as per approved RCE under the head "Civil works",		63.00
5	Balance E&M Works	710.00	This work is in the original scope as per approved RCE under the head " Electro mechanical works",		710.00
6	Balance E&M Works	1000.00			1000.00
7	Purchase of test equipment (Thermo vision camera, contact resistance measuring equipment, Leakage clamp meter, Standard accessories for Earth testing kit) for maintenance of Switchyard	20.00			20.00
8	HM Gate Off-Shore Supply	19.13	This work is in the original scope as per approved RCE under the head " Hydro mechanical". Rs 19.13 lakh, Rs.195.77 lakh, Rs114.50 lakh, Rs 15.87 lakh proposed respectively in 2021-22		19.13
9	Gate Erection	195.77			195.77
10	Price variation	114.50			114.50
11	SET C of Intake bulkhead Gate Dam toe Power house	15.87			15.87
12	Construction of permanent Boundary wall of Powerhouse area & gates.	150.00	This work is in the original scope as per approved RCE under the head "J-Works". Rs 150 Lakh proposed respectively in 2021-22.		150.00
13	Construction of permanent field hostel building i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora	2.50	This work is in the original scope as per approved RCE under the head "K- Building". Rs 2.50Lakh, Rs 150 lakh, Rs. 155 .81 Lakh, Rs 40 lakh, Rs 293 lakh, Rs 220 Lakh, Rs 66 Lakh, proposed respectively in 2021-22	It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 13 to 18) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	2.50
14	Construction of barrack, offices/ shops / stores/ sewerage/ water system/ architecture/ land scrapping etc. for CISF, Project and others at Power House Area / surge shaft area for CISF	150.00			150.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	unit at Kishanganga project NHPC colony,				
15	Construction of block no. 1 to 6 (48 nos. qtrs.) permanent b-type residential accommodation i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	155.81			155.81
16	Construction of offices, barracks, sentry posts, strong room, guard room etc. for CISF & JKAP at Powerhouse, switchyard, TBM & surge shaft areas & STP.	40.00			40.00
17	construction of permanent administrative / office building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora	293.00			293.00
18	construction of hospital building i/c water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora	220.00			220.00
19	Construction of permanent 24 nos. c-type residential quarters i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	66.00		It is noticed that the additional capital expenditure claimed for assets/works (@sl nos 19 to 31) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff	66.00
20	Electrification (like Post Lamp, Park light, Street & Road Light, Cable, cable trenches & feeder pillars etc.	100.00	This work is in the original scope and allowed in the RCE under the head "O - Miscellaneous". Rs 100 Lakh, Rs 50 Lakh, Rs 141		100.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
21	Electrification (like Post Lamp, Park light, Street & Road Light, Cable, cable trenches & feeder pillars etc.	50.00	Lakh, Rs 10 Lakh, Rs 4.77 Lakh, Rs 40 Lakh, Rs 19.95 Lakh, Rs 13.34 Lakh proposed in 2021-22 respectively.	Regulations	50.00
22	Electrification (works of Distribution of Power Supply from 33/0.4 KV Sub Station to office cum Residential Complex through cable trench, underground table and Feeder Pillar)	141.00			141.00
23	EDP Equipment's (servers, routers, switches, fire wall items etc.)	5.00			5.00
24	Software	10.00			10.00
25	Net-working devices	4.77			4.77
26	Air Conditioners	40.00			40.00
27	Office Furniture	19.95			19.95
28	Computer	13.34			13.34
29	Snow Blower with cutter & Grinder	45.00	This work is in the original scope and allowed in the RCE under the head "Q- Special Tools & Plants".		45.00
30	Ambulance	22.00			22.00
31	Tipper	43.00			43.00
32	Pick n carry crane 14T	51.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 32 to 34) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations	51.00
33	Fisheries Management Plan	200.00	This work is in the original scope as per approved RCE under the head "X- Environment & Ecology"		200.00
34	Impact area treatment (Streamlining and Training works of Bonar and Madhumati Nallah including flood protection works)	1987.00			1987.00
	Sub-total (A)	**6880.64**			**6880.64**
B. Regulation 24(1)(c) of the 2019 Tariff Regulations					
1	Submersible Dewatering pumps of capacity 7.5 HP, 5 Hp & 3 Hp along with starters and	35.58	This work is in the original scope as per approved RCE under the head "Electromechanical works". balance of Rs 35.58 lakh in 2021-22	The Petitioner has submitted that these assets have been procured as initial spares. As discussed in paragraphs 15 and 77,	35.58

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	accessories for Power House.			above, the claim of the Petitioner is within the ceiling limit of the initial spares and hence, the claim is allowed under Regulation 24(1)(c) of the 2019 Tariff Regulations.	
2	Purchase of Lightening Arrestor (Three Sets)	17.00	Initial spares within the ceiling of 4% of Cost of Plant & machinery as per CERC Regulation 13 (c) of Tariff Regulations 2014		17.00
3	Purchase of NGR & NGT	7.00			7.00
	Sub-total (B)	**59.58**			**59.58**
C.	**Regulation 24(1)(d) of the 2019 Tariff Regulations**				
1	Telecommunication equipment	36.00	This work is in the original scope as per approved RCE under the head " Electro mechanical works",	The Petitioner has claimed the additional capital expenditure under Regulation 24(1)(d) of the 2019 Tariff Regulations related to original scope of work due to compliance of order of court. However, the Petitioner has not furnished any supporting documents for the claim. Accordingly, the claim is not considered now. The Petitioner is however granted liberty to claim the said expenditure with documentary evidence at the time of truing up of tariff.	0.00
	Sub-Total (C)	**36.00**			**0.00**
D.	**Regulation 24(1)(e) of the 2019 Tariff Regulations**				
1	Reimbursement of additional cost due to enhancement of Toll Tax	124.00	This work is in the original scope as per approved RCE under the head "Civil works". balance payment of Toll tax capitalized Rs 7.92 lakh,0.95 Rs lakh, Rs 15.28 lakh, Rs 47.64 lakh, Rs 2.21 lakh respectively in 2021-22.	Though the Petitioner has claimed the additional capital expenditure (@sl nos. 1 to 3) under change in law, it has not provided the details of the items under which enhancement of toll tax / VAT/Royalty has been paid. Thus, we are not inclined to allow the claim at this stage. The Petitioner is granted liberty to claim the	0.00
2	Reimbursement of additional cost due to enhancement of VAT	138.00	This work is in the original scope as per approved RCE under the head "Civil works", balance payment of VAT capitalized Rs 8.82 lakh,1.06 Rs lakh, Rs 17.00		0.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
			lakh, Rs 50.00 lakh, Rs 2.46 lakh, Rs 58.66 lakh respectively in 2021-22.	expenditure with documentary evidence at the time of truing up of tariff.	
3	Reimbursement of additional cost due to enhancement of Royalty	13.00	This work is in the original scop as per approved RCE under the head "Civil works", balance payment of Royality capitalized Rs 0.58 lakh,0.07 Rs lakh, Rs 1.11 lakh, Rs 7.09 lakh, Rs 0.16 lakh Rs 0.26 lakh, Rs 0.03 lakh, Rs 0.49 lakh, Rs 3.15 lakh, Rs 0.07 lakh respectively in 2021-22.		0.00
4	Release of withheld amount against finalization of impact of GST on Civil work	167.00	This work is in the original scope as per approved RCE under the head "Civil works", balance payment of GST capitalized Rs 10.67 lakh,1.29 Rs lakh, Rs 20.57 lakh, Rs 131.50 lakh, Rs 2.98 lakh respectively in 2021-22	It is noticed that all the withheld amount has been booked by the Petitioner under liabilities. The discharge of liabilities is dealt with in para 86 below, the claim is not allowed	0.00
5	Reimbursement of premium paid against CAR policy for the extended period	269.00	This work is in the original scope as per approved RCE under the head "Civil works", balance payment of premium capitalized Rs 17.19 lakh,2.07 Rs lakh, Rs 144.95 lakh, Rs 100.00 lakh, Rs 4.79 lakh respectively in 2021-22	The Petitioner has not submitted any documentary evidence in respect of payment of premium against CAR Policy. Accordingly, the claim of the Petitioner is not allowed, at this stage. The Petitioner is however granted liberty to claim the said expenditure with documentary evidence at the time of truing up of tariff.	0.00
	Sub-total (D)	**711.00**			**0.00**
E.	**Regulation 26(1)(d) of the 2019 Tariff Regulations**				
1	X-BIS Machine	20.00	The Petitioner submits that as per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased. Rs 20 Lakh, Rs 11.88 Lakh, Rs. 1.71 lakh, Rs 11.52 Lakh, Rs 31.47 proposed in 2021-22 Relevant supporting Documents are	As the projected additional capital expenditure claimed (@sl nos 1 & 13) are for the higher security and safety of the plant, the claims of the Petitioner are allowed under Regulation 26 (1)(d) of the 2019 Tariff Regulations.	20.00
2	Walky talky	11.88			11.88
3	DFMD	1.71			1.71
4	Riot drill equipment's	11.52			2.00
5	Night vision Binoculars with thermal imaging.	31.47			31.47

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
			attached at Appendix to Annexure-II		
6	Chain Link Fencing work at Dam site at left bank	40.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Work required as Dam of Project is located near to International Border, site is required to be adequately protected. Work in progress. Relevant supporting Documents are attached at Appendix to Annexure-II		40.00
7	BR Jackets (Level-IV)	189.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Rs 189 Lakh, Rs 120 Lakhs, Rs 6.23 Lakh, Rs 16 Lakh, Rs 5.47, Rs 2.00 lakh, Rs 19.00 proposed in 2021-22		189.00
8	Bullet proof vehicles	120.00			120.00
9	Bomb basket	6.23			
10	BP Morcha	16.00			
11	Day vision Binoculars	5.47			5.47
12	CCTV Cameras	2.00			2.00
13	BR Helmets	19.00			19.00
	Sub-total (E)	**474.28**			**474.28**
	Total (A+B+C+D+E)				

81. In view of the above, the total additional capital expenditure allowed is Rs 7414.50 in 2021-22.

<u>2022-23</u>

(Rs. in lakh)

Sl. No.	Regulation		Amount *(Rs in lakh)*
(a)	24(1)(b)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Works deferred for execution	7911.80
(b)	24(1)(c)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Procurement of initial capital spares within the original scope of work, in	108.91

Sl. No.	Regulation		Amount *(Rs in lakh)*
		accordance with the provisions of Regulation 23 of these Regulations	
(c)	26(1)(a)	Additional capitalization beyond the original scope. Liabilities to meet award of arbitration or for compliance of order or directions of any statutory authority, or order or decree of any court of law.	17.00
(d)	26(1)(d)	Additional capitalization beyond the original scope. Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security	396.72
	Total additional capital expenditure claimed		**8434.43**

(Rs. in lakh)

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
A. Regulation 24(1)(b) of the 2019 Tariff Regulations					
1	Land Acquisition	300.00	This work is in the original scope as per approved RCE under the head "B-LAND". The land has been acquired through State Government as per J&K Land Acquisition Act 1935. Rs 300 Lakh proposed in 2022-23	It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 1 to 3) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in the para 79 and 80.	300.00
2	SETC of 2 Nos. 625 KVA DG sets at Dam site, Gurez	47.17	This work is in the original scope as per approved RCE under the head "C-Works". Rs 47.17 lakh capitalized in 2022-23.		47.17
3	Construction of Dam toe Power House	1000.00	This work is in the original scope as per approved RCE under the head "Dam Toe works". Rs 1000.00 Lakhs proposed in 2022-23. Awarded value of the work is high as compared amount in RCE. Price as discovered in tender.		1000.00
4	Balance E&M Works	1000.00	These works are in the original scope and allowed in the RCE under the head "Electro Mechanical Works" Rs 1000.00, Rs 7.66 Lakh projected in 2022-23	It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 4 to 10) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure	1000.00
5	Submersible Dewatering pumps of capacity 7.5 HP, 5 Hp & 3 Hp along with starters and accessories for Power House.	7.66			

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
6	Construction of permanent Boundary wall of Powerhouse area & gates.	276.00	This work is in the original scope as per approved RCE under the head “J-Works". Rs 158.23 Lakh and Rs 117.77 proposed in 2022-23	claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in the para 76..	276.00
7	Construction of permanent 10 nos. d-type residential quarters i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	300.00	This work is in the original scope and allowed in the RCE under the head "K-Buildings". Rs 300 Lakhs, Rs 80 Lakhs, Rs 400 Lakhs, Rs 200 Lakhs, Rs 44 Lakhs, Rs 50 Lakhs, Rs 105 Lakhs, Rs 22.6 Lakhs, Rs 40 Lakhs, Rs 26 Lakhs, Rs 100 Lakhs, Rs 300 Lakhs, Rs16.63 Lakhs, Rs. 240 lakhs proposed in 2022-23.		300.00
8	Internal electrification for C/o Permanent residential buildings at township complex at Dawar. (Electrification)	80.00			80.00
9	Construction of Permanent residential buildings at township complex at Dawar.	400.00			400.00
10	Construction of Permanent Non-residential buildings (Office, bunker) at township complex at Dawar.	200.00			200.00
11	Construction of permanent check post building i/c water supply,	44.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 11	44.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	sanitary works and electrification at NHPC colony Karalpora, Bandipora.			to 15) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in the para 76 above.	
12	Construction of permanent telephone exchange building i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	50.00			50.00
13	Construction of permanent fire station building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	105.00			105.00
14	Construction of offices, barracks, sentry posts, strong room, guard room etc. for CISF & JKAP at Powerhouse, switchyard, TBM & surge shaft areas & STP.	22.60			22.60
15	D-Type residential Quarters at NHPC Colony, Karalpora (Electrification)	40.00			40.00
16	E-Special Type residential Quarters at NHPC Colony,	26.00		It is noticed that the additional capital expenditure claimed for assets/	26.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	Karalpora (Electrification)			works (@sl nos 16 to 22) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations, as discussed in para 76 above.	
17	Construction of Non-residential buildings (Electrical shed, Diesel shed, Civil Store, club) at township complex at Dawar.	100.00			100.00
18	Construction of permanent security office building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	300.00			300.00
19	Acquiring of structures from M/s HCC	16.63			16.63
20	Acquisition and upgradation of E&M, HM & general stores at powerhouse area.	240.00			240.00
21	Providing Hospital equipment's	58.04	This work is in the original scope as per approved RCE under the head" O - Miscellaneous". Amount of Rs 58.05 Lakhs, Rs 350 Lakhs, Rs 70 Lakhs, Rs 80 lakhs, Rs 25 lakhs, Rs 10 Lakhs, Rs 38.88 lakh, Rs 8.32 lakh, Rs. 14.96 lakh, Rs 21.04 lakh, Rs 30 lakhs, Rs 50 lakhs, Rs 100 lakhs, respectively is projected in 2022-23.		58.04
22	Construction of external water supply system including overhead water tank for residential & non - residential	350.00			350.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	buildings at NHPC colony Karalpora, Bandipora and the adjoining areas. .				
23	Construction of storm water drainage system for residential & non - residential buildings at NHPC colony Karalpora, Bandipora .	70.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 23 to 31) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in para 76 above.	70.00
24	Construction of external sewerage lines for residential & non - residential buildings at NHPC colony Karalpora, Bandipora.	80.00			80.00
25	Satellite communication equipment's	25.00			25.00
26	Networking devices	10.00			10.00
27	Interior communication equipment's	38.88			38.88
28	Miscellaneous Sound system/Projector	8.32			8.32
29	Printer	14.97			14.97
30	Office Furniture	21.04			21.04
31	Purchase of furniture and other articles for labour welfare centres, and clubs	30.00			30.00
32	Sewage treatment plant including	50.00		It is noticed that the additional capital expenditure	50.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	construction of civil works at NHPC colony Karalpora, Bandipora.			claimed for assets/ works (@sl nos 32 to 45) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in the para 76 above	
33	CCTV	100.00			100.00
34	Diesel Tanker / Water Tanker	35.00	This work is in the original scope as per approved RCE under the head "Q- Special Tools and Plants". Rs 35 lakhs, Rs 55 lakhs, Rs 28.15, Rs 5 lakhs, Rs 36 lakhs proposed respectively in 2022-23		35.00
35	Truck mounted crane 25T	55.00			55.00
36	Excavator (Hydraulic excavator/Loader cum excavator)	28.15			28.15
37	Compressors	5.00			5.00
38	Dewatering Pumps - Dam	36.00			36.00
39	Alternate road on right bank of the river at Dam site by BRO	1000.00	"This work is in the original scope as per approved RCE under the head "R-communication". Rs 1000 lakhs, Rs 400 lakhs proposed in 2022-23		1000.00
40	Construction of internal road with side drains at NHPC colony Karalpora, Bandipora	400.00			400.00
41	Relocation and Re-habitation of Dumping material	500.00	This work is in the original scope as per approved RCE under the head "X-Environment & Ecology". Rs 500 Lakhs, Rs 60 Lakhs, Rs 100 Lakhs, Rs 44 Lakhs, Rs 125 Lakhs proposed respectively in 2022-23.		500.00
42	Creation of Green Belt along the reservoir	60.00			60.00
43	Landscaping and restoration of Construction Areas	100.00			100.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
44	Public Health Delivery System	44.00			44.00
45	Catchment Area Treatment Plan	125.00			125.00
	Sub-total (A)	**7911.80**			**7911.80**
B.	**Regulation 24(1)(c) of the 2019 Tariff Regulations**				
1	Submersible Dewatering pumps of capacity 7.5 HP, 5 Hp & 3 Hp along with starters and accessories for Power House.	7.66	This work is in the original scope as per approved RCE under the head "Electromechanical works". Rs 7.66 lakh projected in 2022-23.	The Petitioner has submitted that these assets have been procured as initial spares. As discussed in paragraphs 15 and 77, above, the claim of the Petitioner is within the ceiling limit of the initial spares and hence, the claim is allowed under Regulation 24(1)(c) of the 2019 Tariff Regulations.	7.66
2	Purchase of Unit Auxiliary Transformer	20.00	Initial spares within the ceiling of 4% of Cost of Plant & machinery as per CERC Regulation 13 (c) of Tariff Regulations 2014		20.00
3	Thyristor Bridge	15.00			15.00
4	Governor OPU pump motor sets for Power House.	15.25			15.25
5	Cooling water pump set	19.00			19.00
6	Purchase of spare current transformer	29.00			29.00
7	Brake Jack cylinder	3.00			3.00
	Sub-total (B)	**108.91**			**108.91**
C.	**Regulation 26(1)(a) of the 2019 Tariff Regulations**				
1	Purchase of Flow meter	17.00	As per directions of International Court of Arbitration, Kishanganga Project has to provide continuous downstream discharge of 09 cumecs from Kishanganga Dam. Proper monitoring of mandatory discharge these flow meters were purchased & installed at	The expenditure claimed is related to Dam Toe Hydro Plant. As discussed in para 80 above, the claim is allowed under Regulation 26(1)(a) of the 2019 Tariff Regulations	17.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
			Dam site.		
	Sub-total (C)	**17.00**			**17.00**
D. Regulation 26(1)(d) of the 2019 Tariff Regulations					
1	X-BIS Machine.	5.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. . Rs 05 Lakhs, Rs 2.32 Lakh, Rs 35.40, Rs 20 Lakhs, Rs 24 Lakhs, proposed in 2022-23. Relevant supporting Documents are attached at Appendix to Annexure-II	As the additional capital expenditure claimed (@sl nos. 1 to 11) are for higher security and safety of the plant, the projected additional capital expenditure claimed are allowed.	5.00
2	CCTV Cameras	2.32			2.32
3	360 PTZ Dome cameras with NVD	35.40			35.40
4	BR Helmets	20.00			20.00
5	BP Morcha	24.00			24.00
6	Construction retaining walls and taking up of other protection works around Dam	50.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Crate works, filling etc. are require to be taken up as part of the protection measures. Acquisition of land in process. To acquire temp structure of HCC/ construction for CISF stay during winter at dam site. Works required for security of project at dam site. Rs 50 Lakhs proposed in 2022-23. Relevant supporting Documents are attached at Appendix to Annexure-II		50.00
7	Walky talky	30.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required		30.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
			to be purchased for security of project. Rs 30 Lakhs in 2022-23. Relevant supporting Documents are attached at Appendix to Annexure-II		
8	Night vision Binoculars with thermal imaging.	100.00	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs (MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. To be executed by CISF.Rs 100 Lakhs, Rs 100 Lakhs, Rs 15 Lakhs, Rs 15 Lakhs respectively in 2022-23. To be executed by CISF. Relevant supporting Documents are attached at Appendix to Annexure-II		100.00
9	BR Jackets (Level-IV)	100.00			100.00
10	Day vision Binoculars	15.00			15.00
11	Riot drill equipment's	15.00			15.00
	Sub-total (C)	**396.72**			**396.72**
	Total (A+B+C+D)	**8434.43**			**8434.43**

82. In view of the above, the total additional capital expenditure allowed is Rs 8434.43 lakh in 2022-23.

2023-24

(Rs. in lakh)

Sl. No.	Regulation		Amount (Rs in lakh)
(a)	24(1)(b)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Works deferred for execution	8164.06
(b)	24(1)(c)	The additional capital expenditure in respect of a new project or an existing project incurred or projected to be incurred, within the original scope of work, after the date of commercial operation and up to the cut-off date, in case of Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 23 of these Regulations	12.00

Sl. No.	Regulation		Amount (Rs in lakh)
(c)	26(1)(d)	Additional capitalization beyond the original scope. Need for higher security and safety of the plant as advised or directed by appropriate Indian Government Instrumentality or statutory authorities responsible for national or internal security	42.86
	Total additional capital expenditure claimed		**8218.92**

(Rs. in lakh)

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	A. Regulation 24(1)(b) of the 2019 Tariff Regulations				
1	SETC of HSD Storage Tank 400KL at Dam site, Gurez	300.00	The Petitioner submits that this work is in the original scope as per approved RCE under the head "C-Works. Dam site, Gurez is cut away from entire world during the time of winter and it is not connected with grid power most of the time. The construction Storage tank with enough capacity is essential requirement. Rs 300 Lakhs proposed in 2023-24	It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 1 to 5) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in para 76 above.	300.00
2	Construction of Dam toe Power House	2250.00	The Petitioner submits This work is in the original scope as per approved RCE under the head "Dam Toe works". Rs 2250 Lakhs in 2023-24, Awarded value of the work is high as compared amount in RCE. Price as discovered in tender.		2250.00
3	Construction of permanent 10 nos. d-type residential quarters i/c water supply and sanitary	100.00	This work is in the original scope and allowed in the RCE under the head "K-Buildings". Rs 100 Lakhs, Rs 300 Lakhs, Rs 290 Lakhs, Rs 122 Lakhs, Rs 13 Lakhs,		100.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	works at NHPC colony Karalpora, Bandipora.		Rs 300 Lakhs, Rs 200 Lakhs, Rs 120 Lakhs, Rs 20 Lakhs, Rs 37.4 Lakhs respectively in 2023-24.		
4	Construction of Permanent residential buildings at township complex at Dawar.	300.00			300.00
5	Construction of school building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	290.00			290.00
6	Construction of permanent community centre building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	122.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 6 to 9) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in para 76 above.	122.00
7	Construction of permanent telephone exchange building including water supply and sanitary works at NHPC colony	13.00			13.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	Karalpora, Bandipora.				
8	Construction of permanent shopping centre building including water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	300.00			300.00
9	Construction of permanent co-operative store building i/c water supply, sanitary works and electrification at NHPC colony Karalpora, Bandipora.	200.00			200.00
10	construction of permanent 1 nos. E-spl-type residential quarters i/c water supply and sanitary works at NHPC colony Karalpora, Bandipora.	120.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 10 to 14) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in para 76 above.	120.00
11	Internal electrification for C/o Permanent residential buildings at township	20.00			20.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	complex at Dawar. (Electrification)				
12	Construction of offices, barracks, sentry posts, strong room, guard room etc. for CISF & JKAP at Powerhouse, switchyard, TBM & surge shaft areas & STP.	37.40			37.40
13	Construction of storm water drainage system for residential & non - residential buildings at NHPC colony Karalpora, Bandipora.	50.00	The Petitioner submits that this work is in the original scope as per approved RCE under the head "O - Miscellaneous". Rs 50 Lakhs, Rs. 4.76 lakh, Rs 25 lakhs, Rs 100 lakhs respectively in 2023-24.		50.00
14	EDP Equipment's (servers, routers, switches, fire wall items etc.)	4.76			4.76
15	Transit Hostel/ Guest House Equipment's	25.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 15 to 25) are under the original scope/ RCE and which have been deferred for execution.	25.00
16	Furnishing and equipping or rest houses and field hostels of	100.00			100.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	officers and staff			Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations, as discussed in para 76 above.	
17	Land Acquisition	390.00	The Petitioner submits that this work is in the original scope as per approved RCE under the head "B-LAND". The land has been acquired through State Government as per J&K Land Acquisition Act 1935. Rs 390 Lakhs in 2023-24		390.00
18	Fork Lift 5T	10.10	This work is in the original scope as per approved RCE under the head" Q- Special Tools & Plants" Rs 10.10 Lakh, Rs. 45 lakhs respectively in 2023-24.		10.10
19	Mobile (Hydra)	45.00			45.00
20	Alternate road on right bank of the river at Dam site by BRO	1300.00	"This work is in the original scope as per approved RCE under the head ""R-Communication". proposed Rs 1300 Lakhs, Rs 100.00 lakhs in 2023-24		1300.00
21	Construction of internal road with side drains at NHPC colony Karalpora, Bandipora	100.00			100.00
22	Biodiversity Conservation Plan	75.00	"This work is in the original scope as per approved RCE under the head ""R-communication"". Rs 75 Lakhs, Rs 255 Lakhs, Rs 142 Lakhs. Rs 150 Lakhs, Rs 50 Lakhs, Rs 468 Lakhs, Rs 83 Lakhs, Rs 800.00 Lakhs, respectively in 2023-24 "		75.00
23	Fisheries Management Plan	255.00			255.00
24	Public Health Delivery System	142.00			142.00
25	Landscape works (Construction of children park and welfare centre) at	150.00			150.00

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
	NHPC colony Karalpora, Bandipora .				
26	Solid Waste Management	50.00		It is noticed that the additional capital expenditure claimed for assets/ works (@sl nos 26 to 30) are under the original scope/ RCE and which have been deferred for execution. Accordingly, the additional capital expenditure claimed are **allowed** under Regulation 24 (1)(b) of the 2019 Tariff Regulations as discussed in para 76 above.	50.00
27	Relocation and Re-habitation of Dumping material	468.00			468.00
28	Landscaping and restoration of Construction Areas	83.00			83.00
29	Provision of Free fuel Wood & Energy Conservation Measures	63.80			63.80
30	Relocation and Re-habitation of Dumping material	800.00			800.00
	Sub-total (A)	**8164.06**			**8164.06**
B. Regulation 24(1)(c) of the 2019 Tariff Regulations					
1	Brake-jet assembly	9.60	Initial spares within the ceiling of 4% of Cost of Plant & machinery as per CERC Regulation 13 (c) of Tariff Regulations 2014	The Petitioner has submitted that these assets have been procured as initial spares. As discussed in paragraphs 15 and 77, above, the claim of the Petitioner is within the ceiling limit of the initial spares and hence, the claim is allowed under Regulation 24(1)(c) of the 2019 Tariff Regulations.	9.60
2	Decompression valve	2.40			2.40
	Sub-total (B)	**12.00**			**12.00**
C. Regulation 26(1)(d) of the 2019 Tariff Regulations					
1	Explosive detector	18.98	As per direction/ Guidelines /, meeting/request etc. of Ministry of Home Affairs	As the additional capital expenditure claimed (@sl nos. 1 to 4) are for higher	18.98
2	Walky talky	8.12			8.12
3	Boom Barrier	6.54			6.54

Sl. No	Details of the claim	Amount claimed	Justification submitted by the Petitioner	Remarks on admissibility	Amount Allowed
4	X-BIS Machine	9.22	(MHA) / CISF and other security agencies from time to time, several security gadgets/items are required to be purchased for security of project. Rs 18.98 Lakh, Rs 8.12 Lakh, Rs 6.54 Lakh Rs 9.22 Lakh in 2023-24. Relevant supporting Documents are attached at Appendix to Annexure-II.	security and safety of the plant, the projected additional capital expenditure claimed are allowed.	9.22
	Sub-total (C)	**42.86**			**42.86**
	Total (A+B+C)	**8218.92**			**8218.92**

83. In view of the above, the total additional capital expenditure allowed is Rs 8218.92 lakh in 2023-24.

84. Based on the above, the summary of the additional capital works, allowed for the period 2019-24 are as under:

(Rs. in lakh)

2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
1231.61	415.57	7414.50	8434.43	8218.92

De-capitalization

85. The Petitioner has not claimed de-capitalization vide Form 9-Bi, in the present petition. However, the Petitioner is at liberty to furnish the details as per books at the time of truing up for the period 2019-24.

Discharge of liabilities

86. The closing balance of undischarged liabilities as on 31.3.2019 is Rs 9865.06 lakh. The Petitioner has claimed discharge of liabilities of Rs. 461.41 lakh in 2019-20, Rs 3107.46 lakh in 2020-21, Rs 5881.80 in 2021-22 and Rs 414.40 lakh in 2022-23. Therefore, the closing balance of undischarged liabilities as on 31.3.2024 is 'NIL'.

Accordingly, the summary of discharge of liabilities allowed in respect of allowed capital expenditure is as under:

(Rs. in lakh)

		2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening undischarged liabilities	9865.06	9403.65	6296.19	414.40	0.00
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	461.41	3107.46	5881.80	414.40	0.00
E	**Closing undischarged liabilities (A+B-C)**	**9403.65**	**6296.19**	**414.40**	**0.00**	**0.00**

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

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

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Additional capital expenditure allowed (a)	1231.61	415.57	7414.50	8434.43	8218.92
Less: De-capitalization considered (b)	0.00	0.00	0.00	0.00	0.00
Discharge of liabilities (c)	461.41	3107.46	5881.80	414.40	0.00
Net additional capital expenditure allowed (d)=(a)-(b)+(c)	**1693.01**	**3523.02**	**13296.30**	**8848.83**	**8218.92**

Capital cost allowed for the period 2019-24

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

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Capital Cost	543047.02	544740.04	548263.06	561559.36	570408.18
Net Additional capital expenditure allowed during the year/ period	1693.01	3523.02	13296.30	8848.83	8218.92
Closing Capital Cost	**544740.04**	**548263.06**	**561559.36**	**570408.18**	**578627.10**

Debt-Equity Ratio

89. 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."

90. In terms of the above regulations, the debt equity ratio, is considered as 70:30, for the purpose of additional capitalization. Accordingly, the details of debt-equity ratio in respect of the generating station as on 1.4.2019 and as on 31.3.2024 are as under:

(Rs. in lakh)

	As on 1.4.2019		Additional Capitalization		As on 31.3.2024	
	Amount	**(%)**	**Amount**	**(%)**	**Amount**	**(%)**
Debt	380132.92	70.00	24906.05	70.00	405038.97	70.00
Equity	162914.11	30.00	10674.02	30.00	173588.13	30.00
Total	**543047.02**	**100.00**	**35580.08**	**100.00**	**578627.10**	**100.00**

Return on Equity

91. 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."

92. Return on Equity (ROE) for the existing asset base and the additional capital expenditure allowed, in this order, for asset/works within the original scope of work, has been calculated by grossing up the base ROE at MAT rate of 17.472% as submitted by the Petitioner. Further, based on the additional capital expenditure after cut-off date which are beyond the original scope and allowed in this order, ROE has been calculated considering the weighted average rate of interest as claimed by the Petitioner. Accordingly, ROE has been worked out 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)**	162914.11	163422.01	164478.92	168325.52	170856.06
Addition of Equity due to additional capital expenditure **(B)**	507.90	1056.91	3846.61	2530.53	2452.82
163422.01164478.92168325.52170856.06173308.87Normative Equity – Closing **(C=A+B)**	163422.01	164478.92	168325.52	170856.06	173308.87
Average Normative Equity **D=(A+C)/2**	163168.06	163950.46	166402.22	169590.79	172082.46
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)	**32622.19**	**32778.62**	**33268.80**	**33906.29**	**34404.45**

Return on Equity at WAROI

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Normative Equity- Opening **(A1)**	0.00	0.00	0.00	142.28	266.40
Addition of Equity due to additional capital expenditure **(B1)**	0.00	0.00	142.28	124.12	12.86
Normative Equity – Closing **(C1=A1+B1)**	0.00	0.00	142.28	266.40	279.26
Average Normative Equity **D1=(A1+C1)/2**	0.00	0.00	71.14	204.34	272.83
Return on Equity (Base Rate) **(E1)**	1.358%	1.276%	1.266%	1.241%	1.183%
Effective Tax Rate **(F1)**	17.472%	17.472%	17.472%	17.472%	17.472%
Rate of Return on Equity (Pre-tax) **(G1) = (E1)/(1-F1)**	1.646%	1.546%	1.535%	1.504%	1.433%
Return on Equity (Pre-tax) - (annualized) **(H1) =(D1) x(G1)**	**0.00**	**0.00**	**1.09**	**3.07**	**3.91**
Total Return on Equity allowed (H+H1)	**32622.19**	**32778.62**	**33269.89**	**33909.36**	**34408.36**

Interest on Loan

93. 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-capitalisation 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."

94. Interest on loan has been computed as under:

I. The gross normative loan amounting to Rs. 380132.92 lakh as on 31.3.2019, as considered in this order has been considered as opening gross normative loan as on 1.4.2019.

II. Cumulative repayment amounting to Rs. 6939.71 lakh as on 31.3.2019, as considered in this order has been considered as on 1.4.2019.

III. Accordingly, the net normative opening loan as on 1.4.2019 works out to Rs. 373193.20 lakh.

IV. Addition to normative loan on account of additional capital expenditure approved above have been considered.

V. The Petitioner has claimed interest on loan considering weighted average rate of interest (WAROI) of 1.358% in 2019-20, 1.276% in 2020-21, 1.266% in 2021-22, 1.241% in 2022-23 and 1.183% in 2023-24. The same has been considered for tariff.

VI. Depreciation allowed has been considered as repayment of normative loan during the respective year of the 2019-24 tariff period. Further, repayments have been adjusted for de-capitalization of assets considered for the purpose of tariff.

95. 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)**	380132.92	381318.03	383784.14	393091.55	399285.73
Cumulative repayment of loan Up to previous year **(B)**	6939.71	15098.11	23295.64	31619.31	40109.06
Net Loan Opening (C=A-B)	373193.20	366219.91	360488.50	361472.24	359176.66
Addition due to additional capitalexpenditure **(D)**	1185.11	2466.12	9307.41	6194.18	5753.24
Repayment of loan during the year **(E)**	8158.40	8197.52	8323.67	8489.76	8617.76
Less: Repayment adjustment onaccount of de-capitalization **(F)**	0.00	0.00	0.00	0.00	0.00
Net Repayment of loan during the year **(G=E-F)**	8158.40	8197.52	8323.67	8489.76	8617.76
Net Loan Closing (H = C+D-G)	366219.91	360488.50	361472.24	359176.66	356312.14
Average Loan (**I**= (C+H)/2)	369706.56	363354.21	360980.37	360324.45	357744.40
Weighted Average Rate ofInterest of loan **(J)**	1.358%	1.276%	1.266%	1.241%	1.183%
Interest on Loan (K= I*J)	**5021.96**	**4635.65**	**4571.80**	**4473.39**	**4231.39**

Depreciation

96. 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."

97. The cumulative depreciation amounting to Rs 6939.71 lakh as on 31.3.2019, has been considered for the purpose of tariff. The expired life of the generating station till 31.3.2019 is 0.85 years and the balance useful life of the generating station, as on 31.3.2019, is 34.15 years. 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 39.15 years, in line with the 2019 Tariff Regulations. The Petitioner has proposed depreciation rate @1.5% in the initial 10 years and spread the balance depreciation in remaining useful life of the power station. In para 33 of the order dated 28.10.2019 in Petition no.43/GT/2018, the Commission had considered the depreciation as proposed by the Petitioner. Therefore, on the similar lines, depreciation has been considered @ 1.5%. Accordingly, depreciation has been computed as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross block **(A)**	543047.02	544740.04	548263.06	561559.36	570408.18
Net Additional capital expenditure **(B)**	1693.01	3523.02	13296.30	8848.83	8218.92
Closing Gross block **(C=A+B)**	544740.04	548263.06	561559.36	570408.18	578627.10
Average Gross block **(D)=(A+C)/2**	543893.53	546501.55	554911.21	565983.77	574517.64
Land Value	0.00	0.00	0.00	0.00	0.00
Depreciable Value [**E=(D-Land Value) *90%)]**	489504.18	491851.39	499420.09	509385.39	517065.88
Remaining Depreciable Value at the beginning of the year (**F=E-Cum Depreciation at 'L' at the end ofprevious yea**r)	482564.46	476753.28	476124.45	477766.09	476956.81
Rate of Depreciation **(G)**	1.500%	1.500%	1.500%	1.500%	1.500%
Balance useful life **(H)**	39.15	38.15	37.15	36.15	35.15
Depreciation (I=D*G)	**8158.40**	**8197.52**	**8323.67**	**8489.76**	**8617.76**
Cumulative Depreciation at the end of the year **(J=I+ Cum Depreciation at 'K' at the end of previous year)**	15098.11	23295.64	31619.31	40109.06	48726.83
Adjustment on account of decapitalization **(K)**	0.00	0.00	0.00	0.00	0.00
Cumulative Depreciation at the endof the year after adjustment **(L=J-K)**	15098.11	23295.64	31619.31	40109.06	48726.83

<u>Operation & Maintenance Expenses</u>

98. Regulation 35(2)(c) of the 2019 Tariff Regulations provides as under:

> *(c) In case of hydro generating stations which have not completed a period of three years as on 1.4.2019, operation and maintenance expenses for 2019-20 shall be worked out by applying escalation rate of 4.77% on the applicable operation and maintenance expenses as on 31.3.2019. The operation and maintenance expenses for subsequent years of the tariff period shall be worked out by applying escalation rate of 4.77% per annum.*

99. The Petitioner vide affidavit dated 22.8.2023 has claimed the following O&M expenses:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
O&M expenses allowed under Regulation 35(2)(c) of the 2019 Tariff Regulations	11783.80	12345.89	12934.78	13551.77	14198.19
Additional O&M expenses due to 3rd PRC applicable to CPSUs	1705.97	1787.34	1872.60	1961.92	2055.50
Additional O&M expenses due to Goods and Service Tax (GST)	769.26	805.96	844.40	884.68	926.88
Total O&M Expenses	**14259.03**	**14939.18**	**15651.78**	**16398.37**	**17180.57**
Security Expenses (estimated)	4749.09	4975.62	5212.96	5461.62	5722.14

100. The O&M expenses of Rs.10653.37 lakh allowed for the year 2018-19 in this order. In terms of the above regulations, the O&M expenses for 2019-20 has been worked out by applying the escalation rate of 4.77% on the applicable O&M expenses as on 31.3.2019. Accordingly, the normative O&M expenses allowed for the period 2019-24, in terms of the regulations are as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
11161.53	11693.94	12251.74	12836.15	13448.43

<u>Additional O& M expenses</u>

Impact of wage revision

101. The Petitioner has claimed additional O&M expenses on account of the impact of wage/ pay revision as under:

(Rs. in lakh)

Period	2019-20	2020-21	2021-22	2022-23	2023-24
Additional O&M expenses due to 7th Pay Commission wage revision- 3rd PRC applicable to CPSUs **(a)**	1705.97	1787.34	1872.60	1961.92	2055.50

102. The Petitioner has claimed an expenditure of Rs. 1705.97 lakh (3rd PRC applicable to CPSUs) in 2019-20 as additional O&M expenses due to pay revision of the Petitioner's staff, based on impact of pay revision of Petitioners' staff in 2018-19 and has escalated the same @ 4.77%. It is pertinent to mention that in Petition No.

286/MP/2019, filed by the Petitioner seeking recovery of the additional O&M expenses for the generating station due to impact of wage/ pay revision for the period 2014-19, the Commission vide its order dated 30.12.2022 had allowed an impact of the period from 24.5.2018(Station COD) to 31.3.2019 impact for an amount of Rs. 1391.86 lakh which on annualized basis works out to Rs. 1628.30 lakh and the same has been claimed by the Petitioner in this petition for claiming the impact of wage revision for the period 2019-24. As such, the impact of wage revision in 2019-20 (after escalating @4.77% of the above amount allowed in 2018-19) works out to Rs. 1705.97 lakh. Accordingly, the same is considered in 2019-20 and is thereafter escalated @4.77% per annum, during the relevant years of the period 2020- 24 and allowed as additional O&M expenses due to pay revision impact as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
1705.97	1787.34	1872.60	1961.92	2055.50

Goods & Service Tax

103. The Respondent CSPDCL, has submitted that the Petitioner is seeking the grant of GST and has submitted that the Petitioner may be directed to furnish the details of such taxable services with corresponding GST, failing which the above claim for GST may not be allowed. In response, the Petitioner has submitted that it has provided the auditor's certificate for additional impact of GST. Therefore, the contention of the respondent is not correct.

104. We have considered the matter. The Petitioner has claimed impact of GST for the period 2019-24 on the basis of the actual impact of GST in 2018-19. The Petitioner has submitted the total GST amount of Rs.627.62 lakh for the period from COD of the generating station to 31.3.2019, based on actual audited accounts for 10 months (Rs. 524.18 lakh from COD to 31.12.2018 and Rs.103.44 lakh from 1.1.2019 to 31.3.2019).

On scrutiny of the details, it is noticed that the claim of Petitioner also includes impact of GST on security expenses, as under:

Sl. No.	Year	Security Services	Operational Services	Total
1	24.5.2018 to 31.12.2018	400.78	123.40	524.18
2	1.1.2019 to 31.3.2019	87.53	15.91	103.44
	Total	**488.31**	**139.31**	**627.62**

105. As per Regulation 35(2)(d) of the 2019 Tariff Regulations, Security expenses shall be allowed separately, after prudence check. Hence, excluding the security service expenses of Rs 488.31 lakh (as above), the amount of Rs 139.31 lakh, as in the table above, for the period from 24.5.2018 to 31.3.2019, has been normalized and an amount of Rs. 170.75 lakh has been worked out for 2019-20 (after escalating the GST amount of Rs.162.98 lakh (139.31*365/312) pertaining to operational services for 2018-19 by 4.77% i.e. Rs 170.75 lakh). For the remaining period of 2020-24, GST impact has been worked out by escalating the GST base value of Rs.170.75 lakh, as on 2019-20, by 4.77% for each year, as per note to Regulation 35(2)(a) of the 2019 Tariff Regulations. Accordingly, the impact of GST is allowed as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
170.75	178.90	187.43	196.37	205.74

Capital Spares

106. As regards capital spares, the Petitioner has submitted that same will be claimed at the time of truing-up of tariff based on the actual expenses incurred. In view of this, capital spares have not been considered in this order.

Security Expenses

107. Regulation 35(2)(c) of 2019 Tarff Regulations provides 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."

108. The estimated security expenses claimed by the Petitioner, based on security requirement of the generating station is as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
4749.09	4975.62	5212.96	5461.62	5722.14

109. The Petitioner has claimed actual security expenses, on estimated basis, for the period 2019-24. Considering the security requirements of the generating station, we allow the security expenses as claimed by the Petitioner, on projection basis, as above, for the period 2019-24. However, the Petitioner is directed to submit the actual security expenses incurred, duly audited, at the time of truing up of tariff for the period 2019-24.

110. Accordingly, the O&M expenses allowed for the generating station are summarized below:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Normative O&M expenses **(a)**	11161.53	11693.94	12251.74	12836.15	13448.43
Pay/Wage Revision- (3rd PRC applicable to CPSUs **(b)**	1705.97	1787.34	1872.60	1961.92	2055.50
GST **(c)**	170.75	178.90	187.43	196.37	205.74
Total expenses excluding Security (d=a+b+c)	**13038.26**	**13660.18**	**14311.77**	**14994.44**	**15709.67**
Security Expenses **(e)**	4749.09	4975.62	5212.96	5461.62	5722.14
Total additional O&M Expenses (f=d+e)	**17787.35**	**18635.80**	**19524.73**	**20456.06**	**21431.81**

Interest on Working Capital

111. Sub-section (c) of clause (1) of Regulation 34 of the 2019 Tariff Regulations provides 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"

112. 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."

Working Capital for Receivables

113. 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
7998.42	8093.50	8264.74	8472.25	8646.76

Working Capital for Maintenance Spares

114. Maintenance spares @15% of O&M expenses are worked out and allowed as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
2668.10	2795.37	2928.71	3068.41	3214.77

Working capital for O&M Expenses

115. O&M expenses for 1 month for the purpose of working capital are as under:

(Rs. in lakh)

2019-20	2020-21	2021-22	2022-23	2023-24
1482.28	1552.98	1627.06	1704.67	1785.98

Rate of Interest on Working Capital

116. The Petitioner has claimed rate of interest on working capital @12.05% for each year. The Respondents have submitted that the interest rate should be linked to bank rate. In line with the Regulation 34(3) of the 2019 Tariff Regulations, the rate of interest on working capital is considered as 12.05% (i.e. 1 year SBI MCLR of 8.55% as on 1.4.2019 + 350 bps) for the year 2019-20, 11.25% (i.e. 1 year SBI MCLR of 7.75% as

on 1.4.2020 + 350 bps) for the year 2020-21,10.50% (i.e. 1 year SBI MCLR of 7.00% as on 1.4.2021 + 350 bps) for the year 2021-22, 10.50% (i.e. 1 year SBI MCLR of 7.00% as on 1.4.2022 + 350 bps) for the period 2022-23 and 12.00% (i.e. 1 year SBI MCLR of 8.50% as on 1.4.2023 + 350 bps) for the period 2023-24) . Accordingly, Interest on working capital has been computed as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Working capital for O&M expenses (one month)	1482.28	1552.98	1627.06	1704.67	1785.98
Working capital for Maintenance Spares	2668.10	2795.37	2928.71	3068.41	3214.77
Working capital for Receivables	7998.42	8093.50	8264.74	8472.25	8646.76
Total Working capital	**12148.80**	**12441.85**	**12820.51**	**13245.33**	**13647.52**
Rate of interest (%)	12.05%	11.25%	10.50%	10.50%	12.00%
Interest on Working capital	**1463.93**	**1399.71**	**1346.15**	**1390.76**	**1637.70**

Annual Fixed Charges for the period 2019-24

117. Based on the above, the annual fixed charges approved for the generating station for the period 2019-24 is summarized below:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	8158.40	8197.52	8323.67	8489.76	8617.76
Interest on loan	5021.96	4635.65	4571.80	4473.39	4231.39
Return on Equity	32622.19	32778.62	33269.89	33909.36	34408.36
Interest on Working capital	1463.93	1399.71	1346.15	1390.76	1637.70
O&M Expenses	11161.53	11693.94	12251.74	12836.15	13448.43
Additional O&M Expenses	6625.81	6941.86	7272.99	7619.91	7983.38
Total	**65053.83**	**65647.30**	**67036.24**	**68719.33**	**70327.02**

Note: (1) All figures under each head have been rounded. (2) 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.

Normative Annual Plant Availability Factor (NAPAF)

118. The Petitioner has claimed NAPAF of 90% in terms of Regulation 50(A)(a) of the 2019 Tariff Regulations.

> *50. Norms of Operation for Hydro Generating Stations: The norms of operation as given hereunder shall apply to hydro generating station:*

(A) Normative Annual Plant Availability Factor (NAPAF): (1) The following normative annual plant availability factor (NAPAF) shall apply to hydro generating station:
(a) Storage and Pondage type plants with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of up to 8%, and where plant availability not affected by silt: 90%.

119. Accordingly, NAPAF of 90% as claimed by the Petitioner is allowed for the period 2019-24.

Design Energy (DE)

120. The Commission in this order has considered CEA approved annual Design Energy (DE) of 1712.96 million units for the period 2014-19 in respect of this generating station. Accordingly, this DE has been considered for this generating station for the period 2019-24, as per month-wise details as under:

Months	10 daysmonthly DesignEnergy	Design Energy(MUs)
April	I	75.24
	II	75.24
	III	75.24
May	I	75.24
	II	75.24
	III	82.76
June	I	75.24
	II	75.24
	III	75.24
July	I	75.24
	II	75.24
	III	82.76
August	I	69.00
	II	65.39
	III	63.16
September	I	53.55
	II	52.97
	III	48.14
October	I	47.73
	II	49.71
	III	47.89
November	I	19.64
	II	17.36
	III	16.73
December	I	6.61
	II	4.48
	III	3.60
January	I	8.64
	II	8.71
	III	9.24

February	I	11.85
	II	13.22
	III	10.51
March	I	37.82
	II	46.89
	III	82.19
Total	**1712.96**	

<u>Application Fee and Publication Expenses</u>

121. 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.

122. 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 recovery of statutory taxes, levies, duties, cess etc. levied by the statutory authorities in accordance with the 2019 Tariff Regulations.

Summary

123. Accordingly, the summary of the annual fixed charges claimed and allowed for the period 2019-24 is as under:

(Rs. in lakh)

	2019-20	**2020-21**	**2021-22**	**2022-23**	**2023-24**
Claimed*	66219.74	66972.20	68542.06	70380.18	71874.02
Allowed*	65053.83	65647.30	67036.24	68719.33	70327.02

***including security charges**

124. Petition No. 453/GT/2020 is disposed of in terms of the above.

Sd/-	***Sd/-***	***Sd/-***
(Pravas Kumar Singh)	**(Arun Goyal)**	**(I.S. Jha)**
Member	**Member**	**Member**