

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 366/GT/2020**

**Coram:**

**Shri I.S Jha, Member**

**Shri Arun Goyal, Member**

**Shri Pravas Kumar Singh, Member**

**Date of Order: 6<sup>th</sup> October, 2023**

**In the matter of**

Petition for revision of tariff of Barsingsar Thermal Power Station (250 MW) for the period 2014-19, after truing-up exercise.

**AND**

**IN THE MATTER OF**

NLC India Limited,  
Neyveli House, 135, EVR Periyar Road,  
Kilpauk, Chennai - 600010

**...Petitioner**

**Vs**

1. Jodhpur Vidyut Vitaran Nigam Ltd,  
New Power House, Heavy Industrial Area, Jodhpur,  
Rajasthan - 342003
2. Jaipur Vidyut Vitaran Nigam Ltd,  
Vidyut Bhavan, I floor, Janpath, Jaipur,  
Rajasthan - 302005
3. Ajmer Vidyut Vitaran Nigam Ltd,  
Old Power House, Hathi Bhata, Jaipur Road, Ajmer,  
Rajasthan – 305001

**...Respondents**

**Parties present:**

Ms. Anushree Bardhan, Advocate, NLCIL  
Ms. Surbhi Kapoor, Advocate, NLCIL  
Shri Anukirat Singh, Advocate, NLCIL  
Shri Ravi. S, NLCIL  
Shri Vasughi. P, NLCIL  
Shri P. Ravikumar, NLCIL  
Shri A.Srinivasan. NLCIL  
Shri Anand K Ganesan, Advocate, RUVNL  
Ms. Swapna Seshadri, Advocate, RUVNL  
Shri Amal Nair, Advocate, RUVNL  
Ms. Sugandh Khanna, Advocate, RUVNL  
Ms. Kritika Khanna, Advocate, RUVNL



## ORDER

This petition has been filed by the Petitioner, NLC India Limited, for truing-up of tariff of Barsingsar Thermal Power Station (2 x 125 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 an installed capacity of 250 MW comprises of two units of 125 MW each with Circulating Fluidized Bed Combustion lignite fired boilers feeding to Turbines. Units I and II of the generating station were commissioned on 20.1.2012 and 29.12.2011, respectively. Accordingly, the date of commercial operation of the generating station is 20.1.2012.

2. The Commission vide its order dated 3.5.2017 in Petition No. 255/GT/2014, had approved the capital cost and annual fixed charges of the generating station for the period 2014-19 as under:

### **Capital Cost allowed**

	<i>(Rs. in lakh)</i>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Opening Capital Cost	169081.03	169385.93	169385.93	169385.93	169385.93
Add: Additional Capital Expenditure	304.90	0.00	0.00	0.00	0.00
Closing Capital Cost	169385.93	169385.93	169385.93	169385.93	169385.93
<b>Average Capital cost</b>	<b>169233.48</b>	<b>169385.93</b>	<b>169385.93</b>	<b>169385.93</b>	<b>169385.93</b>

### **Annual Fixed Charges allowed**

	<i>(Rs. in lakh)</i>				
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Depreciation	8426.81	8434.40	8434.40	8434.40	8434.40
Interest on Loan	9401.76	8515.28	7636.15	6760.03	5886.68
Return on Equity	9956.01	10013.25	10013.25	10013.25	10013.25
Interest on Working Capital	1647.52	1680.08	1689.05	1701.05	1715.13
O & M Expenses	7433.90	7781.40	8266.40	8783.90	9333.90
<b>Total</b>	<b>36866.00</b>	<b>36424.42</b>	<b>36039.25</b>	<b>35692.63</b>	<b>35383.36</b>

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 regulation, the Petitioner has filed the present petition for truing up of tariff of the generating station for the period 2014-19 and has claimed capital cost and annual fixed charges as under:

**Capital Cost claimed**

*(Rs. in lakh)*

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost	169081.04	174340.06	175017.06	174870.42	175117.42
Add: Addition during the year / period	265.00	680.00	115.00	247.00	441.05
Less: Decapitalization during the year /period	-	3.00	261.64	-	-
Less: Reversal during the year / period	-	-	-	-	-
Add: Discharges during the year /period	4994.02	-	-	-	-
<b>Closing Capital Cost</b>	<b>174340.06</b>	<b>175017.06</b>	<b>174870.42</b>	<b>175117.42</b>	<b>175558.47</b>
Average Capital Cost	171710.55	174678.56	174943.74	174993.92	175337.95

**Annual Fixed Charges claimed**

*(Rs. in lakh)*

	2014-15 (1.4.2014 to 19.1.2015)	2015-16 (1.4.2015 to 31.3.2016)	2016-17 (1.4.2016 to 31.3.2017)	2017-18 (1.4.2017 to 31.3.2018)	2018-19 (1.4.2018 to 31.3.2019)
Depreciation	6886.42	8697.25	8712.11	8716.27	8733.37
Interest on Loan	7712.47	8871.00	7982.00	7081.00	6202.00
Return on Equity	9791.88	10326.12	10341.80	10348.71	10396.94
Interest on Working Capital	1509.95	1807.55	1817.58	1830.25	1846.66
O&M Expenses	6362.87	8244.92	8741.30	9274.91	9840.26
<b>Sub-total</b>	<b>32263.60</b>	<b>37946.84</b>	<b>37594.78</b>	<b>37251.14</b>	<b>37019.23</b>

5. The Respondents, RUVNL (Rajasthan Urja Vikas Nigam Limited) on behalf of beneficiaries JVVNL, JoVVNL and AVVNL has filed a common reply vide affidavit dated 27.8.2021. The Petitioner vide its affidavit dated 4.10.2021 has filed its rejoinder to the said reply. The matter was heard on 23.8.2022 and the Commission vide Record of the Proceeding (ROP), directed the Petitioner to submit certain additional information and accordingly, reserved its order in the matter. In compliance thereof, the Petitioner vide



affidavit dated 29.9.2022, has submitted the additional information (also revising Form 9A, Form 9Bi, Form 9C, Form 9D, Form 11, Form 13, Form 16 and Form 18) after serving copies of the same, on the Respondents. The Respondents RUVNL vide affidavit dated 24.11.2022, has filed its reply on the additional information filed by the Petitioner. In response, the Petitioner vide affidavit dated 21.12.2022, has filed its rejoinder to the said reply. Taking into consideration the submissions of the parties and the documents available on record, we proceed to examine the claims of the Petitioner, on prudence check, as stated in the subsequent paragraphs.

### **Capital Cost**

6. Clause 3 of Regulation 9 of the 2014 Tariff Regulations provides as under:

*“9. Capital Cost:*

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

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

7. The Petitioner has considered the closing capital cost of Rs. 169081.03 lakh, as on 31.3.2014, and has also submitted that the same is without prejudice to the appeal(s) (Appeal No. 171/2016 and Appeal No. 373/2017) filed by it and pending before Appellate Tribunal for Electricity (APTEL). The Commission vide its order dated 3.5.2017 in Petition No. 255/GT/2014 had allowed the closing capital cost of Rs. 169081.03 lakh, as on 31.3.2014. Accordingly, in terms of Regulation 9 of the 2014 Tariff Regulations, the closing capital cost of Rs. 169081.03 lakh has been considered as opening capital cost as on 1.4.2014, for the purpose of truing up of tariff for the period 2014-19.

### **Additional Capital Expenditure**

8. Clause (3) of Regulation 7 of the 2014 Tariff Regulations provides that the application for determination of tariff shall be based on admitted capital cost including



any additional capital expenditure already admitted upto 31.3.2014 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the period during 2014-15 to 2018-19.

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

9. Regulation 14(3) and 14(4) of 2014 Tariff Regulations provides as under:

*“14(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) 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 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 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 Modernisation (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-capitalisation 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 decapitalization 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-capitalisation takes place, duly taking into consideration the year in which it was capitalized.”

### **Projected additional capital expenditure allowed vide order dated 3.5.2017 in Petition No. 255/GT/2014**

10. The details of the projected additional capital expenditure allowed vide order dated 3.5.2017 in Petition No. 255/GT/2014 is summarized as under:

<i>(Rs. in lakh)</i>							
Sl. No.	Head of Work /Equipment	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1	Additional capital expenditure	304.90	0.00	0.00	0.00	0.00	304.90

