



Pragati Power Corporation Limited

Corporate Identity Number (CIN) -U74899DL2001SGC 109135

(An Undertaking of Govt. of NCT of Delhi)

(Regd. Off: "Himadri", Rajghat Power House Complex, New Delhi-110002)

No. PPCL/Comml./F.12/2024-25/ 152

Dt. 14.11.2024

Secretary

**Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block,
Shivalik, Malviya Nagar,
NEW DELHI-110 017**

Sub.: Additional Submission required for truing up of tariff for FY 2022-23 of PPS-I station of PPCL.

Ref: DERC e-mail dated 10.10.2024.

Sir,

PPCL has filed the tariff petition before Hon'ble Commission related to truing up of tariff for FY 2022-23 & ARR for FY 2024-25 of PPS-I station on provisional basis. Further, in reference to communication received dated 10.10.2024, the additional information/submission in respect of the tariff petition is as under:-

A. Audited Books of accounts for FY 2022-23

The audited accounts of PPCL for FY 2022-23 are prepared and are in the process of approval from the Board. The same will be provided as and when approved by the competent authority.

B. Details of O&M expenses for FY 2022-23.

As compared to the target PLF of 85%, the PLF of PPS-I station was only 29.59% in FY 2022-23. This is due to non-scheduling of plant by Delhi SLDC. However, PPS-I station has sufficient gas and its availability during the FY 2022-23 was 91.06%. To achieve the target generation, IPGCL has made all efforts such as adequate man power, availability of Fuel, O&M Spares, availability of fund for payment of gas bills every fortnightly etc to make the plant available for generation corresponding to 330 MW Capacity along with auxiliaries all the time.

The Hon'ble Commission vide its Business Plan Regulations, 2019 has allowed the Normative Operation and Maintenance expenses for PPS-I station as under:-

Table 1: O&M Expenses (Rs. Lakh/ MW)

Station			2020-21	2021-22	2022-23
Pragati (PPS-I)	Power	Station	23.02	23.90	24.82

Further, additional Repair & Maintenance expenses on account of Dry Low NOx (DLN) burners and Sewage Treatment Plant (STP), if any, shall be allowed on actual basis during the Control Period.

DLN - PPS-I plant consists of DLN Burner to control the NOx level. It is an advance technology which enables the machine to produce low level of NOx than the permissible limits. The critical components of DLN burner are exposed to high temperature of around 1100°C to 1150°C and require large amount of expenditure to maintain. The expenditure on account of DLN burner and its critical components are required to be incurred by the PPS-I for the smooth operations of the plant and to achieve the target level of generation. The expenditure on DLN Burner is cyclic in nature and its amount varies from year to year depending upon the type of inspections including CI, HGPI and MI carried out on the machines based on the running hours. All the inspections and overhauling of the machines are done as per the OEM recommendation.

In **FY 2021-22**, PPS-I has incurred an expenditure of Rs 65.58 Cr on account of DLN burner and critical components of Gas Turbine of GT#2 machine due to completion of running hrs of the machine. However, during **FY 2022-23**, PPS-I has incurred an expenditure of Rs 0.20 Cr only. Therefore, Hon'ble Commission is requested to allow the expenditure of Rs 0.20 Cr on account of DLN burner as per DERC BPR 2019 for FY 2022-23. The relevant details including PO, bills, Voucher, invoices etc are attached herewith and marked as **Annexure A**.

STP - Generation of Electricity requires uninterrupted supply of raw water. Raw water requirement for Pragati Power Station (PPS-1) is being met from two Sewage Treatment Plants (10 MLD Each) situated at "Sen Nursing Home Nalla and Delhi Gate Nalla" (SNH&DGN). As per National Electricity Tariff Policy, all the expenditure related to sewage treated water of generating plants will be recovered through tariff. The actual expenditure on this account relates to operation, electricity, Chemicals etc. PPS-I has incurred an expenditure of Rs 4.11 Cr in FY 2022-23 on STPs. Therefore,

Hon'ble Commission is requested to allow the expenditure of Rs 4.11 Cr on account of STP as per DERC BPR, 2019 for FY 2022-23. The relevant details including PO, bills, Voucher, invoices etc are attached herewith and marked as **Annexure B**.

It is submitted that State Commission has allowed time to time additional R&M expenses on account of DLN burner and Sewage Treatment Plant (STP) on actual basis on submission of documentary evidence. A copy of Auditor Certificate in respect of expenditure incurred on account of DLN burner and STP during FY 2022-23 has been attached herewith and marked as **Annexure C**.

PPCL in its tariff petition submitted the details of O&M expenses on provisional basis as the actual expenses were not available at that time. The Books of accounts are prepared and finalised. The details of Actual O&M expenses are as under:-

Actual O&M Expenses during FY 2022-23

S.No.	Particulars	Amount (Rs in Cr.)
A	Employee Expenses	45.60
B	Repair & Maintenance expenses	13.91
C	A & G expenses	15.96
Total		75.47

In view of above, Hon'ble Commission is requested to allow the O&M expenses for FY 2022-23 for PPS-I as under:-

S.No.	Particulars	UoM	As per DERC BPR, 2019	Petitioner submission	Remarks
A	Base O&M Expenses	Rs in Cr	81.91	81.91	=330*24.82/100
B	Actual payment on account of 7 th Pay revision	Rs in Cr	-	-	
C	DLN Burner	Rs in Cr	-	0.20	
D	STP	Rs in Cr	-	4.11	
E	Total	Rs in Cr	81.91	86.22	

In view of above, the Hon'ble Commission is requested to allow the O&M expenses of Rs 86.22 Cr for PPS-I station incurred during FY 2022-23.

C. Capitalisation details

The Hon'ble Commission in its Business Plan Regulations, 2019 has approved the CAPEX schemes of Rs 51.81 Cr during FY 2021-22. However the petitioner has incurred an expenditure of Rs 2.48 Cr towards Capex in FY 2021-22, the details of which has been submitted vide Petition no. 74 of 2022. Out of total CAPEX amounting to Rs 51.81 Cr, some of the schemes have been spilled over to FY 2022-23 for execution after approval from the Board. The details of the Schemes implemented during FY 2022-23 are shown here as under:-

S. No	Item/ Scheme	Amount claimed inclusive of tax for FY 2022-23 (Rs.)	Purchase order No.	Remarks
1	Procurement of 122 MW steam turbine LP free standing blades at PPS-I	11,79,05,033.60	4010005257	The work has been completed in FY 2022-23.
2	Minor overhauling including replacement of 7th and 8th stage free standing blades of LP module of 122 MW steam turbine at PPS-1	1,50,36,889.39	4020005240	The details of the PO has been collectively attached herewith and marked as Annexure D.
Total Amount (Rs in Cr)		13.29		

Therefore, Hon'ble Commission is requested to approve the Capex schemes of Rs 13.29 Cr to PPS-I for FY 2022-23.

In addition to above, an amount of Rs 4.20 Cr has been capitalised towards consumption of Capital Spares in FY 2022-23. Hon'ble Commission is requested to allow the expenditure of Rs 4.20 Cr towards capital spares as additional capitalisation in line with CERC Regulation. Further, out of capitalization of assets for Rs 0.72 Cr for Head Quarters, Rs 0.14 Cr has been allocated to PPS-I as its share ($=Rs\ 0.72 \times 330 / 1701.2$). The details of the capitalisation of assets are attached as **Annexure E1 and E2.**

In view of above, Hon'ble Commission is requested to approve the total capitalisation of Rs 17.63 Cr ($13.29 + 4.20 + 0.14$) for FY 2022-23.

D. De-capitalisation details.

In FY 2022-23, there was de-capitalisation of assets of Rs 6.35 Cr in PPS-I. Out of Rs 6.35 Cr, an amount of -

- i. Rs 4.59 Cr pertains to the components of overhauling of STG incurred during the FY 2019-20; and
- ii. Rs 1.76 Cr pertains to consumption of Capital spare which was not initially capitalised as part of GFA by Hon'ble DERC. Since these assets/capital spares were not part of GFA, the same shall not be deducted from GFA.

The details of de-capitalisation of asset for PPS-I plant during FY 2022-23 has been attached herewith and marked as **Annexure F**.

In view of above, the revised details of Gross Fixed Assets of PPS-I for FY 2022-23 is as under:-

Table 5-4: Capital Expenditure (Rs in Cr.)

S.No.	Particulars	Unit	FY 21-22	FY 22-23	FY 23-24	FY 24-25
A	Opening GFA	Rs in Cr.	1054.87	1057.35	1070.39	1106.39
B	Addition	Rs in Cr.	2.48	17.63	36.00	2.00
C	Deletion	Rs in Cr.	0.00	4.59	0.00	0.00
D	Closing GFA	Rs in Cr.	1057.35	1070.39	1106.39	1108.39
E	Average GFA	Rs in Cr.	1056.11	1063.87	1088.39	1107.39

E. Depreciation

Based on the revision of GFA as above, the revised depreciation for FY 2022-23 and FY 2024-25 is as under:-

Table 5-5:Details of Depreciation (Rs. in Cr.)

S.No.	Particulars	FY 22-23	FY 24-25	Remarks
A	Average GFA	1063.87	1107.39	
B	Opening Accumulated Depreciation	864.40	896.75	Depreciation of Rs 20.70 Cr has been considered for FY 2023-24.
C	Balance Depreciation	93.08	99.91	C = 90% of A - B
D	Balance useful life	6	4	Remaining life

E	Current Year Depreciation	15.51	24.98	$E = C/D$
F	Depreciation on account of retired Assets	3.87	0.00	
G	Closing Accumulated Dep.	876.04	921.72	$G = B + E-F$
H	Average Accumulated Dep.	870.22	909.23	$H = (B + G)/2$
I	Average Net Fixed Asset	193.65	198.16	$I = A - H$

F. Interest on Working Capital

Similarly, the required working capital for FY 2022-23 and FY 2024-25 as submitted in the petition has been re-computed as under:

Table 5-6: Requirement of Working Capital (Rs in Cr.)

S.No.	Particulars	Unit	FY 22-23	FY 24-25	Remarks
A	Fuel expenses for 1 month	Rs Cr	318.88	208.52	
B	Maintenance spares @ 30% of O&M	Rs Cr	25.78	39.42	
C	O&M expenses for 1 month	Rs Cr	7.16	10.95	
D	Annual Fixed Cost for the year	Rs Cr	216.84	254.08	
E	Fuel Cost for the year	Rs Cr	3826.60	2502.25	
F	Receivables equivalent to 2 months of capacity and energy charge	Rs Cr	673.91	459.39	
G	Total Working Capital	Rs Cr	1025.74	718.28	$G = A+B+C+F$

G. Grossed up Rate of return on Equity, Re

It is submitted that PPCL in its tariff petition has considered the base rate of return on equity @ 14% for FY 2022-23 and the same has been grossed up with rate of income tax @ 17.454% on provisional basis as per DERC Regulation. However the actual income tax rate for FY 2022-23 is 17.631%. Accordingly the grossed up rate of return on equity has been arrived at 17.0% [$\text{RoE} = 14\% / (1 - 0.17631)$]. Thus, it is requested to Hon'ble Commission to consider the Grossed up Rate of Return on Equity, Re @ 17.0% for FY 2022-23 and FY 2024-25.

Accordingly, the Return on Capital employed for FY 2022-23 and FY 2024-25 has been re-computed as under: -

S.No.	Particulars	Unit	FY 22-23	FY 24-25	Remarks
A	Average Net Fixed Asset	Rs in Cr.	193.65	198.16	
B	Average Equity	Rs in Cr.	193.65	198.16	
C	Average Capex loan	Rs in Cr	0.00	0.00	
D	Working Capital Loan	Rs in Cr	1025.74	718.28	
E	Total Loan	Rs in Cr	1025.74	718.28	
F	Average RRB		1219.39	916.43	
G	Cost of Debt, Rd	%	9.25	9.25	
H	Grossed up Rate of return on Equity, Re	%	17.00	15.78	
I	WACC	%	10.48	10.66	As per DERC Regulation, 2017
J	RoCE	Rs in Cr.	127.79	97.71	$G = F * I$

Accordingly, Hon'ble Commission is requested to allow the Return on Capital employed for FY 2022-23 and FY 2024-25 of Rs 127.79 Cr and Rs 97.71 Cr respectively.

H. True-up of Annual Fixed Cost

In view of above, the revised Annual Fixed Cost for FY 2022-23 and FY 2024-25 is as under:-

Table 5-8: Annual Fixed Cost


S.No.	Particulars	UoM	FY 22-23	FY 24-25	Remarks
A	Return on Capital Employed	Rs Cr	127.79	97.71	
B	Depreciation	Rs Cr	15.51	24.98	
C	O&M Expenses	Rs Cr	86.22	131.39	
D	Annual Fixed Cost	Rs Cr	229.52	254.08	$D = A+B+C$
E	Net Generation	MU	829.827	2383.465	
F	Fixed Cost per unit	Rs/KWh	2.77	1.07	$F = D*10/E$

The Hon'ble Commission is requested to allow the Annual fixed cost of Rs 229.52 Cr during FY 2022-23 and Rs 254.08 Cr for FY 2024-25 for PPS-I Station.

The above information is submitted based on the audited accounts for FY 2022-23.

Thanking you,

Yours faithfully,


14/11/2024
(Sahendra Singh)

General Manager (Comml.)

Encl: As above.