

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

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

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

(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 obsolescence 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-materialisation 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 stabilisers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalisation 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 Modernisation (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.”

Exclusions

9. The summary of exclusions from books of accounts, as claimed (on accrual basis) by the Petitioner for the period 2014-19, is as under:



	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Loan FERV	5683.32	8172.52	(-) 2154.21	(-) 515.60	6849.11
Inter-Unit Transfer	(-) 11.46	(-) 352.55	(-) 26.65	1384.56	(-) 26.33
Capitalization of MBOA	0.00	0.00	0.00	144.78	9.36
Reversal of Liabilities	0.00	0.00	(-) 299.47	0.00	(-) 28.56
De-capitalization of MBOA: Part of Capital Cost	0.00	0.00	0.00	(-) 22.95	(-) 232.19
Total Exclusions claimed	5671.86	7819.97	(-) 2480.33	990.79	6571.39

10. We examine the exclusions claimed by the Petitioner as under:

Loan FERV

11. The Petitioner has claimed exclusion of loan FERV of Rs.5683.32 lakh in 2014-15, Rs.8172.52 lakh in 2015-16, (-) Rs.2154.21 lakh in 2016-17, (-) Rs.515.60 lakh in 2017-18 and Rs.6849.11 lakh in 2018-19. In justification of the same, the Petitioner has submitted that since it is entitled to directly claim FERV on foreign currency loans as per the 2014 Tariff Regulations, the same has been kept under exclusions. As the Petitioner is entitled to bill the claim for loan FERV directly from the beneficiaries, the Petitioner's claim under this head is **allowed**.

Inter-Unit Transfer

12. The Petitioner has claimed exclusion of (-) Rs.11.46 lakh in 2014-15, (-) Rs.352.55 lakh in 2015-16, (-) Rs.26.65 lakh in 2016-17, Rs.1384.56 lakh in 2017-18 and (-) Rs.26.33 lakh in 2018-19, on account of inter-unit transfer of assets to/from the generating station. In justification for the same, the Petitioner has submitted that since the Commission is not considering the temporary inter-unit transfer of assets, for the purpose of tariff, the same has been kept under exclusions. The Commission, in its various orders, while dealing with the application for additional capitalisation in respect of other generating stations of the Petitioner, had decided that both positive and negative entries arising out of inter-unit transfers of a temporary nature shall be



ignored for the purposes of tariff. In line with the said decision, the exclusion of the said amounts on account of inter-unit transfer is **allowed**.

Reversal of Liabilities

13. The Petitioner has claimed exclusion of reversal of liabilities of (-) Rs.299.47 lakh in 2016-17 and (-) Rs.28.56 lakh in 2018-19. In justification for the same, the Petitioner has submitted that the tariff is allowed on cash basis, and liabilities do not form part of tariff, accordingly, the reversal of the same has been kept under exclusion. Since tariff is allowed on cash basis, the exclusion of reversal of un-discharged liabilities is **allowed** for the purpose of tariff.

Capitalisation of Miscellaneous Bought Out Assets (MBOA)

14. The Petitioner has claimed exclusion of capitalisation of MBOA of Rs.144.78 lakh in 2017-18 and Rs.9.36 lakh in 2018-19. In justification for the same, the Petitioner has submitted that capitalisation of MBOAs are not allowed after the cut-off date, as per the 2014 Tariff Regulations, and hence the same has been kept under exclusions. Since the capitalisation of MBOA is not allowed after the cut-off date of the generating station, the claim of the Petitioner is **allowed** under exclusion.

De-capitalisation of MBOA (Part of capital cost)

15. The Petitioner has claimed exclusion of de-capitalisation of MBOA's of Rs.22.95 lakh in 2017-18 and Rs.232.19 lakh in 2018-19. In justification for the same, the Petitioner has submitted that since capitalisation of expenditure against these items are not being allowed for the purpose of tariff under the 2014 Tariff Regulations, the de-capitalisation of the same has been claimed as exclusions. Since Regulation 14(4) of the 2014 Tariff Regulations provides that in case of de-capitalisation of assets, the



original cost of such assets shall be removed from the admitted capital cost of the generating station, the claim of the Petitioner under this head is **not allowed**.

16. Based on the above, the summary of exclusions allowed and disallowed for the period 2014-19 is as under:

<i>(Rs. in lakh)</i>					
	2014-15	2015-16	2016-17	2017-18	2018-19
Loan FERV	5683.32	8172.52	(-) 2154.21	(-) 515.60	6849.11
Inter-Unit Transfer	(-) 11.46	(-) 352.55	(-) 26.65	1384.56	(-) 26.33
Capitalization of MBOA	0.00	0.00	0.00	144.78	9.36
Reversal of Liabilities	0.00	0.00	(-) 299.47	0.00	(-) 28.56
De-capitalization of MBOA: Part of Capital Cost	0.00	0.00	0.00	0.00	0.00
Total Exclusions allowed	5671.86	7819.97	(-) 2480.33	1013.74	6803.58
Total Exclusions not allowed	0.00	0.00	0.00	(-) 22.95	(-) 232.19

Additional Capital Expenditure

17. The Petitioner has claimed actual additional capital expenditure on cash basis, for the period 2014-19 as under:

<i>(Rs. in lakh)</i>							
Sl. No.	Head of Work /Equipment	Regulation	Additional capital expenditure claimed				
			2014-15	2015-16	2016-17	2017-18	2018-19
	Claimed/Allowed works						
1	Works within original scope of work and within cut-off date and deferred works.	14(1)(ii)	38267.25	36186.01	27997.97	1955.12	0.00
2	Works claimed under Regulation 14(2)(iv)	14(2)(iv)	0.00	0.00	0.00	1365.21	592.53
3	Capital spares	14(1)(iii)	0.00	0.00	0.00	2062.74	2306.15
4	Ash related works	14(2)(iii)	0.00	0.00	0.00	136.97	0.00
5	ESP(Stage-I&II)	14(3)(ii)	0.00	0.00	9921.79	11651.61	(-)761.28
6	Sub-total (1 to 5)		38267.25	36186.01	37919.76	17171.65	2137.41
7	De-capitalisation of Spares (part of capital cost)	14(4)	(-)93.37	(-)364.04	(-)88.95	(-)704.98	(-)1065.84
8	Other De-capitalisation		(-)9.25	(-)7.82	(-)37.66	0.00	0.00
9	Total De-capitalisation (7+8)		(-)102.62	(-)371.86	(-)126.61	(-)704.98	(-)1065.84
10	Discharge of admitted/claimed Liabilities	14(3)(vi)	11917.30	2813.47	6785.53	4716.40	1442.19
	Total Additional Capital Expenditure claimed (6+9+10)		50081.93	38627.62	44578.68	21183.07	2513.75

18. We examine the actual additional capital expenditure claimed by the Petitioner below:



Claim of Additional Capital Expenditure under Regulation 14(1)(ii) & 14(2)(iv) during the period 2014-18

19. The Petitioner has claimed additional capital expenditure of Rs.38267.25 lakh in 2014-15, Rs.36611.41 lakh in 2015-16, Rs.27997.97 lakh in 2016-17 and Rs.3320.33 lakh in 2017-18 under Regulation 14(1)(ii) of the 2014 Tariff Regulations, which contains spares for Rs.1607.14 lakh in 2014-15, Rs.3556.71 lakh in 2015-16, Rs.3647.72 lakh in 2016-17, respectively. The claim towards initial spares are dealt with separately in this order. The Petitioner has also claimed expenditure of Rs.857.20 lakh towards MGR system, Rs.890.35 lakh towards Offsite civil works and Rs.207.57 lakh towards Roads and Drains in 2017-18 under Regulation 14(1)(ii) of the 2014 Tariff Regulations and the same are also dealt with separately, in this order.

20. The Petitioner, in justification of its claims such as Land, Steam Generator Island, Turbine Generator Island, CW system, WTP & ETP, Coal Handling Plant, MGR Air Condition & Ventilation System, fire-fighting System, Misc. Tools & Plant, Switch Yard Package, Transformers Package, Cables, Cable facilities & grounding, Main plant/Chimney/CW System/offsite civil works, Township & Colony C & I Package, under Regulation 14(1)(ii) of 2014 Tariff Regulations for the period 2014-17, has submitted that these items pertain to the original scope of work and have been completed within the cut- off date. The Petitioner has further submitted that most of these items have been approved by Commission vide its order dated 10.3.2017 in Petition No. 339/GT/2014. The Respondents MPPMCL and CSPDCL have submitted that the Petitioner has claimed additional capital expenditure under this head without any proper justification. The Petitioner, in response, has submitted that these works are within the original scope of work and has been allowed by order dated 10.3.2017 in Petition 339/GT/2014.

