



DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1530)/DERC/2017-18/5965

Review Petition No. 59/2017

In the matter of : Review Petition filed against the Tariff Order dated 31.08.2017 in Petition no. 26 of 2017 for True Up of expenditure for FY 2014-15 and FY 2015-16 and Petition no. 15 of 2017 for deciding the ARR & tariff for FY 2017-18.

Indrapastha Power Generation Co. Ltd.

....Review Petitioner

Vs.

BSES Rajdhani Power Ltd. & Ors.

....Respondents

Coram: Hon'ble Mr. Justice S S Chauhan, Chairperson

ORDER

(Date of Order: 23.10.2019)

1. The instant Review Petition has been filed by M/s Indraprastha Power Generation Co. Ltd. (IPGCL) for review of the Tariff Order dated 31.08.2018.
2. The Review Petitioner has sought review on the following issues:
 - a. Auxiliary Power Consumption (APC) to be taken for computation of Declared Capacity & Energy Charges Rate (ECR);
 - b. Return on Capital Employed (RoCE) for GTPS;
 - c. No finding given on the aspect of Prior Period Expenses claimed by the Petitioner of Rs. 40.92 Crores; and
 - d. Relaxation in NAPAF of GTPS from 85% to 80%
3. The submissions made by the Petitioner have been considered and analyzed to arrive at the decision. The issue wise analysis and decision are as follows:

3.1 Issue No. 1

Auxiliary Power Consumption (APC) to be taken for computation of Declared Capacity & Energy Charges Rate (ECR);

Petitioner's Submission

- 3.1.1 The petitioner has submitted that when the ECR and fixed costs is computed, the same have been done based on generation limited to net generation with 2% of APC. In so far the recovery of tariff is concerned, the impact of 2% APC has to be taken in variable cost and of 0.5% APC in fixed costs. However, when it comes to

ECR and Fixed Costs computation, the total APC norm of 2.5% should be taken and not of 2%.

3.1.2 It is reiterated that the petitioner is not asking for its actual APC or the APC of 3% as per the Tariff Regulations, 2011. The petitioner is also not seeking any relaxation in the APC of 2.5% or its manner of adjustment in the Fixed Charges (@2%) and Energy Charges (@0.5%). However, the limited issue being raised by the petitioner is that for the purpose of computation of Declared Capacity, and ECR, the APC of 2.5% needs to be taken instead of 2%.

3.1.3 Accordingly, the revised values of fuel cost requirement and ECR after accounting 2.5% APC would be as per the following table:

Sl. No	Particulars	UoM	Petitioner's submission	Approved	Re-submission	Ref/Remarks
A	Net Generation	MU	1828.39	1970.21	2010.42	Table 67, Gross Generation at 85% PLF
B	ECR	Rs/k Wh	3.51	2.661	3.120	ECR@2.5% APC and 2450 SHR
C	Fuel cost	Rs Cr	641.74	524.3	627.25	AxC

3.1.4 As a corollary to the above, the fuel cost for arriving ECR and working capital is to be taken on gross Generation instead of net generation.

Commission's Analysis

3.1.5 The DERC (Business Plan) Regulations, 2017 were issued after due deliberation on the operational parameters and comments received from stakeholders. The extant provisions of DERC (Business Plan) Regulations, 2017 in respect of Auxiliary Power Consumption for IPGCL Station are as follows:

“(3) AUXILIARY ENERGY CONSUMPTION

Auxiliary Energy Consumption shall be computed in two parts:

- a) Fixed: 0.5% of the generation at normative PLF of the plant capacity which shall form part of other expenses under Fixed Cost, at energy charge rate approved by the Commission in respective Order.*
- b) Variable: 2.0% in Combined Cycle Mode and 0.5% in Open Cycle mode of the actual generation which shall form part of computation of energy charge rate of the respective month.”*

3.1.6 For the purpose of recovery of fuel cost, the Auxiliary Energy Consumption has been split in two parts i.e. Fixed and Variable. Therefore, fuel cost is recovered through fixed cost also in addition to that through variable cost as per the norms specified in DERC (Business Plan) Regulations, 2017.

3.1.7 Further, the Commission has computed the Interest on Working Capital on the Receivables which include the Fixed Cost on account of Fixed Auxiliary Consumption (0.5%) and Variable component of Auxiliary Consumption (2.0%) in Energy Charge computation. Further, the ECR is determined by grossing up the Gross Heat Rate with the Normative Auxiliary Consumption. The impact of fuel cost corresponding to Gross Generation has already been considered. Therefore, the submission of the petitioner that variable cost should be computed again on Gross Generation with the determined ECR is not correct.

3.1.8 On the issue of declared capacity etc., it has been brought to the notice of this Commission that SLDC is considering an auxiliary power consumption of 2% only for declared capacity of the generating station. Whereas, for the purpose of determination of Plant Availability Factor and Plant Load factor, the auxiliary power consumption as per extant Regulation is 2.5%, which has to be adhered by SLDC.

3.2 **Issue No. 2**
Return on Capital Employed (RoCE) for GTPS;

Petitioner's Submission

3.2.1 The petitioner has submitted that the calculation of net assets after deducting the accumulated depreciation and then after apportioning the same in normative ratio of equity and debt is causing double prejudice to the petitioner. The accumulated depreciation once being reduced from the capital cost leads to repayment of loan. Once the loan is repaid, the reduced capital cost reflects the equity portion. This cannot be further divided into debt and equity portion. This method of arriving at ROCE has resulted in drastic reduction of ROCE due to reduced amount of equity Component.

3.2.2 It is humbly submitted that the ROCE needs to be recomputed as under:

Sl. No.	Particulars	UoM	Corrected as per amendment	Remarks
A	Average RRB	Rs Cr	322.64	
B	Average Loan Requirement for Capital Investment	Rs Cr	0	
C	Loan for Working Capital Requirement	Rs Cr	241.81	
D	Total Loan	Rs Cr	241.81	B+C
E	Average Equity	Rs Cr	80.835	
F	WACC	Rs Cr	13.05%	
G	RoCE	Rs Cr	42.10	AXF

Commission's Analysis

- 3.2.3 The Return on Capital Employed (RoCE) for FY 2017-18 in respect of petitioner has been computed as per the provisions of Regulation 65-70 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017. The contention of the Petitioner is against the provision of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, review of which is not tenable through the instant Review petition.
- 3.2.4 In view of the above, the claim of the petitioner is not admissible.

3.3 Issue No. 3

No finding given on the aspect of Prior Period Expenses claimed by the Petitioner of Rs. 40.92 Crores

Petitioner's Submission

- 3.3.1 The petitioner has submitted that it had claimed an amount of Rs. 40.92 crores as prior period expenses on account of bills raised by the Coal Company-NCL towards UP Forest Transit Fee for the period from 1999 to 2012. However, no finding has been reduced on this claim of the petitioner in the chapter pertaining to fuel related expenses.
- 3.3.2 The claim is for the IP station for the period in which it was in operation and given service to the beneficiaries. It has to be a pass through as part of fuel cost in terms of cost plus tariff determination under Section 62 of the Electricity Act, 2003. This is a pass through even in terms of the PPA entered into. All the fuel bills have also been forwarded to beneficiaries. The summary of the bills containing Form 27 and copy of the paid bills to the fuel suppliers has already being uploaded on the website of the petitioner, as per the directions of the Commission.
- 3.3.3 The Petitioner has submitted the details of the expenses of Rs. 40.92 crores pertaining to the bills raised by NCL towards UP Forest transit Fee for the period 1999-2012.
- 3.3.4 The petitioner has acted with complete transparency and the amount of Rs. 40.92 crores needs to be allowed by the Commission.

Commission's Analysis

- 3.3.5 As per the petitioner, the expense of Rs. 40.92 Cr pertains to the bills raised by NCL towards UP Forest Transit Fee for the period 1999-2012. The details submitted by the petitioner have been examined and the expense towards bills of NCL are allowed.

3.4 **Issue No. 4**

Relaxation in NAPAF of GTPS from 85% to 80%

Petitioner's Submissions

- 3.4.1 The petitioner has submitted that the tariff petition was filed as per the earlier MYT Regulations, 2011. The petitioner had therefore claimed the NAPAF at 80%. Subsequent to the filing of the petition, the MYT Regulations, 2017 and the Business Plan Regulations, 2017 have been notified based on which the Commission has fixed the NAPAF of GTPS at 85%.
- 3.4.2 The norm of 85% is not achievable for GTPS as will be evident from the fact that over the past 10 years, GTPS has achieved 85% NAPAF only in one year and no other year. On this aspect alone, the petitioner is praying for a relaxation as per Regulation 37 of the Business Plan Regulations, 2017 read with Regulation 172 of the MYT Regulations, 2017 and allow NAPAF at 80%.

Commission's Analysis

- 3.4.3 Operating Norms like NAPAF have been specified by the Commission in DERC (Business Plan) Regulations, 2017. The same cannot be reviewed in Review Petition of Tariff Order.
4. The Petition is disposed of as per the directions and decisions contained in para 3 of this Order.
5. Ordered Accordingly.

**Sd/-
(Justice S S Chauhan)
Chairperson**