

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 286/GT/2020

Coram:

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

Date of Order: 30th June, 2023

IN THE MATTER OF

Petition for truing-up of tariff of Vindhyachal Super Thermal Power Station Stage-IV (1000 MW) for the period 2014-19.

AND

IN THE MATTER OF

NTPC Limited,
NTPC Bhawan,
Core-7, Institutional Area, Lodhi Road,
New Delhi-110003

.... Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited
Shakti Bhawan, Vidyut Nagar,
Jabalpur 482008
2. Maharashtra Electricity Distribution Company Limited
Prakashgad, Bandra (East),
Mumbai 400051
3. Gujarat Urja Vikas Nigam Limited,
Vidyut Bhawan, Racecourse,
Vadodara- 390007
4. Chhattisgarh State Power Distribution Company Limited,
P.O Sundar Nagar, Dangania, Raipur- 492013
5. Electricity Department of Goa,
Vidyut Bhawan, Panaji, Goa
6. Electricity Department,
Administration of Dadra & Nagar Haveli, Silvassa.
7. Electricity Department, Administration of Daman & Diu,
Daman- 396210

.....Respondents



Parties Present:

Shri Venkatesh, Advocate, NTPC
Shri Ashutosh K. Srivastava, Advocate, NTPC
Shri Nihal Bharadwaj, Advocate, NTPC
Shri Kartikay Trivedi, Advocate, NTPC
Shri Sameer Aggarwal, NTPC
Shri Harsh V Kabra, NTPC
Shri Ravin Dubey, Advocate, MPPMCL

ORDER

This petition has been filed by the Petitioner, NTPC Limited for truing-up of tariff of Vindhyachal Super Thermal Power Station Stage-IV (1000 MW) (in short 'the generating station') for the period 2014-19, in accordance with Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations'). The generating station with a total capacity of 1000 MW comprises of two units of 500 MW each and the dates of commissioning of the units of the generating station are as under:

Unit I	1.3.2013
Unit II	27.3.2014

2. The Commission vide its order dated 10.3.2017 in Petition No. 339/GT/2014 had determined the annual fixed charges and capital cost of the generating station for the period 2014-19, as under:

Capital Cost allowed*(Rs. in lakh)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	476707.81	533646.06	566068.03	576868.03	583668.03
Add: Addition during the year	56938.25	32421.97	10800.00	6800.00	6872.31
Closing capital cost	533646.06	566068.03	576868.03	583668.03	590540.34

Annual Fixed Charges allowed*(Rs. in lakh)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	25708.45	27982.23	29082.01	29529.84	29877.73
Interest on Loan	26626.75	26513.14	25368.86	24033.38	21985.03



Return on Equity	29720.24	32505.56	33783.12	34303.35	34707.47
Interest on Working Capital	5662.73	5836.77	5914.83	6036.42	6070.50
O&M Expenses	14093.18	14951.68	15861.18	16830.18	17858.68
Total	101811.35	107789.37	110009.99	110733.17	110499.42

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

“8. Truing up

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

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

4. In terms of the above regulations, the Petitioner has filed the petition for truing up of tariff for the period 2014-19. Subsequently, the Petitioner vide affidavit dated 23.8.2021 had revised its claim and has accordingly claimed the following annual fixed charges and capital cost:

Capital Cost claimed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	476707.81	526789.74	565417.36	609996.04	631179.11
Add: Addition	38267.25	36186.01	37919.76	17171.65	2137.41
Less: Decapitalization	102.62	371.86	126.61	704.98	1065.84
Less: Reversal	0.00	0.00	0.00	0.00	0.00
Add: Discharges	11917.30	2813.47	6785.53	4716.40	1442.19
Closing capital cost	526789.74	565417.36	609996.04	631179.11	633692.86
Average capital cost	501748.77	546103.55	587706.70	620587.58	632435.99

Annual Fixed Charges claimed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	25535.78	28073.00	30368.85	32178.93	32803.23
Interest on Loan	26768.25	25926.98	25425.70	24029.73	22530.62
Return on Equity	29519.39	32284.55	34744.04	36687.90	37487.01
Interest on Working Capital	6831.29	7015.60	7216.70	7489.38	7611.96
O&M Expenses	17961.33	19159.04	19840.70	21496.01	23118.84
Total (A)	106616.03	112459.18	117595.99	121881.94	123551.66
Additional O&M Expenditure					
Impact of Pay Revision	0.00	16.86	1094.17	1328.45	1635.08
Impact of GST	0.00	0.00	0.00	139.00	210.00
Ash Transportation Expenditure	0.00	0.00	0.00	0.00	0.00
Total (Additional O&M) (B)	0.00	16.86	1094.17	1467.45	1845.08
Total (A+B)	106616.03	112476.04	118690.16	123349.39	125396.74



5. The Respondents MSEDL, MPPMCL and CSPDCL have filed replies on 6.1.2021, 1.6.2021 and 1.6.2021 respectively and the Petitioner has filed its rejoinders to the said replies vide affidavits dated 20.5.2021, 15.7.2021 and 15.7.2021 respectively. The Petitioner has filed certain additional information vide affidavits dated 4.6.2021, 23.8.2021 and 7.9.2022, after serving copies on the Respondents. This Petition was heard along with Petition No. 422/GT/2020 (tariff for the period 2019-24) on 6.12.2022 and the Commission, after permitting the Respondent MPPMCL to file its written submissions, reserved its order in these petitions. While Respondent MPPMCL has filed its written submissions on 30.12.2022, the Petitioner has filed its rejoinder to the same on 10.1.2023. Based on the submissions of the parties and the documents available on record and on prudence check, we proceed for truing up the tariff of the generating station for the period 2014-19, in this petition, as stated in the subsequent paragraphs.

Capital Cost

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

Regulation 9(3) of the 2014 Tariff Regulations provides as under:

“(3) The Capital cost of an existing project shall include the following:

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014.*
- (b) additional capitalisation and de-capitalisation for the respective year of tariff as determined in accordance with Regulations 14.*
- (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15;”*

7. The Commission vide its order dated 10.3.2017 in Petition No. 339/GT/2014 had approved the annual fixed charges of the generating station for the period 2014-



19, considering the opening capital cost of Rs.476707.81 lakh (on cash basis). Accordingly, in terms of Regulation 9(3) of the 2014 Tariff Regulations, the capital cost of Rs.476707.81 lakh has been considered as opening capital cost as on 1.4.2014.

Additional Capital Expenditure

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

“14. Additional Capitalisation and De-capitalisation:

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

(i) Un-discharged liabilities recognised 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 recognised to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”

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

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

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

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

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

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

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

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

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

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

