

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No. 163/2004

In the matter of

Revision of tariff of Tanda TPS (440 MW) for the period from 1.4.2007 to 31.3.2009 on account of revision of operational parameters and norms.

And in the matter of

NTPC Ltd., New Delhi

... Petitioner

Vs

Uttar Pradesh Power Corporation Ltd, Lucknow

--- Respondent

ORDER

The petition was filed by the petitioner, NTPC Limited, a generating company owned or controlled by the Central Government for revision of tariff in respect of Tanda Thermal Power Station (440 MW), (hereinafter referred to as "the generating station") for the period from 1.4.2004 to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as "the 2004 regulations").

2. The tariff for the generating station for the period from 1.4.2004 to 31.3.2009 was approved by the Commission vide its order dated 30.11.2006.

3. The details of the annual fixed charges for the period 1.4.2004 to 31.3.2009 allowed are as under:

(Rs. in lakh)

	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
1	Interest on Loan	2718	2215	1712	1209	708
2	Interest on Working Capital	1440	1443	1447	1455	1458
3	Depreciation	2780	2780	2780	2780	2780
4	Advance against Depreciation	0	0	0	0	0
5	Return on Equity	3295	3295	3295	3295	3295
6	O & M Expenses	7348	7642	7947	8265	8596
	TOTAL	17580	17374	17181	17004	16836

4. The petitioner was also allowed energy charge of 142.24 paise/kWh based on fuel prices and GCVs and normative operating parameters as under:

Gross Station Heat Rate	kCal/kWh	3000.00
Specific Fuel Oil Consumption	ml/kWh	3.50
Aux. Energy Consumption	%	11.00
Weighted Average GCV of Oil	kCal/l	9880.00
Weighted Average GCV of Coal	kCal/Kg	3570.00
Weighted Average Price of Oil	Rs./KL	13550.00
Weighted Average Price of Coal	Rs./MT	1466.89
Rate of Energy Charge from Sec. Fuel Oil	Paise/kWh	4.74
Heat Contributed from SFO	kCal/kWh	34.58
Heat Contributed from Coal	kCal/kWh	2965.42
Specific Coal Consumption	Kg/kWh	0.83
Rate of Energy Charge from Coal	Paise/kWh	121.85
Rate of Energy Charge ex-bus per kWh Sent	Paise/kWh	142.24

5. The respondent, UPPCL had filed Petition No.26/2006 for revision of operational parameters and norms for determination of tariff of the generating station of the petitioner. The Commission by its order dated 24.1.2007 and since notified in the Official Gazette decided to revise the operational norms of target availability, target PLF, Station Heat Rate, Auxiliary Energy Consumption and Specific Oil Consumption for the generating station with effect from 1.4.2007, as follows:

Target Availability	80%
Target PLF	80%
Station Heat Rate	2850 kCal/kWh
Auxiliary Energy Consumption	12.0%
Specific Fuel Oil Consumption	2.0 ml/kWh

6. The revision of operational norms has impact on the energy charges and the fuel component of the working capital. The petitioner has filed the revised calculations in support of the energy charge and interest on working capital vide affidavits dated 9.4.2007 and 25.5.2007. The petitioner has now claimed the energy charge @ 163.57 paise/kWh and interest on working capital @ Rs.2376 lakh each year during 2007-08 and 2008-09.

Energy Charge

7. In keeping with the provisions of the 2004 regulations, while working out the energy charge based on the price and GCV of fuel applicable during preceding three months are considered.

8. Accordingly, the price and GCV of coal based on preceding three months from the date of applicability of the revised norms i.e. January to March 2007 and SFO (LDO) price of December 2006 are as follows:

GCV of Coal	3696 kcal/kg
GCV of LDO	9600 kcal/l
Price of Coal	1800.61 (Rs /MT)
Price of LDO	30226.09 (Rs/Kl)

9. The base rate of energy charge as on 1.4.2007 works out to 163.57 paise/kWh (ex-bus) as per the following computations based on fuel prices and GCVs:

Gross Station Heat Rate	kCal/kWh	2850.00
Specific Fuel Oil Consumption	ml/kWh	2.00
Aux. Energy Consumption	%	12.00
Weighted Average GCV of Oil	kCal/l	9600.00
Weighted Average GCV of Coal	kCal/Kg	3696.48
Weighted Average Price of Oil	Rs./KL	30226.09
Weighted Average Price of Coal	Rs./MT	1800.61
Rate of Energy Charge from Sec. Fuel Oil	Paise/kWh	6.05
Heat Contributed from SFO	kCal/kWh	19.20
Heat Contributed from Coal	kCal/kWh	2830.80
Specific Coal Consumption	Kg/kWh	0.77
Rate of Energy Charge from Coal	Paise/kWh	137.89
Rate of Energy Charge ex-bus per kWh Sent	Paise/kWh	163.57

10. The 2004 regulations provides for fuel price adjustment for variation in fuel price and GCV of fuels. Accordingly, the base energy charges approved shall be subject to variation as per formula provided in the order of the Commission dated 30.11.2006 in Petition No. 163/2004.

11. The petitioner is already billing the respondent in accordance with the Commission's order dated 30.11.2006. The energy charge now approved shall be adjusted in the light of the revised tariff approved by us.

12. The petitioner has filed an application for review of the order dated 30.11.2006. The said application is under consideration of the Commission separately. Also, revision of capital cost for the period prior to 1.4.2004 is being considered by the Commission consequent to remand of the matter by the Appellate Tribunal. The revision of interest on working capital, which is one of the components of annual fixed cost, will be considered after a final view on these matters is taken.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER
New Delhi, dated the 3rd October, 2007

Sd/-
(BHANU BHUSHAN)
MEMBER