

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

5th Floor, "Metro Plaza", Bittan Market, Bhopal - 462 016



Petition No.61 of 2012

PRESENT:

Rakesh Sahni, Chairman

A. B. Bajpai, Member

IN THE MATTER OF:

True-up of Generation Tariff for FY 2009-10 determined by the MP Electricity Regulatory Commission vide MYT order dated 3rd March, 2010.

M.P. Power Generating Company Ltd, Rampur, Jabalpur : PETITIONER

Vs.

1. **M.P. Power Management Company Ltd., Rampur, Jabalpur**
 2. **M.P. Poorv Kshetra Vidyut Vitaran Company Ltd., Jabalpur**
 3. **MP Madhya Kshetra Vidyut Vitaran Company Ltd., Bhopal**
 4. **MP Paschim Kshetra Vidyut Vitaran Company Ltd., Indore**
 5. **M.P. Power Transmission Co. Ltd. Jabalpur**
 6. **Rajasthan Rajya Vidyut Prasaran Nigam Ltd (RRVNL), Jaipur**
 7. **Uttar Pradesh Power Corporation Ltd (UPPCL), Lucknow**
 8. **MSEB (Holding Co) & Maharashtra State Transmission Co. Ltd., Mumbai**
- RESPONDENTS**

ORDER

(Passed on this day of 23rd January, 2013)

1. The petitioner M.P. Power Generation Company Ltd. (MPPGCL) has filed the subject petition on 31st July, 2012 for true-up of generation tariff for FY2009-10 determined by the Commission vide MYT order dated 3rd March, 2012.
2. The Commission notified the MPERC (Terms & Conditions for determination of Generation Tariff) Regulations 2009 on 30.04.2009. These Regulations were based on multiyear tariff principles prescribing norms of operation for the control period from FY 2009-10 to FY 2011-12.
3. Vide tariff order dated 3rd March, 2010, the Commission approved the annual capacity charges and energy charge rates for the Multi Year Tariff period from FY 2009-10 to FY 2011-12.
4. The above-mentioned MYT order dated 3rd March, 2010 was based on the provisional opening balance sheet notified by GoMP since the last true-up order issued by the Commission for FY 2006-07 was also based on the provisional opening balance sheet. It is worth mention that the petitioner took the impact of final opening balance sheet first time in its audited accounts for FY 2007-08 and filed the petition for true-up of FY 2007-08 based on the same audited accounts.
5. The Commission had also issued the true-up orders for FY 2007-08 and FY 2008-09 on 24th January, 2011 and 22nd March, 2012 respectively considering the impact of final opening balance sheet. MPPGCL has submitted the subject true-up petition for FY 2009-10 based on the Final Opening Balance Sheet and Audited Annual Statements of Accounts for FY 2009-10.
6. The power station-wise details of the annual capacity charges and energy charges allowed by the Commission in MYT order dated 3rd March, 2010 for FY 2009-10 are as given below:

Sr. No.	Power Station	FY2009-10	
		Fixed charges (Rs. Cr.)	Energy charges (Paisa per unit)
1	ATPS Chachai	68.98	114.61
2	STPS Sarni	361.14	138.65
3	SGTPS Birsinghpur (PH-1&2)	385.82	114.78
4	SGTPS Birsinghpur 500MW	383.29	100.30
5	Gandhi Sagar	7.77	-
6	Pench	16.19	-
7	Rajghat	11.00	-
8	Bargi	12.33	-
9	Bansagar (I to III)	151.42	-
10	Bansagar-IV (Jhanna)	14.60	-
11	Madhikheda	28.52	-
12	Birsinghpur	6.08	-

7. Since the petitioner has filed separate tariff petitions for determination of final tariff for new generating units like SGTPS Birsinghpur 500MW, Bansagar-IV (Jhinna) and Madhikheda hydro power stations, these new generating units are not included in this true-up order.
8. The petitioner has claimed the true-up amount on the following basis in the subject petition :
- The expenses towards A&G, Repair and Maintenance and Employee Expenses and other expenses have been determined power station wise for the share of MPPGCL, duly matching with the balance sheet.*
 - The expenses shown in balance sheet are of MPPGCL's share. The expenses as extracted from balance sheet for the shared portion have been factored to represent 100% capacity operated by MPPGCL to match with MYT Order dated 03.03.2010. The O&M expenses incurred in projects namely SGTPS 500MW, ATPS 210 MW Extn. Unit No.5 and Bansagar IV have been deducted on MW basis in relevant schedules of Forms, since petition for determination of Final tariff for these projects are being dealt separately.*
 - The expenses of R.P. Sagar and Jawahar Sagar indicated in the Annual Statements of Accounts for FY 09-10 of MPPGCL, have not been considered*

in this True up Petition since the Commission has not considered these projects in MYT order, being operated by Rajasthan authorities.

- d. *Units of ATPS Power House No.1 were retired/de-commissioned on 1st April 2009. As per the accounting principles, the depreciation of the asset upto 90% of value of asset is recoverable whereas 10% is considered as salvage value. The Commission in Para 2.113 of true-up Tariff Order for FY 2008-09, mentioned that the issue of balance depreciation upto 90% of Gross block of ATPS PH-1 as on 1st April, 2009, will be dealt appropriately in the True up petition for FY 09-10 for the reasons that the unit has generated electricity in FY 08-09 and thus Commission has considered depreciation of ATPS PH No.-1 in FY 09. Accordingly the balance depreciation upto 90% of the assets of ATPS PH-1 decapitalized has been reworked as **Rs.1.52 Crores** and has been claimed separately.*
- e. *The Commission in its True-up Tariff Order for FY 2008-09 at para 4.26 allowed to seek adjustments in Coal cost on account of Stone /Shale on production of supporting evidence during true-up of subsequent year, accordingly the additional coal cost of Rs.28.60 Crores for FY 2009 have been worked out and claimed separately.*
- f. *As per the Regulation 26.6 the expenditure towards actual Pension & Terminal benefits is to be claimed by Transmission Licensee, hence MPPGCL had not claimed these expenses in its tariff petition. However expenses on account of Earned Leave encashment to super annuated/retired employee of MPPGCL w.e.f. 01.06.2005 is being regularly borne by MPPGCL and not by MP Transco. The same has now being claimed by MPPGCL on actual payment basis as per Annual statement of Accounts of present and past years. The details are elaborated in the chapter of Other Charges.*
9. The petitioner has submitted that the difference between Tariff approved by the Commission for FY 2009-10 in its MYT order dated 3rd March, 2010 vis-à-vis the true up requirement after applying Actual Availability on fixed cost elements of thermal power stations and to actual Availability applicable on capacity charges only for Hydro Power Stations based on 100% capacity of the plants operated by MPPGCL which works out to Rs -4.42 Crores as given below :

True-up Requirement for FY 2009-10:*(Amount in Rs Crores)*

Particulars	Elements	Total Cost FY 10		
		As per MYT Order	As per Actual	Diff.
Variable Charges	Coal Cost	1310.77	1370.13	59.35
Fixed Cost Elements	O & M Expenses	405.87	359.62	-46.25
	Compensation Allowance	11.09	8.63	-2.46
	Special Allowance	15.63	13.22	-2.41
	Interest on Loan	74.29	46.91	-27.38
	Interest on W/C	104.6	75.85	-28.75
	Depreciation	178.32	153.82	-24.5
	RoE	142.02	185.18	43.16
	Cost of Sec Oil (Normative)	88.92	62.77	-26.15
	Other Charges	0.00	50.97	50.97
Grand Total		2331.51	2327.09	-4.42

10. The petitioner has also submitted the Power station wise break up of true up amount after applying actual Availability on fixed cost elements of thermal power stations and to actual Availability applicable on capacity charges only for Hydro Power Stations, which works out as under:

True-up Requirement for FY 2009-10:*(Amount in Rs. Crores)*

S. No.	Station	As per MYT Order	As per Actuals	Diff.
1	ATPS PH-2	128.74	117.55	-11.19
2	STPS	1167.79	1184.56	16.77
3	SGTPS PH 1&2	830.2	784.3	-45.9
4	Total Thermal	2126.72	2086.41	-40.31
5	Gandhi Sagar	7.76	11.09	3.33
6	Pench	16.2	17.61	1.41
7	Rajghat	10.99	11.3	0.31
8	Bargi	12.33	16.29	3.96
9	Bansagar 1,2&3	151.42	178.89	27.47
10	Birsinghpur	6.09	5.5	-0.59
11	Total Hydro	204.79	240.68	35.89
Grand Total		2331.51	2327.09	-4.42

11. With the above submissions, the petitioner has requested the Commission to :
- a. *“Approve Fixed and variable charges of Rs.2327.09 Crores for FY 2009-2010 and permit recovery of True up amount of Rs -4.42 Crores, in six equal monthly installments.*
 - b. *In addition to above, permit the recovery of balance depreciation of assets of ATPS PH-I de-capitalized in lieu of retirement/de-commissioning on 01.04.2009 amounting to Rs.1.52 Crores.*
 - c. *Permit additional recovery on Fuel Charges for FY 2009 taking into consideration impact of Stones and Shales amounting to Rs.28.6 Crores and corresponding interest charges on Working capital amounting to Rs.1.26 Crores.*
12. The petitioner has mentioned that the installed capacity of the MPPGCL share, as on 01.04.2012 is 3724.7 MW (including its share in bilateral interstate projects), consisting of 2807.5 MW Thermal and 917.2 MW Hydro power. The petitioner has further mentioned that as on 01.04.2012, MPPGCL is operating 3847.5 MW, consisting of 2932.5 MW thermal and 915.0 MW Hydro power. Out of this 258.33 MW capacity belongs to other States. On the other hand, MPPGCL also has a share of 135.5 MW in hydro generation projects i.e., Rana Pratap Sagar and Jawahar Sagar installed out of the State.
13. The petitioner has also submitted that the Annual Statement of Accounts of MPPGCL is prepared for the portion actually owned by MPPGCL and not for the capacity operated by MPPGCL. Therefore, the expenses as extracted from the Annual Statement of Accounts of MPPGCL for the shared portion have been factored to represent 100% capacity operated by MPPGCL to match with MPERC's Order.
14. On preliminary scrutiny of the subject petition, it is observed that the petitioner has not included those new power stations in this true-up petition for which the Commission had issued order for provisional tariff and were part of the MYT order. However the true-up costs of those new power stations have been filed by the petitioner in their respective final tariff petitions. The final tariff petitions for SGTPS Ext. unit 5, and Madhikheda are under scrutiny with the Commission.

Procedural History:

15. The case was listed for motion hearing on 21st August, 2012. Vide daily order dated 22nd August, 2012, the Commission admitted the petition and directed the petitioner to submit the additional information along with supporting data/documents on affidavit by 20th September, 2012. The petitioner was also directed to serve the copy of the petition on all the respondents in the matter and file a draft public notice to be published in the news papers for inviting comments/objection from stakeholders.
16. The petitioner vide letter No.7-12/CS-MPPGCL/MPERC/P.No.61 of 2012/941 dated 19th September, 2012 filed its response on the issues raised by the Commission. The petitioner also submitted the draft public notice for the approval of the Commission.
17. Vide Commission's order dated 25th September, 2012, the petitioner was directed to publish the public notice in newspapers for inviting comments/suggestions from the stakeholders.

Public Hearing:

18. The public notice on the subject petition was published by the petitioner for inviting comments/suggestions from various stakeholders in the following newspapers:
 - a) Patrika, Bhopal (Hindi)
 - b) Dainik Swatantra Mat, Jabalpur (Hindi)
 - c) Dainik Aacharan, Gwalior (Hindi)
 - d) Dainik Indore Samachar, Indore (Hindi)
 - e) Danik Pioneer, Bhopal (English)
19. No comments from any stakeholder were received in the matter. The public hearing in the subject petition was held on 19th December, 2012 wherein only the representative of the petitioner appeared.

Capital Cost

Petitioner's submission:

20. The petitioner (in Para 4.1 of the petition) submitted that the following values of Gross block of Assets and Accumulated depreciation as on 1st April 2009 of MPPGCL are taken as per the Annual Statement of Accounts for FY 2009-10 :

Opening Gross Block & Accumulated Depreciation as on 01-04-2009

Rs. Cr.

S. No.	Stations	Opening Gross Block	Opening Acc. Dep.
1	ATPS PH-2	141.12	78.20
2	ATPS PH-3	2.50	0.00
3	ATPS Chachai	143.62	78.2
4	STPS PH-1	40.02	31.76
5	STPS PH-2&3	591.17	444.51
6	STPS Total	631.19	476.27
7	SGTPS PH-1&2	2163.72	1109.86
8	SGTPS-PH 3	1956.89	41.50
9	SGTPS Total	4120.61	1151.36
10	Malwa	32.65	0.00
11	Total Thermal	4928.08	1705.83
12	Gandhi Sagar	10.30	8.07
13	R.P. Sagar	18.86	16.55
14	J Sagar	16.56	9.88
15	Pench	96.24	61.29
16	Rajghat	82.81	25.00
17	Bargi	87.03	48.67
18	Bansagar PH-1,2 &3	1243.93	332.25
19	Bansagar-PH 4	117.24	5.5
20	Madhikheda	214.67	10.43
21	Birsinghpur	52.15	25.26
22	Total Hydro	1939.77	542.91
23	HQ	0.44	0.03
Total		6868.29	2248.77

Provision in the Regulation:

21. Clause 17.2 of the Regulations, 2009 stated as follows:

“Subject to prudent check, the capital cost admitted by the Commission shall form the basis for determination of Tariff:

Provided that, prudent check of capital cost may be carried out based on the benchmark norms to be specified by the Central Commission from time to time :

Provided further that in cases where benchmark norms have not been specified by the Central Commission, prudent check may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission for determination of Tariff :

Provided also that the Commission may issue guidelines for vetting of capital cost of hydro-electric Projects by independent agency or expert and in that event the capital cost as vetted by such agency or expert may be considered by the Commission while determining the Tariff for the hydro generating station :

Provided also that the Commission may issue guidelines for scrutiny and approval of Commissioning schedule of the hydro-electric Projects of a developer, not being a State controlled or owned company as envisaged in the Tariff policy as amended vide Government of India Resolution No 23/2/2005-R&R (Vol.IV) dated 31st March 2008 :

Provided also that in case the site of a Hydro generating station is awarded to a developer (not being a State controlled or owned Company), by a State Government by following a two stage transparent process of bidding, any Expenditure Incurred or committed to be incurred by the Project developer for getting the Project site allotted shall not be included in the capital cost...

Provided also that in case of the existing Projects, the capital cost admitted by the Commission prior to 1.4.2009 and the additional capital expenditure Projected to be incurred for the respective Year of the Tariff period during 2009-12, as may be admitted by the Commission, shall form the basis for determination of Tariff.”

Commission's analysis:

22. The petitioner in Para 4.1 of the petition provided break-up of opening GFA and opening accumulated depreciation as on 1st April, 2009. As per audited accounts of FY 2009-10, the opening gross block is Rs.6908.71 crores and these gross blocks include the gross block (Rs.39.98 crores) of de-capitalized units of ATPS, Phase-I also. Accordingly, the total opening gross block as on 1st April, 2009 excluding the gross block of de-capitalized assets of ATPS, Phase-I and HQ becomes Rs.6868.29 crores.
23. Vide Commission's order dated 22nd March, 2012, the Order for true-up of generation tariff for FY 2008-09 was issued wherein an amount of Rs.4546.24 crores was approved by the Commission as closing gross block of FY 2008-09. The stations-wise break-up of closing gross block for FY 2008-09 as per last true-up order is given below :

Closing GB for FY2008-09 as per true-up order: Rs. Cr.

Sr. No.	Power Station	Closing GB for FY 2008-09
1	ATPS	183.61
2	STPS	626.47
3	SGTPS	2163.73
4	Total Thermal	2973.81
5	Gandhi Sagar	10.29
6	Pench	96.24
7	Rajghat	82.80
8	Bargi	87.03
9	Bansagar	1243.92
10	Birsinghpur	52.15
11	Total Hydro	1572.43
Total		4546.24

24. While going through the petition, it is observed that an amount of Rs.2.50 crores has been taken out from the assets of ATPS, Phase-I & II. The aforesaid amount pertains to the assets related to the land of ATPS, Phase-III. Accordingly, necessary corrections in the opening gross block of ATPS, Phase-II and Phase III have been made by adjusting this amount of Rs.2.50 crores. The opening gross block of ATPS, Phase-II after the aforesaid adjustment now becomes Rs.141.12 crores.

25. Further the gross block of Rs.631.19 Cr. for STPS, Sarni is filed by the petitioner whereas the closing balance of the last true-up order for FY 2008-09 was Rs.626.47 Cr. Vide Commission's daily order dated 22nd August, 2012, the petitioner was asked to clarify the aforesaid discrepancy.
26. Vide letter dated 19th September, 2012, the petitioner submitted the following clarification :

"The GoMP through Provisional Opening Balance sheet notified on 31-05-2005 has transferred the Gross block of Fixed assets for STPS Sarni amounting to Rs.610.33 Crores. to MPPGCL. Later on, through Final Opening Balance sheet notified by GoMP on 12-06-2008, the Gross Block of Fixed assets of STPS Sarni transferred to MPPGCL was reduced to Rs.605.61 Crores. Accordingly, an adjustment of Rs.-4.72 Crores was made in the Gross Block of STPS Sarni to incorporate the changes of Final Opening Balance Sheet. The Year wise Gross Block, adjustments, write off and Asset Additions at STPS Sarni as per Audited Books of Accounts of MPPGCL is detailed below:

Particulars	(Amount in Rs. Crores)				
	Financial Year				
	FY 05-06 (10M)	FY 06-07	FY 07-08	FY 08-09	FY 09-10
Opening Balance	610.33	613.87	620.60	630.24	631.20
Adjustment due to Final Op. Balance Sheet	-4.72	0.00	0.00	0.00	0.00
Write off	0.00	0.00	0.00	0.00	-0.001
Asset Additions	8.26	6.73	9.64	0.95	No asset addition
Closing Balance	613.87	620.60	630.24	631.20	631.19

As depicted in above table the Gross Block of STPS Sarni in FY 10 amounts to Rs.631.19 Crores, which was considered in the True up Petition for FY 10. The aforesaid details have already been submitted to Hon'ble Commission in the form of Asset cum depreciation register (FY 06 TO FY 11) vide this office letter No. 07-12/CS-MPPGCL/MPERC/TU 09/116 dated 02-02-2012 & the relevant portion i.e. for FY 06 (10 Months) is once again enclosed for reference as Annexure-1.

However, it appears that Hon'ble Commission in its True up order for FY 09 dated 22.03.2012, Para 2.30 Table No.11 page 19 has again made erroneous adjustment of Rs.-4.72 Crores in the Gross block of STPS Sarni transferred through Final Opening Balance sheet i.e. Rs. 605.61 Crores. Consequently, there is difference of Rs.-4.72 Crores is appearing in the true up order of FY09 and the gross block of STPS, Sarni submitted by MPPGCL in the True up petition for FY10. It is therefore humbly requested to kindly correct the same to Rs. 631.19 Crores.”

27. In view of the aforesaid submission of the petitioner the total opening balance of gross fixed assets of STPS, Sarni has been verified from the asset cum depreciation register and considered the opening gross block of **Rs.631.19 crores** as on 1st April, 2010 as per the assets-cum-depreciation register.
28. The opening gross block for other power stations covered in this true-up order is the same as approved by the Commission in the last true-up order. The Power station wise break-up of opening gross block considered by the Commission in this true-up order for FY 2009-10 is given below:

Opening Gross Block as on 1st April, 2009

Sr. No.	Power Station	Opening GB as per true-up order FY2008-09 (Rs. Cr.)
1	ATPS	141.12
2	STPS	631.19
3	SGTPS	2163.73
4	Gandhi Sagar	10.29
5	Pench	96.24
6	Rajghat	82.80
7	Bargi	87.03
8	Bansagar	1243.92
9	Birsinghpur	52.15
10	HQ	0.44
Total		4508.91

Additional Capitalization:

29. The petitioner has not filed any claim for additional capitalization in any power station. Hence, no claim for additional capitalization is considered in this order. Therefore, the closing gross block as on 31.03.2010 is same as the opening gross block shown above.

Annual Capacity (fixed) Charges:

30. The tariff for supply of electricity from a thermal power generating station and hydro power generating station comprises of capacity charge and energy charge to be derived in the manner specified in the Regulations 38, 39 and 50 of “Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2009. {RG-26 (I) of 2009} and its amendments.” The annual Capacity (fixed) Charges consist of:
- (a) Return on Equity;
 - (b) Interest and Financing Charges on Loan Capital;
 - (c) Depreciation;
 - (d) Lease/Hire Purchase Charges;
 - (e) Operation and Maintenance Expenses;
 - (f) Interest Charges on Working Capital;
 - (g) Cost of Secondary Fuel Oil;
 - (h) Special allowance in lieu of R&M or separate compensation allowance, wherever applicable:

a) Return on Equity:

Petitioner’s submission:

31. The petitioner has submitted that Proviso 21.2 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations 2009 provides that where equity actually employed is in excess of 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Accordingly, the power station- wise excess equity as computed by the petitioner is given below:

		Rs. Cr.			
Particulars		Actual Equity in existing Projects 1/4/2009	Permissible Equity 30% of Gross Block	Equity Admissible for Return	Excess Equity treated as Normative Loan
1	ATPS PH-2	39.63	42.34	39.63	0.00
2	STPS Complex	223.17	189.36	189.36	33.81
3	SGTPS PH-1&2	746.11	649.12	649.12	96.99
4	Total Thermal	1008.92	880.81	878.11	130.81
5	Gandhi Sagar	3.53	3.09	3.09	0.44
6	Pench	38.58	28.87	28.87	9.71
7	Rajghat	28.39	24.84	24.84	3.55
8	Bargi	29.86	26.11	26.11	3.75
9	Bansagar 1,2 & 3	426.46	373.18	373.18	53.28
10	Birsinghpur	17.88	15.64	15.64	2.23
11	Total Hydro	544.7	471.73	471.73	72.96
12	HQ	0.72	0.13	0.13	0.59
Total		1554.33	1352.68	1349.97	204.36

32. The petitioner has further submitted that during FY10 **interest overdue amounting** to Rs. 7.33 crores on GoMP loan transferred to MPPGCL through Final Opening Balance Sheet was converted into equity by the state Government in its orders no. F-5-16/2009/13 dated 31.03.2010 and F-5-23/2007/13 dated 31.03.2010. This additional equity is linked with STPS, Sarni in table 4.6.3 of para 4.6 in the petition.
33. The petitioner has considered an amount of Rs.204.36 crore as excess equity and also considered the repayment of excess equity w.e.f. 1.4.2009. No repayment prior to 01.04.2009 is considered by the petitioner on excess equity. The balance depreciation after repayment of loan of respective Power Station is considered in the petition for the purpose of repayment of excess equity as per Regulation 23 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulations 2009.

34. Based on the above, the petitioner has claimed the Return on Equity and interest on excess equity for FY 2009-10 is claimed in table 4.6.5 of para 4.6 of the petition as given below:

Rs. Cr.

Stations		Equity for RoE	Av. Excess Equity	RoE 15.50%	Intt. 10.03 %	Total
1	ATPS PH-2	39.63	0	6.14	0	6.14
2	STPS	189.36	35.01	29.35	3.51	32.86
3	SGTPS PH-1&2	649.12	96.99	100.61	9.73	110.34
4	Gandhi Sagar	3.09	0.29	0.48	0.03	0.51
5	Pench	28.87	8.12	4.48	0.81	5.29
6	Rajghat	24.84	2.1	3.85	0.21	4.06
7	Bargi	26.11	2.27	4.05	0.23	4.27
8	Bansagar 1,2 & 3	373.18	53.28	57.84	5.34	63.19
9	Birsinghpur	15.64	1.4	2.42	0.14	2.57
10	HQ	0.13	0.59	0.02	0.06	0.08
Total		1349.97	200.06	209.25	20.06	229.31

Provision in the Regulation:

35. Clause 22 of the Regulations provides that,

“Return on equity shall be computed in rupee terms, on the paid up equity capital determined in accordance with Regulation 21.

Return on equity shall be computed on pre-tax basis at the base rate of 15.5% to be grossed up as per Regulation 22.3 of this Regulation:

*Provided that in case of Projects commissioned on or after 1st April, 2009, an additional return of 0.5% shall be allowed if such Projects are completed within the timeline specified in **Appendix-I** :*

Provided further that the additional return of 0.5% shall not be admissible if the Project is not completed within the timeline specified above for reasons whatsoever.

The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the Year 2008-09 applicable to the Generating Company:

Provided that return on equity with respect to the actual tax rate applicable to the Generating Company, in line with the provisions of the relevant Finance Acts of the respective Year during the Tariff period shall be trued up separately.

Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

Where t is the applicable tax rate in accordance with Regulation 22.3. “

Commission’s analysis:

36. In MYT order dated 3rd March, 2010, the power station wise equity was considered as per the provisional opening balance sheet notified by the GoMP.
37. MPPGCL incorporated the impact of final opening balance sheet notified by the GoMP on 12th June, 2008 in its true-up petition for FY 2007-08.
38. While passing the true-up order for FY 2007-08, the Commission observed that there was an increase of Rs.567.33 Cr in the equity allocation to the projects under commercial operations including Rs.69.75 Cr equity in CWIP. It was further observed in para 2.103 of true up order for 2007-08 that the total equity allocated to MPPGCL including inter-state power stations through final opening balance sheet for running power stations was in excess of normative by Rs.191.59 Cr. The Commission considered the same allocation of power station-wise equity and excess equity based on the percentage of their opening gross block.
39. The Commission in the last true-up order for 2008-09 also observed that the amount allocated to power station-wise equity is more than the normative equity (30% of Gross Block). Therefore, the Commission allowed the return on equity only upto normative equity amount (30% of the Gross Block) and balance amount of equity was considered as loan on which weighted average rate of interest was applied.
40. In the true-up order for FY 2008-09 issued on 22nd March, 2012, the Commission considered the equity addition due to impact of additional capitalization against

need based R&M from FY 2005-06 to FY 2008-09. In this true-up order also, the opening balances of normative equity is considered as admitted by the Commission in its last true-up order for FY 2008-09.

41. As mentioned in preceding para 32 of this Order, the petitioner has considered an amount of Rs.7.33 crores also which has been transferred to MPPGCL through Final Opening Balance Sheet and converted into equity by GoMP on 31.03.2010. The petitioner has linked this equity amount with STPS, Sarni and claimed the return on this allocated equity also.
42. Vide Commission's daily order dated 22nd August, 2012, the petitioner was asked to clarify whether any interest amount has been claimed and recovered earlier by them on the above-mentioned GoMP loan amount. In response, the petitioner in its letter dated 19th September, 2012 has submitted the following :

"In past, MPPGCL, in True up petition for FY 08 and FY 09 respectively has claimed interest on GoMP Loan as per the Books of Accounts of MPPGCL for respective years, however Hon'ble Commission in its True Up Order for FY 09 has only allowed scheduled interest for FY 08 & FY 09 on GoMP loan which was transferred to MPPGCL through Final Opening Balance Sheet & thus no overdue interest on GoMP loan has been allowed to MPPGCL by Commission."

43. Since the overdue interest on GoMP loan had not been allowed by the Commission in earlier true-up orders and moreso, the equity considered by GoMP and transferred to MPPGCL pertains to interest overdue amount and created no asset, this additional equity amount allocated by GoMP against overdue interest of loan principal and overdue payment of interest is not allowed in this tariff order. The Commission had also followed the same approach in true-up order for FY 2007-08 and FY 2008-09 issued after notification of final opening balance sheet. Moreover, this additional equity amount as shown allocated to STPS, Sarni has not created any asset addition during FY 2009-10 in STPS, Sarni.
44. The petitioner de-capitalized the assets of Rs.39.98 Cr. of ATPS PH-I units as indicated in the audited accounts for FY 2009-10. Therefore, the corresponding equity amount of this power station shall also be deducted from the total equity of ATPS, Complex (PH-1&2). Vide letter dated 19th September, 2012, the petitioner confirmed that *"on de-commissioning of ATPS PH-1, the equity pertaining to ATPS PH-1 amounting to Rs.9.77 Crores. has been reduced and return on equity is claimed on the balance equity of ATPS PH-2 amounting to Rs.39.63 Crores as on 1-4-2009."* In view of the aforesaid contention of the petitioner and verification with the audited accounts, the same equity amount of Rs.9.77 Cr. as informed by the

petitioner is deducted from ATPS Complex and balance equity amount of Rs.33.46 Cr. for ATPS PH-II is considered in this order.

45. In view of the above, the power station-wise break-up of normative equity eligible for return in this true-up order and return on equity is approved as given below:

Amount in Rs. Cr.

Sr. No.	Power Station	Normative equity	RoE @ 15.50
1	ATPS	33.46	5.19
2	STPS	187.82	29.11
3	SGTPS	649.12	100.61
4	Gandhi Sagar	3.09	0.48
5	Pench	28.87	4.47
6	Rajghat	24.84	3.85
7	Bargi	26.11	4.05
8	Bansagar	373.18	57.84
9	Birsinghpur	15.65	2.43
Total		1342.14	208.03

b) Interest and finance charges on loan capital:

Petitioner's submission:

46. The petitioner has filed the Power Station wise opening loan balance as on 1.4.2009 as given below:

Amount in Rs. Cr.

Stations	Opening Bal in existing power stations as on 1-4-2009				Total
	PFC	LIC	REC	GoMP	
ATPS PH-2	60.27	0	0	0	60.27
STPS	17.17	0	0	0.68	17.84
SGTPS PH-1 & 2	37.43	336.48	0	0	373.91
Total Thermal	114.87	336.48	0	0.68	452.03
Rajghat	1.14	0	0	0	1.14
Bansagar 1,2&3	33.15	0	226.44	2.34	261.93
Total Hydro	34.29	0	226.44	2.34	263.07
HQ	0	0	0	1.06	1.06
Total	149.16	336.48	226.44	4.08	716.16

The petitioner further stated that the above loan balances are as per the books of accounts.

47. The petitioner has also submitted the details of loan drawn during FY 2009-10 for Need based R&M Works of ATPS PH-2 as under:

Amount in Rs. Cr.

Stations	PFC Loan No.20104021	LIC	REC	GoMP	Total
ATPS PH-2	21.9	0	0	6.01	27.91
Total	21.9	0	0	6.01	27.91

48. Power station-wise Interest charges for FY 2009-10 are worked out by the petitioner in accordance with Regulation 23 of MPERC (Terms & Conditions for determination of Generation Tariff) Regulations, 2009 considering repayment equal to depreciation and applying weighted average rate of interest on loans as indicated below:

Stations	Average Bal. (Rs. Cr.)	Interest Rate (%)	Interest Amount (Rs. Cr.)
ATPS PH-2	71.19	11.41%	8.12
STPS Total	8.92	10.63%	0.95
SGTPS PH-1&2	328.1	9.60%	31.5
Total Thermal	408.21		40.58
Rajghat	0.57	10.05%	0.06
Bansagar 1,2&3	232.85	8.74%	20.36
Total Hydro	233.42		20.42
HQ	1.04	10.50%	0.11
Total	642.68		61.11

Provision in the Regulation:

49. Clause 23 of the Regulations, 2009 provides that,

“The loans arrived at in the manner indicated in Regulation 21 shall be considered as gross normative loan for calculation of interest on loan.

The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.

The repayment for the Year of the Tariff period 2009-12 shall be deemed to be equal to the depreciation allowed for that Year.

Notwithstanding any moratorium period availed by the Generating Company, the repayment of loan shall be considered from the first Year of commercial operation of the Project and shall be equal to the annual depreciation allowed.

The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Project:

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 does not have actual loan, then the weighted average rate of interest of the Generating Company as a whole shall be considered.

The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest.

The Generating Company 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 re-financing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and the Generating Company, in the ratio of 2:1.

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

In case of dispute, any of the parties may make an application in accordance with the MPERC (Conduct of Business) Regulation, 2004, as amended from time to time-----“:

Commission’s analysis:

50. In MYT order dated 3rd March, 2010, the power station-wise loan balances were considered as per the provisional opening balance sheet notified by the GoMP. The petitioner incorporated the impact of final opening balance sheet in the audited accounts for FY 2007-08. Therefore, the Commission had also considered this impact in true-up order for FY 2007-08.

51. In the true-up order for FY 2008-09 issued on 22nd March, 2012, the Commission considered the loan addition on account of additional capitalization against need based R&M from FY 2005-06 to FY 2008-09. In this true-up order the opening balances of loan is considered as admitted by the Commission in its last true-up order for FY 2008-09.
52. The petitioner claimed the loan amount of Rs.21.90 Cr. and Rs.6.01 crores drawn during FY 2009-10 under the PFC loan scheme No. 20104021 and GoMP loan for R&M of ATPS PH-II. The petitioner has not filed any asset addition during the year. While going through the opening gross of the power stations covered under this true-up, it is found that neither any asset is capitalized in the books of accounts nor any asset added out of the aforesaid loan amount filed in the petition. In view of the above, this loan of Rs.27.91 crores drawn during the year is not found eligible for allowing interest and finance charges. This additional loan shall be considered for allowing interest and finance charges in the true-up petition as and when the assets created out of these loans are capitalized in the audited accounts of MPPGCL.
53. While processing the true-up petition for FY 2008-09, it was observed by the Commission that the PFC statement for the two loans drawn for additional capitalization indicated the date of 15th October, 2005 as repayment for loan No.20104020 as per loan agreement but for loan No.20104021, the date of starting of repayment was shown as 15th July, 2010. The petitioner in its letter dated 3rd December, 2011 also filed the scheme-wise loan details showing that no repayment was made during FY 2008-09 against loan No.20104021 and only interest amount was paid by the petitioner in respect of this PFC loan. The Commission in para 2.62 of the true-up order for FY 2008-09 mentioned that *“the Commission finds no basis to work out the interest of loan No.20104021 utilized for need based R&M work of ATPS, Chachai. The interest on this loan may be considered only after commencement of the repayment.”*
54. Vide daily order dated 22nd August, 2012, the petitioner was asked to file the lender-wise detailed break-up of each loan scheme clearly indicating opening balances, amount received during the year, actual repayment made during the year, scheduled repayment during the year, actual closing balance of each loan, loan in CWIP, loan in existing power stations, overdue payment made during the year etc. The petitioner was also asked to confirm whether the repayment of PFC loan scheme No.20104021 had started and also to indicate the corresponding assets capitalized in this regard.

55. In response, the petitioner in its letter dated 19th September, 2012 submitted the following:
- “In respect of the PFC loan No.20104021 it is to mention that the principal repayment of this loan has commenced from 15-07-2010 due to the moratorium period in the loan agreement, however interest payment in respect of this has already started since 15-04-2005 onwards. As desired, it is to clarify that PFC loan No.20104021 was drawn for Renovation and modernization of ATPS Chachai & details of assets created and capitalized through this loan has already been submitted to Hon’ble Commission in the True up petitions for FY 08 & FY 09, which was duly recognized by Hon’ble Commission in its True up order for FY09 (Para 2.30 Table 11 page 19).”*
56. In view of the above submission, the Commission is now allowing the interest on the loan amount under scheme No.20104021 only up to the balance amount of loan recognized by the Commission in Para 2.61 of the last true-up order for FY 2008-09.
57. With regard to loan balances of de-capitalized assets of ATPS PH-I, the petitioner in its additional submission dated 19th September, 2012 confirmed that *“there is no loan outstanding in the books of account of MPPGCL for FY 2009-10 pertaining to ATPS PH-1.”*
58. The power station-wise and lender-wise details of loan balances eligible for interest as admitted in the true-up order for FY 2008-09 is reproduced below:

Amount in Rs. Cr.

Sr. No.	Power Station	Opening loan balances				
		PFC	LIC	REC	GoMP	Total
1	ATPS, Chachai PH-II	59.58	-	-	-	59.58
2	STPS, Sarni Complex	14.50	-	-	2.72	17.22
3	SGTPS (PH-1&2)	36.37	223.26	-	-	259.63
4	Gandhi Sagar	0.00	-	-	-	0.00
5	Pench	0.00	-	-	-	0.00
6	Rajghat	0.52	-	-	-	0.52
7	Bargi	0.00	-	-	-	0.00
8	Bansagar (I to III)	22.16	-	212.75	-	234.91
9	Birsinghpur	0.00	-	-	-	0.00
Total		133.13	223.26	212.75	2.72	571.86

59. Considering the above power station wise loan balances as opening balance for FY 2009-10, repayment equal to depreciation for the year and the interest amount is worked out by applying the power station wise weighted average rate of interest as filed by the petitioner as given below:

Amount in Rs. Cr.

Sr. No.	Power Station	Opening Balance	Addition during the year	Repayment equal to depreciation	Closing Balance of Loan	Average of loan	Applicable rate of interest (%)	Interest Amount
1	ATPS, Chachai PH-II	59.58	0.00	6.08	53.50	56.54	11.41	6.45
2	STPS, Sarni Complex	17.22	0.00	*17.22	0.00	8.61	10.63	0.92
3	SGTPS (PH-1&2)	259.63	0.00	91.62	168.01	213.82	9.15	19.56
4	Gandhi Sagar	0.00	0.00	0.00	0.00	0.00		0.00
5	Pench	0.00	0.00	0.00	0.00	0.00		0.00
6	Rajghat	0.52	0.00	*0.52	0.00	0.26	10.05	0.03
7	Bargi	0.00	0.00	0.00	0.00	0.00		0.00
8	Bansagar (I to III)	234.91	0.00	58.17	176.74	205.83	8.74	17.99
9	Birsinghpur	0.00	0.00	0.00	0.00	0.00		0.00
Total		571.86	0.00	173.61	398.25	485.06		44.95

*Repayment is restricted to the amount of balance loan only.

c) Interest on Excess Equity:**Petitioner's submission:**

60. MPERC Generation Tariff Regulation 2009 provides treatment of excess equity as normative loan. In accordance with same, petitioner has considered repayment of excess equity w.e.f. 01.04.2009. The balance depreciation after repayment of loan of respective Power Station is considered for the purpose of repayment of excess equity as per Regulation 23 of Generation Tariff Regulation 2009.

61. Accordingly Average loan balance power house wise has been worked out by the petitioner as under:

		Rs. Cr.					
	Particular	Excess Equity treated as normative loan as on 01.04.09	Equity addition during FY09-10	Balance depreciation after loan repayment	Closing Bal. As on 31-3-09	Average Balance	Interest on excess equity @ 10.03%
1	ATPS PH-2	0.00	0.00	0.00	0.0	0.00	0.00
2	STPS	33.81	7.34	4.95	36.2	35.01	3.51
3	SGTPS PH-1&2	96.99	0.00	0.00	97.0	96.99	9.73
4	Total Thermal	130.81	7.34	4.95	133.20	132.01	13.24
5	Gandhi Sagar	0.44	0.00	0.30	0.14	0.29	0.03
6	Pench	9.71	0.00	3.16	6.54	8.12	0.81
7	Rajghat	3.55	0.00	2.89	0.65	2.10	0.21
8	Bargi	3.75	0.00	2.96	0.79	2.27	0.23
9	Bansagar (1-)3	53.28	0.00	0.00	53.28	53.28	5.34
10	Birsinghpur	2.23	0.00	1.67	0.57	1.40	0.14
11	Total Hydro	72.96	0.00	10.98	61.98	67.47	6.77
12	HQ	0.59	0.00	0.00	0.59	0.59	0.06
	Total	204.36	7.34	15.93	195.77	200.06	20.06

Provision in the Regulation:

62. Clause 21.2 of the Regulation provides that,

“Where equity actually employed is in excess of 30%, the amount of equity for the purpose of Tariff shall be limited to 30% and the balance amount shall be considered as loan. The interest rate applicable on the equity in excess of 30% treated as loan has been specified in Regulation 23. Where actual equity employed is less than 30%, the actual equity shall be considered.”

Commission’s analysis:

63. The Commission in true-up order for FY 2007-08 and FY 2008-09 considered the excess equity as normative loan and repayment of this loan was also considered in accordance with the repayment schedule of other loan(s) for the respective power stations. The repayments were considered from the date of commercial operation of the last unit of the respective power house. Accordingly, the interest payable to the excess equity amount from FY 2005-06 to FY 2008-09 was worked out by

applying year-wise applicable weighted average rate of interest in the true-up order for FY 2007-08 and FY 2008-09 .

64. Later, in compliance with the directions of Hon'ble Appellate Tribunal in appeal No.121 of 2011, the Commission vide Order dated 27th December, 2012 reworked the amount of excess equity and the interest on excess equity by considering the normative repayment from 01.06.2005 (date of inception of the company). In compliance to the directions of Hon'ble Appellate Tribunal, the revised year-wise excess equity and the interest amount for FY 2005-06 to FY 2008-09 was worked out by the Commission. The interest on excess equity for MPPGCL as a whole allowed by the Commission in Para 11 of Commission's Order dated 27th December, 2012 is as under :

Interest on excess equity for MPPGCL's as whole:				Rs. Cr.
Particular	FY 2005-06 (10-months)	FY 2006- 07	FY 2007- 08	FY 2008- 09
Opening excess equity	191.59	175.39	162.12	146.48
Excess equity addition due to additional capitalization	2.96	6.48	4.11	2.09
Repayment considered	19.16	19.75	19.75	19.75
Closing excess equity	175.39	162.12	146.48	128.82

65. Considering the power station-wise opening balances of excess equity for FY 2009-10 as mentioned above, the interest amount on excess equity is worked out by applying the applicable weighted average rate of interest for the year as given below:

Interest on Excess Equity: (Considering the wt. avg. rate of interest @ 10.03%)**Rs. Cr.**

Sr. No	Power Station	Opening Balance	Excess equity Addition	Repayment equal to balance dep.	Closing Balance	Excess equity average	Amount of interest
1	ATPS, Chachai PH-II	3.71	0.00	0.00	3.71	3.71	0.37
2	STPS, Sarni Complex	20.64	0.00	5.57	15.07	17.86	1.79
3	SGTPS (PH-1&2)	60.04	0.00	0.00	60.04	60.04	6.02
4	Gandhi Sagar	0.26	0.00	0.26	0.00	0.13	0.01
5	Pench	6.44	0.00	3.16	3.28	4.86	0.49
6	Rajghat	2.14	0.00	2.14	0.00	1.07	0.11
7	Bargi	2.27	0.00	2.27	0.00	1.13	0.11
8	Bansagar (I to III)	31.99	0.00	0.00	31.99	31.99	3.21
9	Birsinghpur	1.34	0.00	1.34	0.00	0.67	0.07
Total		128.82	0.00	14.74	114.09	121.46	12.18

d) Depreciation:**Petitioner's submission**

66. The petitioner has submitted that the depreciation on the Gross Bock as per the Annual Statement of Accounts for FY 2009-10 has been computed on the following basis:

- The rates for depreciation are considered as approved by Hon'ble Commission in Appendix-II of Regulation G-26(I) of 2009.
- The salvage value of assets is considered as 10% i.e. none of the assets are depreciated more than 90% of the gross value.
- The rate of depreciation continued to be charged at the rate specified in Appendix-II till cumulative depreciation reaches 70%. Thereafter the remaining depreciable value is spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%.
- No additional capitalization was considered for existing stations.

67. Considering the above principles, the depreciation on the various assets of the stations has been computed by the petitioner as given below:

Rs. Cr.

Sr. No.	Station	Opn. Block for FY09-10		Dep for FY-10	Cl. Block for FY09-10	
		Asset GB	Acc. Dep		Asset GB	Acc. Dep
1	ATPS PH-2	141.12	78.2	6.08	141.12	84.28
2	STPS PH-1	40.02	31.76	1.06	40.02	32.83
3	STPS PH-2&3	591.17	444.51	21.72	591.17	466.23
4	STPS Total	631.19	476.27	22.79	631.19	499.06
5	SGTPS PH-1&2	2163.72	1109.86	91.62	2163.72	1201.47
6	Total Thermal	2936.04	1664.34	120.48	2936.04	1784.82
7	Gandhi Sagar	10.3	8.07	0.3	10.3	8.37
8	Pench	96.24	61.29	3.16	96.24	64.46
9	Rajghat	82.81	25	4.03	82.81	29.03
10	Bargi	87.03	48.67	2.96	87.03	51.64
11	Bansagar PH-1,2 &3	1243.93	332.25	58.17	1243.93	390.42
12	Birsinghpur	52.15	25.26	1.67	52.15	26.92
13	Total Hydro	1572.44	500.54	70.29	1572.44	570.84
14	HQ	0.44	0.03	0.04	0.44	0.07
Total		4508.92	2164.91	190.81	4508.92	2355.72

Provision in the Regulation:

68. Clause 24 of the Regulation provides that;

“For the purpose of Tariff, depreciation shall be computed in the following manner:

- (a) *The value base for the purpose of depreciation shall be the capital cost of the assets as admitted by the Commission*
- (b) *The approved/accepted cost shall include foreign currency funding converted to equivalent rupee at the exchange rate prevalent on the date of foreign currency actually availed.*
- (c) *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 stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of the site.

Provided further that the capital cost of the assets of the hydro generating station for the purpose of computation of depreciable value shall correspond to the percentage of sale of electricity under Long-term power purchase agreement at regulated Tariff.

- (d) *Land other than 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.*
- (e) *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:*

Provided that, the remaining depreciable value as on 31st March of the Year closing after a period of 12 Years from the Date of Commercial operation shall be spread over the balance Useful life of the assets.

- (f) In case of the existing Projects, the balance depreciable value as on 1.4.2009 shall be worked out by deducting the cumulative depreciation including Advance Against Depreciation as admitted by the Commission upto 31.3.2009 from the gross depreciable value of the assets. The rate of Depreciation shall be continued to be charged at the rate specified in Appendix-II till cumulative depreciation reaches 70%. Thereafter the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%. -----“

Commission's analysis:

- 69. The Commission while determining the depreciation in this order has considered the opening gross block and cumulative depreciation as on 1st April, 2009 as per the true-up order issued by the Commission for FY 2008-09 on 22nd March, 2012.
- 70. The cumulative depreciation for ATPS PHI&II as on 31.03 2009 as per true-up order for FY 2008-09 dated 22nd March, 2012 was worked out to Rs.112.11 Cr. Further adjustment is now made to this cumulative depreciation on account of de-capitalized assets of ATPS PH-I by deducting the amount of Rs.34.47 Cr. as

indicated in asset cum depreciation register. Accordingly, the revised cumulative depreciation of ATPS PH-II as on 01.04.2009 works out to Rs. 77.64 Cr. and same has been considered for the purpose of calculation of the depreciation value of ATPS PH-II.

71. With regard to the balance depreciation of de-commissioned units of ATPS PH-I, the petitioner in para 4.1 of the petition submitted the following:

*“The ATPS PH-I (Unit 1 &2) has been decommissioned w.e.f. 01.04.2009. The balance depreciation upto 90% of Gross block of this power house is required to be recovered, because ATPS PH-I has not been considered in MYT order for FY 10 to FY 12. MPPGCL therefore humbly request to kindly permit the recovery of balance depreciation amounting to **Rs.1.52 Crores** in addition to the depreciation claimed in this True-up.”*

72. The petitioner has also filed the account code wise details of depreciation of ATPS PH-I already recovered and balance depreciation as on 01.04.2009 as under :

Rs. Cr.						
S. No.	A/c Code	Asset Description	Gross Block as on 01.04.2009	Acc. Dep. as on 01.04.2009	Dep upto 90% of GB	Bal. Dep. Claimed
1	10.1	Land And Land Rights	0	0	0	0
2	10.2	Buildings Containing Gen. Plant	1.85	1.66	1.25	0.41
3	10.3	Hydraulic Works	0.9	0.81	0.81	0
4	10.4	Other Civil Works	0	0	0	0
5	10.5	Plant And Machinery	36.88	33.19	32.08	1.11
6	10.6	Lines, Cable Network Etc.	0.18	0.16	0.16	0
7	10.7	Vehicles	0.07	0.06	0.06	0
8	10.8	Furniture And Fixtures	0	0	0	0
9	10.9	Office Equipments	0.11	0.1	0.1	0
10	10.99	Unclassified Fixed Assets	0	0	0	0
Total			39.99	35.99	34.47	1.52

73. The aforesaid claim of balance depreciation has been further verified from the audited accounts and asset-cum-depreciation registers for FY 2009-10. It is observed that the value of de-capitalized assets of ATPS PH-1 is Rs.39.98 Cr. and depreciable value is Rs.35.98 Cr. It is further observed that the petitioner had recovered the depreciation up to Rs.34.47 Cr. and the depreciation of Rs.1.51 Cr. is left balance upto 90% of the gross block of the de-capitalized assets. The petitioner is allowed to recover this balance depreciation of Rs.1.51 Cr. in this true-up order.

74. As per the Regulation the rate of depreciation shall be continued to be charged at the rate specified till cumulative depreciation reaches 70%. Thereafter, the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%.
75. While issuing the MYT order, the Commission observed that the accumulated depreciation in PENCH and Bargi Hydro Power Stations reached upto 70% of gross block in FY 2010-11 and FY 2011-12 respectively. As per the provision of the Regulation, the balance depreciation for these two stations is required to be spread over the balance useful life of the project from the year. Hence, the depreciation in case of these two projects was worked out as per the Regulation. In the other projects, the accumulated depreciation reaches upto 70% of gross block and they have also completed their useful life. The Commission allowed to charge the depreciation at the rate specified in the Regulations till the accumulated depreciation achieved upto 90% of the gross block.
76. Further the Commission issued the true-up order for FY 2008-09 on 22nd March, 2012 considering the additional capitalization since FY 2005-06 to FY 2008-09 and revised the capital cost of the power stations. The status of cumulative depreciation recovered as on 1st April, 2009 and its percentage with respect to gross block as worked out above is as given below:

Sr. No.	Power Station	Opening GB (Rs. Cr.)	Opening Cumu. dep. (Rs. Cr.)	Cumulative dep. % of GB
1	ATPS	141.12	77.64	55.02
2	STPS	631.19	474.32	75.15
3	SGTPS	2163.73	1108.21	51.22
4	Gandhi Sagar	10.29	8.07	78.43
5	PENCH	96.24	61.25	63.64
6	Rajghat	82.8	25.00	30.19
7	Bargi	87.03	48.67	55.92
8	Bansagar	1243.92	332.26	26.71
9	Birsinghpur	52.15	25.25	48.42
10	HQ	0.44		0.00
Total		4508.91	2160.67	

77. The Commission, after arriving at the opening gross block and the opening accumulated depreciation as on 1st April, 2009 computed the depreciation for FY 2009-10 by considering the weighted average rate of depreciation as worked out from the power station-wise assets-cum-depreciation registers submitted by the

petitioner. Based on the above, the power station-wise depreciation allowed in this true-up order is as given below:

Depreciation for FY 2009-10:				Rs. Cr.		
Sr. No.	Power Station	Opening Gross Block	Applicable rate of Depreciation	Amount of Dep.	Closing Cumulated Depreciation	Closing Cumulative Dep. % of GB
1	ATPS, Chachai PH-II	141.12	4.31	6.08	83.72	59.33%
2	STPS, Sarni	631.19	3.61	22.79	497.11	78.76%
3	SGTPS (PH-1&2)	2163.73	4.23	91.62	1199.83	55.45%
4	Gandhi Sagar	10.29	2.89	0.30	8.37	81.31%
5	Pench	96.24	3.28	3.16	64.41	66.93%
6	Rajghat	82.80	4.87	4.03	29.03	35.06%
7	Bargi	87.03	3.40	2.96	51.63	59.32%
8	Bansagar (I to III)	1243.91	4.68	58.17	390.43	31.39%
9	Birsinghpur	52.15	3.20	1.67	26.92	51.62%
10	ATPS PH-I (Bal. dep.)			1.51		
Total		4508.46		192.29	2351.45	

78. The above table indicates that the closing cumulative depreciation for the year FY 2009-10 in STPS, Sarni and Gandhi Sagar has crossed the limit of 70% of gross block and they have also completed their useful life. The petitioner is allowed to charge the depreciation at the rate specified in the Regulations till the cumulative depreciation reaches 90% of the gross block.

e) Operation and Maintenance Expenses:

Petitioner's submission

79. The petitioner has filed the actual operation and maintenance expenses for FY 2009-10. The petitioner has mentioned that the actual O&M expenditure are exclusive of taxes payable to Government or local authorities, fee payable to MPERC, Common expenses, which the MPPGCL has claimed separately as Other Charges. Terminal Benefits have also been excluded from O&M expenses claimed. The petitioner has further submitted that the Commission has Considered expenses at power stations towards Lubricants & consumable (A/c code 71.600) and Cost of Chemicals (A/c code 71.505) which have been taken under Cost of Generation in Annual Statement of Accounts for FY 2010 (Schedule -17) as a part of O&M cost in its True up Tariff order for FY 2009. The details of the actual O&M expenses as claimed by the petitioner is given below:

Amount in Rs. Cr.

S. No.	Station	R&M	Empl. Cost	A&G	Lub. & Consmb.	Cost of Chem.	Total
1	ATPS PH-2	23.21	37.15	1.68	0.09	0.46	62.59
2	STPS, Sarni	95.61	144.32	-2.39	3.64	2.18	243.36
3	SGTPS PH-1&2	41.24	45.56	5.65	1.00	0.83	94.28
4	Total Thermal	160.06	227.03	4.94	4.73	3.47	400.24
5	Gandhi Sagar	0.27	7.07	0.5	0.00	0.00	7.85
6	Pench	1.26	6.14	0.32	0.01	0.00	7.74
7	Rajghat	0.19	3.40	0.05	0.02	0.00	3.66
8	Bargi	0.64	4.57	0.57	0.05	0.00	5.84
9	Bansagar 1,2 & 3	1.62	28.29	1.15	0.00	0.00	31.06
10	Birsinghpur	0.05	0.86	0.05	0.02	0.00	0.98
11	Total Hydro	4.05	50.33	2.65	0.09	0.00	57.12
	Total	164.1	277.37	7.59	4.82	3.47	457.36

Provision in the Regulation:

80. Clause 34.1 of the Regulation regarding Thermal Power Stations provides that,

“The Operation and Maintenance expenses admissible to existing thermal power stations comprise of employee cost, Repair & Maintenance (R&M) cost and Administrative and General (A&G) cost . These norms exclude Pension, Terminal Benefits and Incentive to be paid to employees, taxes payable to the Government, MPSEB expenses and fees payable to MPERC. The Generating Company shall claim the taxes payable to the Government and fees to be paid to MPERC separately as actuals. The claim of pension and Terminal Benefits shall be dealt as per Regulation 26.”

O&M Norms for Thermal Generating Units:**Rs. Lacs/MW**

Units (MW)	FY 09-10	FY 10-11	FY 11-12
62.5	21.42	22.74	24.13
120	17.84	18.94	20.1
200/210/250	14.28	15.16	16.09
500	10.7	11.36	12.05

81. Further, Clause 47.1 of the Regulation regarding Hydro Power Stations provides that,

“The Operation and Maintenance Expenses admissible to existing Hydro power stations comprise of employee cost, Repair & Maintenance (R&M) cost and Administrative and General (A&G) cost . These norms exclude pension, terminal benefits and incentives to be paid to employees, taxes payable to the Government, MPSEB expenses and fees payable to MPERC. The Generating Company shall claim the taxes payable to the Government and fees to be paid to MPERC separately as actuals. The claim of Pension and Terminal Benefits shall be dealt as per Regulation 26.”

O&M Norms for Hydel Power Stations

Year	O&M Expenses in Rs. in lakh/MW
FY 9-10	5.96
FY 10-11	6.31
FY 11-12	6.68

Commission’s analysis:

82. For thermal and hydel Power Stations, the Commission has fixed norms for annual O&M expenses based on MW capacity of the unit. The same norms are applied for calculation of annual O&M expenses. Considering the MW capacity of the existing units as on 31st March, 2009 covered under this true-up order, the O&M expenses are computed as per the norms prescribed in the Regulation.
83. The Commission vide MYT order dated 3rd March, 2010 provisionally allowed the additional O&M expenses for STPS, Sarni over and above the normative expenses for meeting the E&M work and civil work in order to avoid the shortage of water. In this regard para 3.56(iv) of the MYT order mentioned as follows:

“The Commission has issued an order dt. 29/12/09 for the petition No. P-46/2009 in matter of relaxation in operational parameters bench marked for FY2009-10 on account of shortage of water at STPS, Sarni. In respect of additional O&M expenses the Commission has allowed additional expenses of Rs.14.85 Lakhs for E&M work and Rs.773 Lakhs for civil works or actual expenditure which ever is less for the year FY 2009-10 over and above the normative O&M expenses specified in the regulation. The same expenses has

also been considered while determining the O&M expenses of STPS, Sarni for FY 2009-10. If the additional O&M expenses allowed in the MYT order is more than the actual expenses, the same may be adjusted in the True-up for the subsequent year.”

84. Vide daily order dated 22nd August, 2012, the Commission asked the petitioner to submit the details of actual additional expenses for above E&M work of the plant and for civil works with supporting documents. By affidavit dated 19th September, 2012, the petitioner submitted the details of these expenses along with supporting documents. Considering the above, the Commission allows the amount of Rs.7.88 Cr. for E&M works and for civil works of STPS, Sarni over and above the normative expenses.
85. Based on the above, the following total O&M expenses are allowed by the Commission in this true-up order:

Operation and Maintenance Expenses for FY 2009-10:						
Sr. No.	Power Station	Installed Capacity in MW	Per MW norms of O&M expenses (Rs. Lacs)	Amount of normative O&M expenses (Rs. Cr.)	Additional O&M expenses allowed for Sarni (Rs. Cr.)	Total O&M expenses allowed (Rs. Cr.)
1	ATPS, Chachai PH-II	240	17.84	42.82		42.82
2	STPS, Sarni PH-I	312.5	21.42	66.94		66.94
3	STPS, Sarni PH-II&III	830	14.28	118.52	7.88	126.40
4	STPS, Sarni Complex	1142.5	16.23	185.46	7.88	193.34
5	SGTPS (PH-1&2)	840	14.28	119.95		119.95
6	Gandhi Sagar	115	5.96	6.85		6.85
7	Pench	160	5.96	9.54		9.54
8	Rajghat	45	5.96	2.68		2.68
9	Bargi	90	5.96	5.36		5.36
10	Bansagar (I to III)	405	5.96	24.14		24.14
11	Birsinghpur	20	5.96	1.19		1.19
Total				398.00	7.88	405.88

f) Interest on Working Capital:

Petitioner submission:

86. The petition has submitted that the working capital has been calculated in accordance with Clause 35 of Principal Tariff Regulation 2009 and its first amendments. The petitioner has mentioned that the interest rate on working capital as considered by the Commission at the time of MYT order was 12.25% as per clause 27 of Tariff Regulation 2009. True-up amount of Rs.(-8.66) crores on interest on working capital is worked out by the petitioner as indicated below:

Interest on working capital:			Rs. Cr.
Name of Power House	As per MYT Order	As per Actual	Diff
ATPS PH 2	7.31	6.22	-1.09
STPS	54.25	50.33	-3.92
SGTPS PH 1&2	37.44	32.58	-4.86
Thermal	99	89.13	-9.87
Gandhi Sagar	0.35	0.45	0.1
Pench	0.6	0.61	0.01
Rajghat	0.3	0.38	0.08
Bargi	0.41	0.51	0.1
Bansagar I,II&III	3.78	4.7	0.92
Birsinghpur	0.16	0.14	-0.02
Hydro Total	5.6	6.8	1.2
Total	104.6	95.94	-8.66

Provision in the Regulation:

87. Clause 35 of the Regulations regarding working capital for coal based generating stations provides that,

“The Working Capital for Coal based generating stations shall cover:

- (i) *Cost of coal for 45 Days for pit-head generating stations and two months for non-pit-head generating stations, corresponding to the normative availability;*
- (ii) *Cost of secondary fuel oil for two months corresponding to the normative availability;*

Provided that in case of use of more than one secondary fuel oil, cost of fuel oil stock shall be provided for the main secondary fuel oil.

- (iii) *Maintenance spares @ 20% of the normative O&M expenses;*
- (iv) *Receivables equivalent to two months of capacity charges and energy charges for sale of electricity calculated on the Normative Annual Plant Availability Factor; and*
- (v) *Operation and Maintenance expenses for one month.*

The cost of fuel shall be based on the landed cost incurred (taking into account normative transit and handling losses) by the Generating Company and Gross Calorific Value of the fuel as per actual for the preceding three months and no fuel price escalation shall be provided during the Tariff period.”

88. Clause 48.1 of the Regulations regarding working capital for hydel power stations provides that,

“The Working Capital shall cover:

- (i) *Maintenance spares @ 15% of normative O&M expenses;*
- (ii) *Receivables equivalent to two months of fixed cost; and*
- (iii) *Operation and Maintenance Expenses for one month.”*

Commission’s analysis:

89. In view of the above-mentioned clause of the Regulations, 2009 no fuel price escalation shall be provided during the Tariff period for calculating the working capital. Moreover, the mechanism/formulae for adjustment of coal cost and oil cost have already been provided in the Regulation. Therefore, no truing up for interest on working capital is required in accordance with Regulation 8.4 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulation, 2009.

g) Cost of Secondary fuel oil for thermal power stations:

Provision in the Regulation:

90. Clause 36 of the Regulation provides that,

“Expenses on Secondary fuel oil in Rupees shall be computed corresponding to normative Specific Fuel Oil Consumption (SFC) specified in Regulation 33, in accordance with the following formula:

$$= SFC \times LPSFi \times NAPAF \times 24 \times NDY \times IC \times 10$$

Where,

- SFC* - Normative Specific Fuel Oil Consumption in ml/kWh
LPSFi - Weighted Average Landed Price of Secondary Fuel in Rs./ml considered initially
NAPAF- Normative Annual Plant Availability Factor in percentage
NDY - Number of Days in a Year
IC - Installed Capacity in MW

Initially, the landed cost incurred by the Generating Company on secondary fuel oil shall be taken based on actuals of the weighted average price of the three preceding months and in the absence of landed costs for the three preceding months, latest procurement price for the generating station, before the start of the Year.

The secondary fuel oil expenses shall be subject to fuel price adjustment at the end of the each Year of Tariff period as per following formula:

$$SFC \times NAPAF \times 24 \times NDY \times IC \times 10 \times (LPSFy - LPSFi)$$

Where,

LPSFy = The weighted average landed price of secondary fuel oil for the Year in Rs. /ml.

Commission's analysis:

91. The above Regulation provides for a mechanism/formula for the adjustment of fuel oil expenses at the end of the each year of the tariff period. Further, the fuel oil consumption is to be considered as per norms specified in the Regulations. However, the difference of actual weighted average landed price of fuel oil for the true-up period and the weighted average landed price of fuel considered in the MYT order shall be applied to arrive at the true-up of secondary fuel oil expenses in the annual fixed cost in FY 2009-10. The details of the actual weighted average rate of secondary fuel oil based on audited accounts for FY 2009-10 worked out by the petitioner is as given below:

Particulars				ATPS Chachai	STPS Sarni	SGTPS Birsinghpur
1	Cost of	Furnace Oil	Lakhs. Rs	2603.86	7120.56	1224.30
2	Secondary	LDO / HSD	Lakhs. Rs	1522	1086.24	1913.04
3	Oil	Total	Cr.Rs	4125.86	8206.81	3137.34
4	Purchased	Furnace Oil	kL	10225.61	27598.64	4527.77
5	Quantity	LDO / HSD	kL	4234.42	3012.65	4172.51
6		Total	kL	14460.03	30611.29	8700.28
7	Rate of	Furnace Oil	Rs/kL	25464.10	25800.42	27040.84
8	Secondary	LDO / HSD	Rs/kL	35943.46	36056.13	45848.59
9	Oil	Total	Rs/kL	28532.83	26809.75	36060.2

The power station-wise details of actual weighted average rate of secondary oil vis-à-vis approved in MYT order are given below:

Rs./kL

Name of TPS	Allowed in MYT Order	As per Actual filed in the petition	Difference
ATPS Chachai	30691	28533	-2158
STPS Sarni	31618	26810	-4808
SGTPS Birsinghpur	33170	36060	2890

Based on the above, the power station-wise actual secondary fuel oil expenses filed by the petitioner as per MPERC (Terms and Conditions for determination of Generation Tariff) Regulations, 2009 is given below;

Sr. No.	Particulars	Unit	Sec. fuel oil cost		
			ATPS PH-II	STPS Complex	SGTPS PH-I&II
1	Installed Capacity	MW	240	1142.5	840
2	NAPAF	%	55.00%	75.77%	80.00%
3	Gross Gen.	MU	1156.32	7583.29	5886.72
4	Sp. Oil Consumption	ml/KWh	3.00	2.45	1.00
5	Quantity of Oil required	KL	3469	18579	5887
6	Wt. Avg. Price of Sec. fuel	Rs.	28533	26810	36060
7	Sec. Oil Cost	Rs. Crores	9.90	49.81	21.23

h) Special allowance in lieu of R&M or separate compensation allowance, wherever applicable :

Petitioner's submission

92. Compensation Allowance for various Thermal Power Stations of MPPGCL has been worked out as described below:

STPS Sarni :- All the units are above 25 years and therefore compensation allowance @ 0.65 lakhs/MW/Year basis has been considered.

SGTPS Birsinghpur :- The units No.1 & 2 are older than 15 years therefore the compensation allowance @ 0.35 lakhs/MW/Year has been considered. The age of the Unit No.3 will be in the age group of 11 to 15 years therefore compensation has been considered @ 0.15 Lakhs/MW/Year.

ATPS, Chachai :- The units are older than 25 years therefore the compensation allowance for the plants have been considered based on the norms permitted by the Commission under Sec. 34(2) of Regulation RG-26(I) of 2009 @ 0.65 lakhs/MW/Year.

93. The total amount of compensation allowance filed by the petitioner is given in the table below:

Compensation Allowance: Amount in Cr Rs.

	S. No	Particulars	Compensation Allowance for FY 09-10
Thermal	1	ATPS 2	1.56
	2	ATPS Chachai	1.56
	3	STPS 1	2.03
	4	STPS 2	2.67
	5	STPS 3	2.73
	6	Sarni	7.43
	7	SGTPS 1	1.47
	8	SGTPS 2	0.63
	9	SGTPS 3	0.0
	10	SGTPS	2.10
	11	Total Thermal	11.09

94. With regard to the special allowance, the petitioner has submitted that the units of STPS, Sarni PH-1 are planned for their closure, soon after the commencement of 2x250 MW Units of STPS, Sarni. MPPGCL opts to avail this special allowance for

these five units. Accordingly the same has been included in the Fixed cost of the Station.

Special Allowance Amount in Cr Rs.

Particulars	As per MPERC Regulations 2009
STPS, Sarni PH1	15.63

Provision in the Regulation:

95. With regard to the special allowance, clause 18.5 of the Regulation provides that,

A Generating Company on opting for alternative option in Regulation 18.4 of this Regulation shall be allowed special allowance @ Rs. 5 lakh/MW/Year in 2009-10 and thereafter escalated @ 5.72 % every Year during the Tariff period in 2009-12, Unit-wise from the next financial Year from the respective date of the completion of Useful life with reference to the COD of respective Units of generating station.

Provided that in respect of a Unit in commercial operation for more than 25 Years as on 1.4.2009, this allowance shall be admissible from the Year 2009-10.

96. With regard to compensation allowance, clause 34.2 of the regulation further provides that,

“In case of coal-based or lignite-fired thermal generating station, a separate compensation allowance Unit-wise shall be admissible to meet expenses on new assets of capital nature including in the nature of minor assets, in the following manner from the Year following the Year of completion of 10, 15, or 20 Years of Useful life.”

Years of operation	Compensation Allowance (Rs lakh/MW/Year)
0-10	Nil
11-15	0.15
16-20	0.35
21-25	0.65

Commission's analysis:

97. The Commission in the Regulations, 2009 has provided that the Generating Company, in case of thermal generating stations, may at its discretion avail a special allowance either for a unit or a group of units as compensation for meeting the requirement of expenses including the R&M works beyond the useful life of the generating station. In such case, the revision of capital cost shall not be considered and the option once exercised shall be final.
98. The petitioner in MYT petition for the period FY 2010 to FY 2012 opted for special allowance for units of STPS, PH-I and the Commission in MYT order dated 3rd March, 2010 allowed the special allowance for STPS, PH-I.
99. The petitioner in the subject true-up petition has submitted that the units of STPS, Sarni, PH-1 are planned for their closure, soon after the commissioning of 2x250 MW units of STPS, Sarni. The petitioner opts to avail the special allowance for these five units. The special allowance is allowed by the Commission as per Regulations, 2009 as given below :

Power Station	Capacity in MW	Special Allowance in Rs. Lacs/MW	Total amount in Rs. Cr.
STPS, Sarni PH-I	312.5	5.00	15.63

100. The generating station is entitled for compensation allowance in terms of aforesaid clause of the Regulations, 2009 to meet the expenses on new assets of capital nature including the nature of minor assets. Accordingly, the compensation allowance for the thermal generating units is allowed by the Commission as given below :

Compensation Allowance for Thermal Power Stations for FY 2009-10(Rs. Cr.)

Sr. No.	Power Station	Installed Capacity in MW	Years of operation	Compensation Allowance lakhs/MW	Total Compensation Expenses
1	ATPS PH-II	240	Above 25	0.65	1.56
2	STPS PH-I	312.5	Above 25	0.00	0.00
3	STPS PH-II	410	Above 25	0.65	2.67
4	STPS PH-III	420	Above 25	0.65	2.73
5	STPS Complex	1142.5		0.65	5.40
6	SGTPS PH-I	420	16 to 20	0.35	1.47
7	SGTPS PH-II	420	11 to 15	0.15	0.63
8	SGTPS PH-I&II	840		0.25	2.10
Total		1983.5			9.06

The units of STPS, Sarni PH-I for which compensation allowance is claimed by the petitioner have completed their useful life and special allowance is already allowed for these units as mentioned above. Therefore, no compensation allowance is allowed to these units as per Regulations.

Other Charges

101. The petitioner in this true-up petition has claimed the Other Charges which comprises of Common Expenses, Cess on auxiliary consumption, Rent, Rates & Taxes, MPERC Fees, Entry Tax on R&M, Water Charges & SLDC charges. The petitioner has submitted that the water charges and Cess which are payable to Government have been paid based on rates specified by GoMP. Common expenses are expenditure incurred in management of cash flow etc and have been paid to MPSEB in accordance to GoMP notification dated 03.06.2006. Rent, Rates and Taxes for power stations has been taken on actual. SLDC charges have claimed in accordance with Regulation 49 allocated to various Thermal Power Station on MW capacity basis. The petitioner has further submitted that as per the Regulation 26.6 the expenditure towards actual Pension & Terminal benefits shall be claimed by Transmission Licensee. Accordingly, MPPGCL had not claimed the aforesaid expenses in its tariff petition.

102. With regard to the other charges, para 4.14 of the MYT order dated 3rd March, 2010 stated as follows:

“The petitioner has claimed MPERC fee, MPSEB expenses, Cess on auxiliary consumption and water charges in the petition. The petitioner is allowed to recover the fee paid by the petitioner to MPERC for determination of generation tariff, water charges and cess on usage of water for hydro stations and E.D. and cess on auxiliary power consumption levied by the Statutory Authorities from the beneficiaries on pro-rata basis. The Commission has not allowed the MPSEB expenses since the erstwhile MPSEB has already been disintegrated into its successor companies and one of them has been entrusted with the responsibility of trading company i.e. MP Power Transmission Co. Ltd. The Commission has not been allowing the MPSEB common expenses in past to any of the successor entities.”

103. In the MYT order for FY 2009-10 to FY 2011-12, the petitioner was allowed to recover fee paid to MPERC for determination of generation tariff, water charges and cess on usage of water for hydro stations and E.D. and cess on auxiliary power consumption levied by the Statutory Authorities from the beneficiaries on pro-rata

basis. Therefore, the Commission has allowed these other charges in this true-up order and the petitioner is allowed to recover these expenses on actual basis.

104. The petitioner has also claimed SLDC charges in accordance with the Regulation which provides that,

“SLDC Charges and Transmission Charges as determined by the Commission shall be considered as expenses, if payable by the generating stations.”

105. The petitioner informed that the scheduling charges paid by MPPGCL are claimed under this head as per schedule 20 of audited accounts. The petitioner is allowed to recover these charges paid to SLDC for FY 2009-10 from the beneficiaries on pro-rata basis.
106. The Commission had not allowed the MPSEB common expenses in MYT order. Therefore, these expenses are not allowed in this order also.
107. In addition to the other charges as approved above, the petitioner is entitled to recover the taxes in accordance with Regulation, 2009 on pro-rata basis payable to the Government, taxes levied by Statutory Authorities and fees paid to MPERC as actuals.

Summary of annual capacity (fixed) charges:

108. The power station-wise annual capacity charges for FY 2009-10 allowed in MYT order and allowed in this true-up order are summarized in the tables below:

Amount in Rs. Cr.

Sr. No.	Cost component	ATPS PH-II		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	3.74	5.19	1.45
2	Interest on Loan including interest on excess equity	1.7	6.82	5.12
3	Depreciation	1.21	7.59	6.38
4	O&M Expenses	42.82	42.82	0.00
5	Interest on working capital	7.31	7.31	0.00
6	Cost of sec. fuel oil	10.65	9.90	-0.75
7	Special Allowance	0.00	0.00	0.00
8	Compensation Allowance	1.56	1.56	0.00
Total		68.99	81.19	12.20

Sr. No.	Cost component	STPS, Sarni		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	19.64	29.11	9.47
2	Interest on Loan including interest on excess equity	3.43	2.71	-0.72
3	Depreciation	8.68	22.79	14.11
4	O&M Expenses	193.34	193.34	0.00
5	Interest on working capital	54.25	54.25	0.00
6	Cost of sec. fuel oil	58.74	49.81	-8.93
7	Special Allowance	15.63	15.63	0.00
8	Compensation Allowance	7.43	5.40	-2.04
Total		361.14	373.04	11.90

Sr. No.	Cost component	SGTPS PH-1&2		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	68.44	100.61	32.17
2	Interest on Loan including interest on excess equity	45.23	25.59	-19.64
3	Depreciation	93.13	91.62	-1.51
4	O&M Expenses	119.95	119.95	0.00
5	Interest on working capital	37.44	37.44	0.00
6	Cost of sec. fuel oil	19.53	21.23	1.70
7	Special Allowance			0.00
8	Compensation Allowance	2.1	2.10	0.00
Total		385.82	398.54	12.72

Sr. No.	Cost component	Gandhi Sagar		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	0.33	0.48	0.15
2	Interest on Loan including interest on excess equity	0.00	0.01	0.01
3	Depreciation	0.23	0.30	0.07
4	O&M Expenses	6.85	6.85	0.00
5	Interest on working capital	0.35	0.35	0.00
Total		7.76	7.99	0.23

Sr. No.	Cost component	Pench		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	2.83	4.47	1.64
2	Interest on Loan including interest on excess equity	0.52	0.49	-0.03
3	Depreciation	2.71	3.16	0.45
4	O&M Expenses	9.54	9.54	0.00
5	Interest on working capital	0.60	0.60	0.00
Total		16.20	18.26	2.06

Sr. No.	Cost component	Rajghat		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	2.68	3.85	1.17
2	Interest on Loan including interest on excess equity	1.31	0.13	-1.18
3	Depreciation	4.02	4.03	0.01
4	O&M Expenses	2.68	2.68	0.00
5	Interest on working capital	0.30	0.30	0.00
Total		10.99	11.00	0.01

Sr. No.	Cost component	Bargi		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	2.5	4.05	1.55
2	Interest on Loan including interest on excess equity	0.80	0.11	-0.69
3	Depreciation	3.26	2.96	-0.30
4	O&M Expenses	5.36	5.36	0.00
5	Interest on working capital	0.41	0.41	0.00
Total		12.33	12.89	0.56

Sr. No.	Cost component	Bansagar 1,2 & 3		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	40.17	57.84	17.67
2	Interest on Loan including interest on excess equity	20.76	21.20	0.44
3	Depreciation	62.57	58.17	-4.40
4	O&M Expenses	24.14	24.14	0.00
5	Interest on working capital	3.78	3.782	0.00
Total		151.42	165.13	13.71

Sr. No.	Cost component	Birsinghpur Hydro		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	1.69	2.43	0.74
2	Interest on Loan including interest on excess equity	0.54	0.07	-0.47
3	Depreciation	2.51	1.67	-0.84
4	O&M Expenses	1.19	1.19	0.00
5	Interest on working capital	0.16	0.16	0.00
Total		6.09	5.51	-0.58

Sr. No.	Cost component	Total		
		Allowed in MYT order	Allowed in this true-up order	Difference
1	Return on Equity	142.02	208.03	66.01
2	Interest on Loan including interest on excess equity	74.29	57.13	-17.16
3	Depreciation	178.32	192.29	13.97
4	O&M Expenses	405.87	405.88	0.01
5	Interest on working capital	104.6	104.60	0.00
6	Cost of sec. fuel oil	88.92	80.94	-7.98
7	Special Allowance	15.63	15.63	0.00
8	Compensation Allowance	11.09	9.06	-2.04
Total		1020.74	1073.55	52.81

109. The above-mentioned annual capacity (fixed) charges as allowed in this order are on normative plant availability factor of thermal and hydel power stations. The recovery of annual capacity (fixed) charges shall be made by the petitioner in accordance with the Regulations 38 of MPERC (Terms & Conditions for determination of Generation Tariff) Regulations, 2009. A comparison of normative vis-à-vis actual Plant Availability Factor for FY 2009-10 in respect of thermal and hydel power stations as certified by SLDC is given below:

Normative Vs Actual NAPAF (%) for FY 2009-10:

Thermal Power Stations			
Name of TPS	Normative	Actuals	Difference
ATPS Chachai PH-2	55.00	28.48	-26.52
STPS Sarni	75.77	64.10	-11.67
SGTPS Birsinghpur PH-1 & 2	80.00	58.44	-21.56

Hydro Power Stations				
S. No.	Name of HPS	Normative	Actuals	Difference
1	Gandhi Sagar	85.00%	66.36%	-18.64%
2	Pench	85.00%	85.06%	0.06%
3	Rajghat	85.00%	42.17%	-42.83%
4	Bargi	85.00%	72.10%	-12.90%
5	Bansagar 1,2&3	85.00%	71.82%	-13.18%
6	Birsinghpur	85.00%	88.11%	3.11%

Recovery of Annual Capacity (Fixed) Charges

110. The capacity charges (inclusive of incentive) payable to thermal generating station for the year FY 2009-10 calculated in accordance with the clause 38.2 of the Regulations, 2009 as given below :

Capacity Charges for Thermal Power Stations **Rs. Cr.**

Sr. No.	Power Station	Allowed in MYT order	Allowed in this true-up order		True-up amount
			At normative availability	At actual availability	
Thermal Power Stations					
1	ATPS, Chachai PH-II	68.99	81.19	42.04	-26.95
2	STPS, Sarni Complex	361.14	373.04	315.58	-45.46
3	SGTPS (PH-1&2)	385.82	398.54	291.14	-94.68
Total		815.95	852.77	648.76	-167.19

111. The annual fixed cost of a hydro generating station is computed, based on norms specified under Regulations, 2009 and recovered under capacity charges (inclusive of incentive) and energy charge in accordance with clause 50 of the Regulations, 2009 as given below :

Capacity and Energy Charges for Hydel Power Stations **Rs. Cr.**

Sr. No.	Power Station	Allowed in MYT order	Allowed in this true-up order		True-up amount
			At normative availability	At actual availability & actual generation	
Hydel Power Stations					
1	Gandhi Sagar	7.76	7.99	4.34	-3.42
2	Pench	16.20	18.26	23.02	6.82
3	Rajghat	10.99	11.00	9.39	-1.60
4	Bargi	12.33	12.89	7.86	-4.47
5	Bansagar (I to III)	151.42	165.13	131.10	-20.32
6	Birsinghpur	6.09	5.51	5.63	-0.46
Total		204.79	220.79	181.34	-23.45

Relaxation in operating parameters for STPS, Sarni:

112. Vide order dated 29/12/2009 in petition No.46/2009 in the matter of relaxation in operational parameters (bench marked for FY 2009-10) on account of shortage of water at STPS, Sarni, the Commission revised the norms for STPS, Sarni for FY

2009-10. The norms so revised for FY 2009-10 were considered by the Commission in the MYT order also as given below :

Component	Unit	Norms revised for FY 2009-10
NAPAF	%	75.77
Gross Station Heat Rate	Kcal/kWh	2902
Sec. fuel oil consumption	ml/kWh	2.45
Aux. Energy consumption	%	8.58

113. The petitioner is allowed to recover the energy charge rate for FY 2009-10 based on the above-mentioned revised operating parameters for STPS, Sarni.

Difference of Coal cost claimed for FY 2008-09 on account of Stones/Shale in this petition :

114. The petitioner in para 12(e) of the petition submitted the following :

“Hon’ble Commission in its True-up Tariff Order for FY 2008-09 at para 4.26 has allowed to seek adjustments in Coal cost on account of Stone /Shale on production of supporting evidence during true-up of subsequent year, accordingly the additional coal cost of Rs.28.60 Crores for FY 2008-09 have been worked out by the petitioner and claimed separately in this petition.” The petitioner has requested to permit additional recovery on Fuel Charges for FY 08-09 taking into consideration impact of Stones and Shales amounting to Rs.28.6 Crores and corresponding interest charges on Working capital amounting to Rs 1.26 Crores.

115. Para 4.26 of the true-up order for FY 2008-09 stated as follows:

“The Commission has considered the total coal cost as mentioned in annual audited accounts and its power station-wise break-up submitted by the petitioner in its petition and additional submission. Out of data submitted by the petitioner, transit loss is not being considered for computing coal cost as it is being accounted for while computing per unit coal quantity consumed. The shortage on physical verification has not been considered as its linkage to cost as per annual account is not established. As regards shortage on accounts of stone shales, no supporting evidence is available to establish how much of such shortage was accepted by Coal Company and given effect to in to the coal cost

captured in annual account. The petitioner is allowed to seek adjustment in determined coal cost on account of stone shale shortage on production of aforesaid details when true-up for subsequent years is taken up.”

116. The petitioner has filed the power station wise details of monthly /quarterly adjustment towards Stones & Shale for FY 2008-09 as follows:

Month wise / Quarterly Stone & Shale Details FY 2008-09 (Quantity in MT)			
Power Station	ATPS	STPS	SGTPS
8-Apr	0		2022
8-May	408		1900
8-Jun	273	7052	1510
8-Jul	417		1349
8-Aug	392		1615
8-Sep	122	6995	3299
8-Oct	153		2950
8-Nov	281		4360
8-Dec	100	8107	3396
9-Jan	623		5029
9-Feb	467		2357
9-Mar	258	9819	3299
Total	3495	31973	33086

Commission’s analysis

117. MPPGCL filed the landed cost of coal considering normative transit & handling losses on total receipt of coal by MPPGCL during FY 2009. The power station-wise landed cost of coal as worked out and claimed in tables 3.3.6 to 3.3.8 of the petition is not in accordance with the methodology followed by the Commission in its true-up order for FY 2008-09.
118. While going through the power station-wise monthly /quarterly details of Stones & Shale filed by the petitioner, it is observed that these details are tallying with the power station-wise total quantity of Stones & Shale in annual audited accounts of the company. The Commission in its true-up order for FY 2008-09 considered the total coal cost as per Schedule 16 of the annual audited accounts for FY 2008-09 on 100% operating capacity. The Commission in its aforesaid true-up order considered the power station-wise details of coal quantities as recorded in notes on

accounts No.38 of the audited accounts. As mentioned in para 4.26 of the true-up order for FY08-09, the revised rate of coal is worked out considering the following:

- (i) Total coal cost is considered as Schedule 16 of the audited accounts of FY 2008-09.
- (ii) Opening stock of coal as per audited accounts.
- (iii) Gross receipt of coal as per audited accounts.
- (iv) Transit loss is not considered for computing above coal cost as it is accounted while computing per unit coal quantity consumed.
- (v) Quantity of Stone & Shales are considered as per Para 38 of notes on accounts of the audited accounts of FY 2008-09.
- (vi) The shortage on physical verification is not considered as its linkage to cost as per annual account is not established as mentioned in Para 4.26 of true-up order for FY 2008-09.
- (vii) Closing stock is considered as per notes on accounts of the audited accounts.

Accordingly, the consumption of coal is reworked by considering the quantity of Stone & Shales filed in the petition.

Revised calculation for Rate of Coal for FY 2008-09 (As per audited accounts)

Sr. No.	Particulars	Unit	Power Stations		
			ATPS	STPS	SGTPS
1	Opening Stock of Coal	MT	86411	90631	194921
2	Gross receipt of Coal	MT	948338	6882883	6285269
3	Transit loss	MT	359	48030	76702
4	Net Receipt of Coal	MT	947979	6834853	6208567
5	Stone & Shales	MT	3495	31973	33086
6	Shortage on Physical Verification	MT	1955	80449	116004
7	Closing Stock	MT	103896	159208	219486
8	Quantity of Coal Consumed	MT	927358	6782333	6227618
9	Cost of Coal Consumption	Rs. Cr.	128.25	1066.06	872.52
10	Rate of Coal	Rs./MT	1382.96	1571.82	1401.05

- (viii) Considering the revised rate of coal as worked out in the above table on account of Stones & Shales, the revised energy charges for FY 2008-09 are worked out as given below:

Revised Energy charges of Thermal Power Units for FY2008-09 on account of revised coal cost					
Sr. No.	Description	Unit	Power Stations		
			ATPS	STPS	SGTPS
1	Capacity	MW	290.0	1142.5	840.0
2	Gross Station Heat Rate	kCal/kWh	3573	2873	2757
3	Sp. Fuel Oil Consumption	ml/kWh	7.08	2.66	2.00
4	Aux. Energy Consumption	%	11.57	8.69	9.22
5	Transit Loss	%	0.30	0.80	1.20
6	Weighted average GCV of Oil	kCal/ltr.	10,000	10,000	10,000
7	Weighted average GCV of Coal	kCal/kg	4505	3606	3955
8	Weighted Average price of Oil	Rs./KL	33448	33140	36208
9	Weighted Average price of Coal	Rs./MT	1383	1572	1401
10	Rate of Energy Charges from Sec. fuel oil	Paise/kWh	24	9	7
11	Rate of Energy Charge from Sec. fuel oil at ex-bus.	Paise/kWh	27	10	8
12	Heat Contributed from HFO	kCal/kWh	71	27	20
13	Heat Contributed from Coal	kCal/kWh	3502	2846	2737
14	Specific Coal Consumption	kg/kWh	0.7774	0.7894	0.6920
15	Sp. Coal Consumption including Transit Loss	kg/kWh	0.7797	0.7957	0.7004
16	Rate of Energy Charge from Coal	Paise/kWh	108	125	98
17	Rate of Energy Charge from Coal at ex bus	Paise/kWh	122	137	108
18	Per unit Other fuel related charges	Paise/kWh	0.17	0.17	0.15
19	Rate of Energy Charge ex-bus kWh Sent	Paise/kWh	149	147	116

- (ix) Based on the above, the additional cost of coal on account of shales/stone for FY 2008-09 is also allowed in this order as given below:

Sl. No.	Station	Rate of Coal Rs./MT	Cost of Coal as per True-up Order FY 08-09 (Rs. Cr)	Coal Cost allowed considering the Impact of Stone & Shales (Rs. Cr.)	Diff. (Rs. Cr.)
1	ATPS PH-2	1382.96	143.96	144.40	0.44
2	STPS Complex	1571.82	959.40	963.62	4.27
3	SGTPS PH1&2	1401.05	522.075	524.65	2.58
4	Total	1482.95	1625.44	1632.68	7.30

119. This order is for the true-up of the Multi-Year generation tariff Order of 03/03/2010 to the extent it was applicable for FY 2009-10. The petitioner must take steps to implement the Order after giving seven (7) days' public notice in accordance with Clause 1.30 of MPERC (Details to be furnished and fee payable by licensee or generating company for determination of tariff and manner of making application) Regulations, 2004 and its amendments and recalculate its bills for the energy supplied to Distribution Companies of the State/ M.P. Power Management Company Ltd. since 1st April, 2009 to 31st March, 2010. The petitioner must also provide information to the Commission in support of having complied with this Order. The deficit/surplus amount as a result of this true-up shall be passed on to the three Distribution Companies of the state in terms of Regulation 8.5 of MPERC (Terms and Conditions for determination of Generation Tariff) Regulation, 2009 in the ratio of energy supplied to them in FY 2009-10 in six equal monthly instalments.

120. The petition No.61/2012 stands disposed of in terms of the above.

Ordered accordingly.

Sd/-
(A. B. Bajpai)
Member

Sd/-
(Rakesh Sahni)
Chairman

Date : 23rd January, 2013

Place : Bhopal