

Query relating to CAS-2 from Shri Keyur Shah, GIPCL through email dated 1st September, 2015

Effect of Auxiliary Consumption in Cost Sheet

“The main reason behind the query is due to provision of Auxiliary consumption in power purchase agreement. In PPA there is a provision that while raising the sales we have to gross up sales by normative auxiliary consumption. Now the question is how to quantify effect of auxiliary consumption in absolute number in cost sheet i.e. cost of auxiliary consumption?”

Clarification:

While working out cost of power per unit, units of Auxiliary power consumption are adjusted from the gross units generated. Cost of power per unit is arrived at by dividing the total cost of generation by the net quantity of power generated and no cost is assigned to Auxiliary consumption. Only quantitative details of auxiliary consumption are indicated.