

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairperson**
- 2. Shri Bhanu Bhushan, Member**

Petition No.69/2005

In the matter of

Revision of O&M expenses for the period 1.4.2001 to 31.3.2004 in respect of Anta Gas Power Station.

And in the matter of

National Thermal Power Corporation Ltd.

.... **Petitioner**

Vs

1. Uttar Pradesh Power Corop. Ltd, Lucknow
2. Jaipur Vidyut Vitran Nigam Ltd, Jaipur
3. Ajmer Vidyut Vitran Nigam Ltd, Ajmer
4. Jodhpur Vidyut Vitran Nigam Ltd, Jodhpur
5. Delhi Transco Ltd., New Delhi
6. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
7. Punjab State Electricity Board, Patiala
8. Himachal Pradesh State Electricity Board, Shimla
9. Power Development Department, Govt of J&K, Srinagar
10. Power Department, UT of Chandigarh, Chandigarh
11. Uttaranchal Power Corporation Ltd., Dehradun

..... **Respondents**

The following were present:

1. Shri V.B.K. Jain, NTPC
2. Shri I.J. Kapoor, NTPC
3. Shri Guryog Singh, NTPC
4. Shri S.K. Samvi, NTPC
5. Shri S.K. Sharma, NTPC
6. Shri Balaji Dubey, NTPC
7. Shri S.D. Jha, NTPC
8. Shri A.S. Pandey, NTPC
9. Shri Surendra, NTPC
10. Shri G.K. Dua, NTPC
11. Shri R. Mazumdar, NTPC

ORDER
(DATE OF HEARING: 14.11.2006)

The Commission by its order dated 30.4.2004 in Petition No.45/2001 had approved tariff in respect of Anta Gas Power Station for the period 1.4.2001 to 31.3.2004.

2. O&M expenses component of the Annual Fixed Charges was determined by normalizing the actual O&M expenses for the years 1995-96 to 1999-2000. The average of actual expenses for these five years was considered as the expenses for the year 1997-98. These expenses were subsequently escalated @ 10% per annum to arrive at O&M expenses for the year 1999-2000. O&M expenses for the year 1999-2000 so arrive at were further escalated @ 6% per annum to arrived at permissible O&M expenses for the years 2001-02, 2002-03 and 2003-04. In this manner, with escalation rate of 6% per annum, O&M expenses approved are given hereunder:

	2000-01	With 6% escalation		
		2001-02	2002-03	2003-04
Base O&M – Average of (1995-1996 to 1999-2000)	2229.22			
O&M Charges including water charges		2362.98	2504.75	2655.04

3. The Commission considered the following expenses under the head 'employee cost' as part of O&M expenses for the years 1995-96 to 1999-2000.

(Rs. in lakh)

1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
275.55	313.55	410.56	460.73	648.07

4. The employee cost considered by the Commission did not include the arrears paid by the petitioner on account of revision of arrears of salary, w.e.f. 1.1.1997.

5. Meanwhile, the Commission through its order dated 28.2.2005 in Petition No.196/2004 (suo motu) directed that the petitioner would be entitled to O&M expenses by considering the escalation rate given in the following table, instead of the escalation rate of 6% considered in the tariff order.

Year	2000-01	2001-02	2002-03	2003-04
Actual escalation rate (%)	4.45	3.49	2.70	4.62

6. However, based on an appeal filed by the petitioner against the Commission's order dated 28.2.2005 *ibid*, the Appellate Tribunal by its order dated 3.1.2006 in Appeal No.103/2005 directed for resettlement of O&M expenses based on the following escalation rates, instead of the escalation rates decided by the Commission in its order dated 28.2.2005.

Year	2000-01	2001-02	2002-03	2003-04
Escalation rate as determined by the Appellate Tribunal (%)	5.65	4.69	3.90	5.82

7. The petitioner filed the present petition for revision of O&M component of the fixed charges for the period 1.4.2001 to 31.3.2004 based on abnormal O&M expenses, not considered by the Commission in its order 30.4.2004, under different heads. One of the grounds for seeking revision of O&M expenses was that while normalizing the expenses under the head 'employee cost' for the period 1995-96 to 1999-2000, the Commission did not consider the arrears of wage revision pertaining to the above period, which were actually paid during 2000-01. The Commission, however, dismissed the petition by order dated 19.10.2005.

8. Being aggrieved by the said order dated 19.10.2005, the petitioner filed an appeal before the Appellate Tribunal. The Appellate Tribunal by its order dated

7.9.2006 directed that amounts of arrears of salary paid by the petitioner during the year 2000-01, but pertaining to the years 1995-96 onwards, on account of employee cost be considered in tariff fixation for reimbursement, as admissible under the regulations notified by the Commission with a further direction that reimbursement should be in a manner so as to minimize the tariff shock, if any, to the respondents.

9. In view of the direction of the Appellate Tribunal in the order dated 7.9.2006, the matter was heard on 14.11.2006. After the hearing, the petitioner was directed to file fresh data related to employee cost for which O&M expenses for the period 2001-04 needed to be re-determined. The details in this regard have been furnished by the petitioner under its affidavit dated 12.1.2007. Although the respondents were given opportunity to file their views on the data furnished by the petitioner, none of them has filed any comments.

10. In the light of revised data furnished by the petitioner, employee cost for the period 2001-02 to 2003-04 (including employee cost allocable for corporate office but excluding incentive and ex gratia) has been worked out afresh by applying the escalation rates as decided by the Appellate Tribunal in its order dated 3.1.2006 in Appeal No.103/2005. As a result of this, the petitioner shall be entitled to the following additional amounts on account of revision of employee cost for Anta GPS (calculations annexed as Annexure 'A' and 'B').

(Rs. in lakh)			
2001-02	2002-03	2003-04	TOTAL
47	49	52	148

11. The additional amount shall be recovered by the petitioner from the respondents in four half-yearly instalments @ Rs.37 lakh per instalment, the first instalment being payable on 1.4.2007.

12. With the above, the present petition stands disposed.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRPERSON

New Delhi dated the 5th February, 2007