ASSAM ELECTRICITY REGULATORY COMMISSION
ORDER SHEET

FILE NO. AERC 825/2022/5 **PETITION NO: 04/2022**

CORAM: HON'BLE SHRI K.S. KRISHNA
HON'BLE SHRI S.N. KALITA

In the matter of

Review Petition No. 04/2022 for Review of APGCL's Tariff Order dated March 21, 2022 regarding Truing up for FY 2020-21, Annual Performance Review for FY 2021-22 and Annual Revenue Requirement of MYT Control Period from FY 2022-23 to FY 2024-25 and Tariff for FY 2022-23

In the matter of

Assam Power Generation Corporation Limited. (APGCL) ……………………..Petitioner

Assam Power Distribution Company Limit ………………………Respondent1

ABITA ………………………Respondent2

Present

APGCL:	Shri Bibhu Bhuyan MD APGCL Shri T.Basumatary CGM (Gen) Shri A Talukdar DGM (PP&D) Ms. Aklantika Saikia, DGM (R) Shri A. Zaman DGM(F&A) Shri P. Sarmah AGM(R) Shri M.Konwar JM
Representative for Respondent1:	Shri P.Bordoloi GM APDCL Shri S.K.Singha AGM APDCL Smti Bonita Das DM APDCL
Representative for Respondent2:	Shri A. Bhattacharyya Dy. Secretary ABITA

ORDER
10.08.2022

1. The Assam Power Generation Corporation Ltd. (herein after referred as "the Petitioner" or "APGCL") has filed a Petition before the Commission on May 26th, 2022 for review of its Tariff Order dated March 21, 2022 regarding the Truing up for FY 2020-21, Annual Performance Review for FY 2021-22 and Annual Revenue Requirement of MYT Control Period from FY 2022-23 to FY 2024-25 and Tariff for FY 2022-23.

2. The Petitioner has raised certain issues for reconsideration of the aforesaid Order, including computation of Plant Availability Factor of KLHEP, Station Heat Rate and Fuel cost for LTPS, Reduction in fixed cost of NTPS and Interest on Working Capital in FY 2020- 21, Gas rate of LRPP, Interest on Working Capital in FY 2021-22 and Disallowance of Capex for NTPS and LTPS, O&M Expense and Interest on Working Capital for MYT period

from FY 2022-23 to FY 2024-25.

3. Before entering into the merit of the grounds set forth in the Review Petition, the relevant provisions of the Regulations as regards review jurisdiction of the Commission are to be looked into.

4. The AERC (Conduct of Business) Regulations, 2004 specifies as under:

   *"**34. Review of the decisions, directions and orders: -***
   *(1) Any person aggrieved by a decision or order of the Commission, from which no appeal is **preferred or allowed, and who, from the discovery of new and important matter or evidence which, after the exercise of due diligence was not within his knowledge or could not be produced by him at the time when the decision/order was passed by the Commission or on account of some mistake or error apparent from the face of record, or for any other sufficient reason,** may apply for review of such order within 60 days of the date of decision/ order of the Commission.*
   (2) An application for review shall be filed in the same manner as a petition under Chapter II of these regulations.
   (3) When it appears to the Commission that there is no sufficient ground for review, the Commission shall reject such review application.
   *(4) The application for review shall be accompanied by such fee as may be specified by Commission." (**emphasis added**)*

5. The Petitioner filed the Review Petition within the specified time of 60 days from the date of issue of the Order in Petition No. 9 of 2021, i.e., March 21, 2022. Hence, the Petition is admissible under the relevant provisions of AERC (Conduct of Business) Regulations, 2004.

6. The Commission conducted a hearing on 10th August 2022 at the courtroom of the Commission. MD APGCL appeared on behalf of the Petitioner. The Chairperson initiated the hearing on the Review Petition and directed the Petitioner to submit its case.

7. MD APGCL reiterated the submissions made in the Review Petition and requested the Commission to approve the prayers made in the Petition.

8. Having heard the Petitioner, ABITA and APDCL and considering the submissions on record, the issue-wise submissions of the Petitioner, submissions made by ABITA and APDCL along with Commission's ruling are discussed in the following paragraphs:

TRUE UP OF FY 2020-21

9. Issue 1 - KLHEP PAF

APGCL's Submission

In the Tariff Order, the Commission has allowed 94 days for Landslide, which was Force Majeure. During this Force Majeure, KLHEP Unit 2 was available for operation. Based on this, revised calculation for plant availability factor for KLHEP with average declared capacity of 50 MW for these days has been shown below:

Table 1: Revised PAF for KLHEP for 2020-21

Methodology Adopted by Commission	Revised Calculation submitted by APGCL
• Actual Gross Generation (A): 202.62 MU • Actual Availability (B): 34.4% • Plant affected due to landslides (C): 94 Days • Generation loss due to Landslides (D = C*A/365): 52.18 MU • Availability loss due to Landslides (E = B*D/A): 8.86% • Overall Plant Availability (B+E): 43.26%	• Plant affected due to landslides (A): 94 Days • Actual Availability (B): 34.4% • Declared Capacity (C): 50 MW • Normative Auxiliary Consumption (E): 0.5% • Availability Loss due to Landslide (F= (AxCx100)/(365x100x(100-E)): 12.94% • Revised Plant Availability (B+F) = 47.34 %

Based on above calculation for one operational Unit for 94 days, the revised PAF (Availability Loss) works out to 12.94%. However, Unit 1 of KLHEP was under overhauling work and its overhauling period got extended due to the circumstances as submitted below.

The overhauling work of KLHEP started on 17th February 2020. The schedule for overhauling was for 68 days and thus, it was supposed to end on 26th April 2020. However, the Commission has allowed only 25 days for the said overhauling work based on the Commission's Order dated 1st March 2019. However, later APGCL submitted a Petition for review of the same. The Commission after due diligence of the documents submitted by APGCL approved an additional 55 days taking the total allowance to 80 days. Further, this overhauling was for Unit – 8 of Lakwa Thermal Power Station. The basis of overhauling period of 25 days that the Commission has considered in the Order of 21st March 2022 seems to be for thermal power stations, though KLHEP is a hydro power station.

APGCL submitted the following table on LGBR report published by CEA for overhauling of Hydro Stations for FY 2022-23:

Table 2: Annual Overhauling Maintenance Schedule for FY 2022-23 as per CEA LGBR Report

Station	Unit	Station Type	Capacity (MW)	Outage from	Outage To	Duration (Days)
Upper Sileru	1	Hydro	60	1-May-22	30-Jun-22	61
Donkarayi	1	Hydro	25	1-May-22	30-Jun-22	61
Lower sileru	1	Hydro	115	1-May-22	30-Jun-22	61
Srisailam RB	3	Hydro	110	1-Apr-22	31-May-22	61
Nagarjunsagar RH	1	Hydro	30	1-May-22	30-Jun-22	61
Nagarjunsagar RH	3	Hydro	30	1-May-22	30-Jun-22	61
Nagarjunasagar Tail Pond HES	2	Hydro	25	1-May-22	30-Jun-22	61

Nagarjunsagar-1	1	Hydro	110	1-Apr-22	30-Jun-22	91
Nagarjunsagar LH-1	1	Hydro	30	1-Apr-22	30-Jun-22	91
Lower Jurala-1	1	Hydro	40	1-Mar-22	31-May-22	92
ADPH, Alamatti	1	Hydro	15	1-May-22	30-Jun-22	61
Mettur Tunnel PH	2	Hydro	50	1-Apr-22	31-May-22	61
Mettur Tunnel PH	4	Hydro	50	1-Apr-22	31-May-22	61
Panchet HEP	1	Hydro	40	1-Jan-23	31-Mar-23	90
Panchet HEP	2	Hydro	40	1-Apr-22	31-May-22	61
Purulia PSP	1	Hydro	225	16-Nov-22	15-Feb-23	92
Purulia PSP	2	Hydro	225	16-Nov-22	15-Feb-23	92
Rammam HEP Stg-2	4	Hydro	7.5	1-Jan-23	31-Mar-23	90
Rammam HEP Stg-3	5	Hydro	7.5	1-Jan-23	31-Mar-23	90

APGCL added that the approved shutdown schedule published by NERPC for NEEPCO (Two units of Khandong and Koplili Stage-2 unit) was from 10th January 2022 to 9th May 2022 due to replacement of both Penstock Protection butterfly valves of Khandong along with all auxiliaries and annual Planned Maintenance of Khandong Unit 1 and 2.

Usually, overhauling period of Hydro Stations depends on the nature of works taken up for particular overhauling. In the overhauling of Unit 1 of KLHEP, Butterfly Valve was also replaced along with scheduled overhauling work. In view of this, it can be said that overhauling of Hydro Plant usually takes 60 days to 90 days and for some specific instances, it may take longer than 90 days. APGCL has submitted that the 68 days for overhauling work for KLHEP Unit 1 is justified based on industry norms.

During this period of 68 days, the GOI announced a national lockdown in view of Covid- 19 pandemic from 25th March 2020. This national lockdown led to Force Majeure incident for KLHEP. As per the schedule submitted by the service provider for the major overhauling work for KLHEP Unit 1, foreign experts were supposed to be present during certain specific works of the overhauling work at site. However, due to the impact of COVID-19, foreign experts were unable to visit the site due to travelling restrictions imposed by the Government of India.

The Force Majeure incident of Covid'19 delayed almost all the projects in India. In fact, MNRE had to allow blanket time extension of 5 months to all the renewable projects under the supervision of MNRE.

Further, based on last 3 years historical performance of KLHEP, it is observed that KLHEP was able to achieve its plant availability factor of 85% and above from FY 2017- 18 to FY 2019-20. Hence, KLHEP was able to achieve its normative plant availability factor of 85%, when plant was not affected by the natural calamities like landslide and

COVID-19 pandemic.

APGCL has prayed to the Commission to consider both the events of time overrun faced by Unit-1 of KLHEP for its complete overhauling and shutdown of both the Units of KLHEP due to the landslide in FY 2020-21 as Force Majeure events and allow full recovery of Fixed Cost for KLHEP for FY 2020-21 on account of Force Majeure events.

Respondents' Submission

ABITA submitted that the AERC MYT Regulations specify the Plant Load Factor (PLF) and Plant Availability Factor (PAF) as controllable parameters. The Commission may allow variations in controllable items on account of Force Majeure events based on actual values submitted by the Generating Company. The PAF of 34.4% as certified by the SLDC is correct and the Commission is requested not to allow any adjustment in the same.

APDCL submitted that the revised calculation submitted by APGCL should be looked into on the basis of submission vis-à-vis quantification in the original Petition. As the original Petition was not supported by any CEA reports for the relevant period in support of the claim, submission of reports for 2022-23 may not have any credence. Extension of timeline by MNRE for RE projects has no relevance to this case. Moreover, activities of power sector were put under exempted category. The Commission is requested to consider after prudence check of all aspects and overall implications.

Commission's View

In the Petition, APGCL had submitted that both Units I and II were shut down due to landslide from September 24, 2020 and Unit II resumed operation from December 27, 2020 (94 days outage). However, in Review Petition, APGCL has submitted that during this Force Majeure, KLHEP Unit 2 was available for operation. APGCL has accordingly calculated revised PAF, as shown in Table 1 above.

The Commission is of the view that Review cannot be permitted based on such completely revised submissions in the Review Petition, hence, there is no merit in the prayer for revised computation of PAF, on this account.

The Commission, in the past Order has not specified norms in days for planned shutdown for Major Overhaul as per industry practice, since, PAF of KLHEP was always more that normative PAF in the past. In the Review Petition, APGCL has given examples of stations with annual overhauling maintenance schedule for FY 2022-23 as per LGBR Report, to show range of outage period between 60 to 90 days. However, APGCL has taken selected stations from LGBR Report. There are many other stations (region-wise) where planned shutdown period is different (less than 30 days also). There is no reference document specifying standard outage days for Hydro stations.

Therefore, Review is not admissible on this ground.

10. Issue 2 – SHR and Fuel cost for LTPS

APGCL's Submission

The Commission has issued the Tariff Order based on regulatory norms except SHR for LTPS, wherein the actual performance has been considered.

The Commission has allowed the Normative SHR for all plants of APGCL in its past Orders. Even in the True-up Order for FY 2020-21, same was the case except LTPS. Hence, it seems that there is a typographical error while allowing SHR for LTPS in the Tariff Order of March 21, 2022.

APGCL has submitted the revised calculation of fuel cost at the normative SHR, i.e., 3200 kcal/kWh for LTPS, as shown in the Table below:

Table 3: Revised Fuel Cost LTPS for 2020-21

Particulars	Unit	Approved in Tariff Order dated 21st March 2022	Revised calculation submitted by APGCL
Gross Generation	MU	447.57	447.57
Heat Rate	kcal/kWh	2501.94	3200
GCV of gas	kcal/kWh	9281.86	9281.86
Overall Heat	G. cal.	1119800	1432233
Gas consumption	M. SCM	120.64	154.30
Price of Gas	Rs./1000 SCM	5799.31	5799.31
Total cost of Gas	Rs. Crore	69.97	89.49

APGCL submitted that the philosophy for approval of expenses should remain same for all the plants, and should not be case-specific. Hence, APGCL requested the Commission to review the Station Heat Rate for LTPS.

APGCL prayed to the Commission to approve the fuel cost for LTPS at normative SHR.

Respondents' Submission

ABITA submitted that APGCL in its own submission (Table 41) claimed the actual GSHR and fuel costs of Rs. 69.97 Crore. Therefore, claiming the higher normative GSHR and increased fuel costs in the Review Petition now is nothing but an afterthought. The AERC MYT Regulations are designed to allow the utilities to recover actual costs incurred and reasonable return. It would be highly unreasonable and imprudent to allow Rs. 89.49 Crore as against the actual fuel costs of Rs. 69.97 Crore. Therefore, ABITA strongly objected to the additional fuel cost of Rs. 20 Crore sought by APGCL, which is not even incurred.

APDCL submitted that the Commission has been consistent in its approach. Actual amount claimed in the original Petition has been considered. It is to be noted that in the truing up for FY 2019-20, SHR for LTPS with WHRU was approved at 3213 kcal/kWh against claim of 3397 kcal/kWh and normative 3200 kcal/kWh. As such, APGCL is a beneficiary of the adopted principle during FY 2019-20. The Commission may consider review of the parameter in totality for the entire MYT Control Period, i.e., from FY 2019- 20 to FY 2021-22 at the time of truing up of FY 2021-22.

Commission's View

In the Order, actual SHR has been considered for LTPS by stating that the Commission has considered the SHR for LTPS same as submitted by APGCL, as the Open Cycle (OC) mode of operations has been limited to 25 days on account of planned shutdown.

APGCL has itself considered actual instead of normative SHR for LTPS in its Petition. However, **this is an error apparent on the face of the record, as the normative SHR should have been considered for all stations including LTPS, and the sharing of gains and losses should have been computed accordingly.**

The weighted average SHR of LTPS based on its operation in Open Cycle (OC) and Closed Cycle (CC) mode, works out to 3248 kcal/kWh, as against 3200 kcal/kWh claimed by APGCL in the Review Petition, as APGCL has considered only closed cycle mode of operations. Accordingly, the fuel cost approved for LTPS has been revised upwards, as shown in the Table below:

Table 4: Revised Fuel Cost LTPS for 2020-21, after Review

Particulars	Unit	Approved in Tariff Order dated 21st March 2022	APGCL Review Petition	After Review
Gross Generation	MU	447.57	447.57	447.57
Heat Rate	kcal/kWh	2501.94	3200	3247.81
GCV of gas	kcal/kWh	9281.86	9281.86	9281.86
Overall Heat	G. cal.	1119800	1432233	1453634
Gas consumption	M. SCM	120.64	154.30	156.61
Price of Gas	Rs./1000 SCM	5799.31	5799.31	5799.31
Total cost of Gas	**Rs. Crore**	**69.97**	**89.49**	**90.82**

In the Tariff Order, no sharing of gains and losses was considered for LTPS on account of fuel parameters, as actual SHR was considered. However, with the revised fuel cost computed above on normative basis, the sharing of gains on account of fuel parameters and the net entitlement of fuel cost has been computed as shown below:

Table 5: Net Fuel Cost for LTPS for 2020-21, after Review (Rs. Crore)

Station	Normative Cost	Actual Cost	(Gains)/ Losses	Sharing of (Gains)/ Losses	Net Entitlement
LTPS	90.82	69.97	(20.86)	(6.95)	83.87

Thus, the net additional fuel cost allowable for LTPS after considering the impact of Review is Rs. 13.91 Crore (Rs. 83.87 Crore – Rs. 69.97 Crore).

11. Issue 3 – Double reduction in Fixed Cost of NTPS due to Effective Capacity and PAF

APGCL's Submission

The Commission has approved the fixed cost for NTPS and LTPS without considering impact of sharing of gains / losses as well as actual PAF achieved vis-à-vis approved PAF for NTPS.

APGCL submitted the revised calculation of ARR for NTPS after considering the impact of sharing of gains and losses as well as achieved PAF, at the effective capacity.

Table 6: Revised ARR for NTPS at effective capacity for 2020-21 (Rs. Crore)

Particulars	**Revised Calculation submitted by APGCL**
Total Fixed Cost approved at Installed Capacity	69.62
Add: Sharing of (gains)/loss associated with Fixed Cost	-7.26
Add: Reduction in Fixed Cost on Account of PAF	-13.17
Net Fixed Cost after adjustment	**49.19**
Reduction of Fixed cost due to Decommissioning	17.03
Total Fixed Cost at effective Capacity	**32.16**
Less: Non-Tariff Income	8.54
Net Fixed Cost approved at effective capacity	**23.62**
Add: Fuel Cost	39.90
Net ARR at effective Capacity	**63.51**

Particulars	**Approved in Tariff Order dated 21st March 2022**	**Revised calculation submitted by APGCL**	**Gap**
Net ARR at effective Capacity (Rs. Crore)	56.45	63.51	7.06

APGCL submitted that actual O&M expenses, Interest on Loan and Depreciation claimed in True Up Petition for FY 2020-21 are as per Annual Accounts and incurred for operating the plant at effective capacity only. APGCL has not claimed any amount under these heads associated with retired/decommissioned Units of NTPS. Hence, the amount claimed under these heads were on effective capacity and further reduction of these heads citing effective capacity is not justified and leads to double reduction in the name of effective capacity.

APGCL prayed to the Commission to review the reduction in Fixed Costs for NTPS at effective capacity.

Respondents' Submission

ABITA submitted that ABITA has reviewed the submissions of APGCL and did not find any double deduction in the fixed costs approved by the Commission.

APDCL submitted that the difference is on account of reduction in Fixed Costs due to decommissioning. The Commission has considered the effective capacity of 78.12 MW for NTPS and accordingly prorated the total AFC. Submission of APGCL in regard to claim only to the extent of effective capacity vis-à-vis impact on AFC may be looked into by the Commission on the basis of submission in the original Petition.

Commission's View

APGCL has contended that the actual O&M expenses, Interest on Loan, and Depreciation claimed in True Up Petition for FY 2020-21 are incurred for operating the plant at effective capacity only. This is a completely new contention that was not made in the original Petition, even though APGCL was well aware of the Commission's approach of allowing the O&M expenses on pro-rata basis, in accordance with the effective capacity.

Moreover, the Commission has not reduced the actual O&M expenses on pro-rata basis. The Commission has considered the normative O&M expenses, which were based on the earlier level of O&M expenses, before reducing for effective capacity, hence, **the reduction in normative O&M expenses on pro-rata basis for effective capacity is appropriate.**

Therefore, Review is not admissible on this ground.

12. Issue 4 – Interest on Working Capital

APGCL's Submission

APGCL has sought revision of the approved availability for KLHEP, which impacts fixed cost of KLHEP, Fuel Cost for LTPS and Net ARR for NTPS. Hence, the revision of above parameters will lead to change in interest on working capital.

APGCL prayed to the Commission to review the interest on working capital based on above submissions.

Commission's View

As discussed earlier, the Commission has not allowed the Review on account of Availability of KLHEP and the revision of Fixed Cost of NTPS, hence, there is no impact on the Interest on Working Capital (IoWC) of KLHEP and NTPS.

However, the Commission has granted relief to APGCL on account of fuel cost for LTPS. The consequential impact on IoWC for LTPS in the true-up for FY 2020-21 is shown in the Table below:

Table 7: IoWC for FY 2020-21 after Review (Rs. Crore)

Station	Particulars	Approved in Order	Approved after Review
LTPS	Fuel Cost for one month	5.55	7.20
	O&M Expenses for one month	5.02	5.02
	Maintenance Spares-30% of O&M	18.08	18.08
	Receivables for two months	24.16	26.34
	Total Working Capital Requirement	52.80	56.64
	Rate of interest	10.05%	10.05%
	Interest on Working capital	**5.31**	**5.69**

The allowable IoWC for LTPS has been increased by Rs. 0.38 Crore for FY 2020-21, after Review.

APR OF FY 2021-22

13. Issue 5 – Gas Rate for LRPP

APGCL's Submission

The Commission has approved landed price of gas of Rs. 6,471.61 per 1000 SCM for LRPP (Table No. 62 of Order). However, the landed price has been considered as Rs. 5,013.08 per 1000 SCM for computation of fuel cost (Table No. 63) for LRPP. Thus, there is an error in consideration of price of gas for computation of fuel cost for LRPP in the Order.

APGCL submitted the revised calculation of fuel cost for LRPP as shown in the Table below:

Table 8: Revised Fuel Cost for LRPP for 2021-22

Particulars	Unit	Approved in Tariff Order dated 21st March 2022	Revised calculation submitted by APGCL
Gross Generation	MU	519.4	519.4
Heat Rate	kcal/kWh	2150	2150
Overall Heat	Giga cal.	1116710	1116710
GCV of gas	kcal/SCM	9,338	9,338
Gas consumption	M. SCM	119.59	119.59
Price of Gas	Rs./1000 SCM	5,013.08	6,471.61
Total Cost of Gas	**Rs. Crore**	**59.95**	**77.40**

APGCL prayed to the Commission to approve the revised fuel cost for LRPP.

Respondents' Submission

ABITA submitted that it has reviewed the fuel cost computations for LRPP for APR of FY 2021-22 in the main Petition and the Tariff Order. The estimated price for Oct-Mar'22 is 1.58 times the actual gas price of previous six months. Considering the previous trend of actual price, such a high increase of 58% within six months' time period is highly unlikely. Therefore, ABITA requested the Commission to keep the approved fuel costs and interest on working capital for LRPP as per the Order and revisit the same at the time of True-up of FY 2021-22.

APDCL submitted that there seems to be an inadvertent error on consideration of gas rate at the time of determination of fuel cost for LRPP.

Commission's View

APGCL's contention in review is correct. There has been an inadvertent error in consideration of fuel price for LRPP in the APR for FY 2021-22. **However, there is no material impact on tariff approved in the Order, as the impact of APR for FY 2021-22 has not been passed through in the tariff. APGCL may claim necessary relief at the time of true-up for FY 2021-22, depending on the actual fuel cost incurred, subject to prudence check.**

Therefore, Review is not admissible on this ground.

14. Issue 6 – Interest on Working Capital

APGCL's Submission

With the revision in fuel cost of LRPP, interest on working capital will also change. APGCL prayed to the Commission to review the interest on working capital based on above submission.

Commission's View

As discussed above, **there is no material impact on tariff approved in the Order, as the impact of APR for FY 2021-22 has not been passed through in the tariff. Hence, there is no consequential impact on IoWC for LRPP. APGCL may claim necessary relief at the time of true-up for FY 2021-22, depending on the actual fuel cost incurred, subject to prudence check.**

Therefore, Review is not admissible on this ground.

CIP FOR MYT CONTROL PERIOD

15. Issue 7 – Special R&M for overhauling of LTPS Gas Compressor Unit 7 for FY 2022-23

APGCL's Submission

APGCL had requested the Commission vide letter no. APGCL/CGM(G)/Special R&M Expenses/2021-22/1 dated 31st December 2021 for the approval of special R&M of Rs. 500 Lakh for overhauling of LTPS Gas Compressor of Unit 7 for FY 2022-23.

The overhauling of LTPS Gas Compressor of Unit 7 was due (no overhauling has been done since commissioning, i.e., 1994). It was decided to carry out the same from Original Equipment Manufacturer (OEM) on emergency basis after taking approval from APGCL's Board. Purchase order for spares for overhauling of GC unit#7 will be issued shortly and work will be completed by 31st March 2023.

APGCL had submitted the details of overhauling of LTPS Gas Compressor U#7 and Replacement of Runner for KLHEP U#2 in reply to queries, through additional submission to the Commission. Based on the additional submission, the Commission has allowed the special R&M expenses for replacement of runner of KLHEP U#2 but has not allowed the expenses for overhauling of LTPS Gas Compressor U#7. There may have been an inadvertent error by the Commission while considering the special R&M based on additional submission in reply to queries.

APGCL prayed to the Commission to approve the special R&M expenses for overhauling of U#7 of LTPS of amount Rs. 500 Lakh for FY 2022-23.

Respondents' Submission

APDCL submitted that the contentions made in the Review Petition on this issue do not qualify for review as per Regulation 34 of the AERC (Conduct of Business) Regulations, 2004. All the information contended herein were submitted before the Commission and the Commission has accorded approval in its wisdom and jurisprudence.

Commission's View

APGCL has sought the approval for the Special R&M of Rs. 5 Crore for LTPS Gas

Compressor of Unit 7 for FY 2022-23 as an emergency work separately from the Commission and submitted the same request in the reply to first data gaps. However, the request was not part of the Petition, which was published for stakeholders' comments.

As a general philosophy, the Commission has not encouraged Special R&M for the older LTPS and NTPS plants. APGCL may undertake the same as per requirement, and if such expenditure is actually incurred in FY 2022-23, then the same may be submitted at the time of true-up with necessary justification.

Therefore, Review is not admissible on this ground.

16. Issue 8 – Disallowed R&M for NTPS and LTPS

APGCL's Submission

The Commission has not allowed few of the Special R&M expenses of NTPS and LTPS for the MYT Control Period from FY 2022-23 to FY 2024-25. However, the expenditure, which has been disallowed by the Commission, is necessary requirement to run the plant smoothly. APGCL has re-submitted the revised R&M expenses for NTPS and LTPS for each year of the Control Period with proper/additional justification.

APGCL has prayed to the Commission to allow the revised R&M expenses for NTPS and LTPS for the MYT Control Period from FY 2022-23 to FY 2024-25.

Respondents' Submission

APDCL submitted that the contentions made in the Review Petition on this issue do not qualify for review as per Regulation 34 of the AERC (Conduct of Business) Regulations, 2004. All the information contended herein were submitted before the Commission and the Commission has accorded approval in its wisdom and jurisprudence.

ABITA submitted that the Commission has already provided detailed justification for disallowance of capital investments for NTPS and LTPS. Therefore, there is no need to revisit the same now. However, the Commission may review its decision in terms of the criticality of the capital investment requirement.

Commission's View

APGCL has claimed disallowed R&M for NTPS and LTPS. Before issue of the Order, APGCL was given sufficient opportunity to submit the justification for the Special R&M, and the Commission's decisions in the Order were based on the justification submitted by APGCL at that time. As a general philosophy, the Commission has not encouraged Special R&M for the older LTPS and NTPS plants.

APGCL has now submitted additional justification in the Review Petition. Such additional justification is not admissible in review, as APGCL was well able to submit the same justification earlier also.

Therefore, Review is not admissible on this ground.

ARR FOR MYT CONTROL PERIOD

17. Issue 9 – O&M Expenses

APGCL's Submission

The Commission has approved the O&M cost for the MYT Control Period from FY 2022-23 to FY 2024-25 on the effective capacity considering average of actual O&M cost including sharing of Gains/Losses for last 3 years (FY 2018-19 to FY 2020-21) based on the audited annual accounts. Further, the Commission has considered the escalation factor of 6.3% on O&M expenses on average value (FY 2019-20) to arrive at O&M expenses of base year, i.e., FY 2021-22 and subsequently considered the escalation of 5.25% (WPI: CPI = 60:40) for subsequent MYT years.

APGCL submitted that the Commission had approved the O&M expenses for LTPS at the effective capacity of 97.20 MW, which is effective from 26th April 2018 for FY 2018-19 to FY 2020-21. Thereafter, no Unit of LTPS was decommissioned and effective capacity of LTPS from 2022-23 to FY 2024-25 will continue to be 97.20 MW. LTPS incurred actual expenses in the FYs 2018-19 to 2020-21 based on the O&M amounts approved by the Commission, which was approved at the effective capacity of LTPS. This implies that all the actual expenses of LTPS from FY 2018-19 to FY 2020-21 were based on this effective capacity of 97.2 MW as per the respective year's Tariff Order. It means that the O&M cost as per the audited accounts is the actual O&M cost on the effective capacity for the LTPS. Further, the same philosophy should be followed for NTPS.

APGCL submitted the revised computations of revised O&M cost for the Control Period.

APGCL submitted that the normative O&M cost approved by the Commission for LTPS for the MYT Control Period matches with APGCL's revised calculation, which is at the effective capacity. This means that there is no further requirement of doing calculation at the effective capacity and if it is done, then there will be double deduction.

For NTPS, APGCL has considered the average O&M cost for last 3 years (from FY 2018-19 to FY 2020-21) and then followed the Commission's principles to arrive at the O&M expenses for the MYT Control Period.

APGCL has submitted that the above audited account figures are excluding the ROP and Special R&M. Further, APGCL submitted that Regulation 51.1(a) of AERC MYT Regulations, 2021 specifies to consider O&M excluding Special R&M, as reproduced below:

"a.) The Operation and Maintenance expenses including insurance shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the last three (3) years ending March 31st, 2021, based on the audited financial statements, excluding Special Operation and Maintenance expenses, if any, subject to prudence check by the Commission."

At the time of approving O&M cost for FY 2018-19 and FY 2019-20, the Commission has excluded the ROP impact and considered it only at the time of True Up based on actual figures separately. Since, ROP is the part of employee cost and from FY 2020-21 onwards, the Commission has allowed O&M cost including ROP, to arrive at actual O&M

cost for FY 2018-19 and FY 2019-20 as per audited accounts, ROP should be added to the O&M cost considered for calculating normative O&M cost for MYT Control Period.

APGCL has submitted the revised calculation at the effective capacity of 43.5 MW for NTPS and 97.2 MW for LTPS for computation of O&M cost for MYT Control Period from FY 2022-23 to FY 2024-25.

Table 9: Revised O&M Expenses for FY 2022-23 to FY 2024-25 Excld. Special R&M (Rs. Crore)

Stations	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
	(Base Year)	For Review	For Review	For Review
NTPS	21.00	22.10	23.26	24.48
LTPS	44.80	47.15	49.62	52.23

APGCL prayed to the Commission to approve the revised O&M expenses for MYT Control Period from FY 2022-23 to FY 2024-25 as per above Table No. 9.

Respondents' Submission

With respect to revised O&M expenses for NTPS and LTPS for the MYT Control Period, ABITA requested the Commission to carry out prudence check, review the actual audited numbers and revised submissions made by APGCL and consider the optimum / minimum of these numbers in the interest of the consumers.

APDCL requested the Commission to look into the matter in the right perspective of AERC MYT Regulations.

Commission's View

APGCL has contended that reduction of normative O&M expenses for the effective capacity amounts to a double deduction, as the normative O&M expenses have been projected based on the actual O&M expenses of the past years, which already reflect the reduced capacity.

It is observed that the O&M expenses projected by APGCL in its Petition is higher than the amount approved by the Commission in the MYT Order. However, APGCL has claimed much higher O&M expenses in the Review Petition by applying a different approach, which cannot be allowed in Review.

The comparison of the O&M expenses claimed by APGCL in its Petition and amount claimed in Review is shown in the Table below:

Table 10: Comparison of O&M Expenses (Rs. Crore)

Sl.	Station	APGCL Petition			Review Petition		
		FY23	FY24	FY25	FY23	FY24	FY25
1	NTPS	20.76	21.71	22.70	22.10	23.26	24.48
2	LTPS	42.47	44.41	46.44	47.15	49.62	52.23

Further, if the reduction in O&M expenses on account of effective capacity is not done, then the normative O&M expenses allowable shall be much higher than that claimed by APGCL, as shown in the Table below:

Table 11: O&M Expenses if reduction due to effective capacity not done (Rs. Crore)

Sl.	Station	APGCL Petition			MYT Order (w/o reducing for effective capacity)			Review Petition		
		FY23	FY24	FY25	FY23	FY24	FY25	FY23	FY24	FY25
1	NTPS	20.76	21.71	22.70	42.24	44.46	46.79	22.10	23.26	24.48
2	LTPS	42.47	44.41	46.44	42.88	45.13	47.50	47.15	49.62	52.23

Hence, APGCL's contentions that the reduction for effective capacity should not be done cannot be accepted.

Therefore, Review is not admissible on this ground.

18. Issue 10 – Interest on Working Capital

APGCL's Submission

With the revision in O&M expenses, interest on working capital will also change. APGCL prayed to the Commission to review the interest on working capital based on above submission.

Respondents' Submission

ABITA requested the Commission to revise the interest on working capital, should the need arise.

APDCL submitted that interest on working capital may be revised based on decision on earlier parameters.

Commission's View

As discussed above, the Commission has not allowed the Review on account of O&M expenses of NTPS and LTPS, hence, there is no impact on IoWC for LTPS and NTPS.

Therefore, Review is not admissible on this ground.

Hence, there is no impact on the Net ARR and Generation Tariff approved for FY 2022-23, based on the Review Petition filed by APGCL.

19. Impact of Review on Cumulative Revenue Gap/Surplus for FY 2020-21

Based on the above relief granted to APGCL on specific parameters, the Cumulative Revenue Gap/Surplus for APGCL for FY 2020-21 has been re-computed as shown in the Table below:

Table 12: Cumulative Revenue Gap/Surplus for APGCL for FY 2020-21 (Rs. Crore)

Particulars	Approved in MYT Order	After Review
Truing up for FY 2020-21		
ARR for NTPS*	56.45	56.45
ARR for LTPS*	115.68	129.65
ARR for KLHEP	49.23	49.23

Particulars	Approved in MYT Order	After Review
ARR for LRPP	97.57	97.57
Combined ARR	**318.92**	**332.89**
Revenue from Sale of Power	345.85	345.85
Revenue Gap/(Surplus)	**(26.93)**	**(12.96)**
Computation of carrying/(holding) cost		
Carrying /(holding) cost for FY 2020-21 @ 10.05% (half Year)	(1.35)	(0.65)
Carrying /(holding) cost for FY 2021-22 @10.00% (full Year)	(2.69)	(1.30)
Carrying /(holding) cost for FY 2022-23 @ 10.00% (half Year)	(1.35)	(0.65)
Total	**(5.39)**	**(2.60)**
Cumulative Revenue Gap/(Surplus) along with Carrying/(Holding) Cost	**(32.32)**	**(15.56)**

Note: *Considering effective capacity

The Commission approves the revised Revenue Surplus of Rs. 15.56 Crore arising out of Truing up for FY 2020-21, including the holding cost.

However, in accordance with the directions in the MYT Order, APGCL would have already refunded an amount of Rs. 10.76 Crore during the period from April to July 2022.

Hence, the Commission directs that the remaining refund of Rs. 4.80 Crore (15.56 – 10.76) be passed through to APDCL over the remaining months of FY 2022-23 from August 2022 to March 2023, at the rate of Rs. 0.60 Crore per month.

With the above observations and decisions on the issues submitted for review, the Review Petition filed by the Petitioner stands disposed of.

Sd/-
(S.N. Kalita)
Member (T), AERC

Sd/-
(K.S. Krishna)
Chairperson, AERC