

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 101/2007

In the matter of

Approval of provisional tariff of Unit - I of Kahalgaon Super Thermal Power Station, Stage-II from its date of commercial operation till 31.3.2009.

And in the matter of

NTPC Limited, New Delhi

..Petitioner

Vs

1. West Bengal State Electricity Board, Kolkata
2. Bihar State Electricity Board, Patna
3. Jharkhand State Electricity Board, Ranchi
4. Grid Corporation of Orissa Ltd., Bhubaneshwar
5. Power Department, Govt. of Sikkim, Gangtok
6. Madhya Pradesh Power Trading Ltd., Jabalpur
7. Maharashtra State Electricity Distribution Company Ltd., Mumbai
8. Gujarat Urja Vikas Nigam Limited, Baroda
9. Uttar Pradesh Power Corporation Ltd, Lucknow
10. Power Development Department, Govt. of J&K, Jammu
11. Power Deptt., Union Territory of Chandigarh, Chandigarh
12. Punjab State Electricity Board, Patiala
13. Himachal Pradesh State Electricity Board, Shimla
14. Jaipur Vidyut Vitaran Nigam Ltd, Jaipur
15. Ajmer Vidyut Vitaran Nigam Ltd., Ajmer
16. Jodhpur Vidyut Vitaran Nigam Ltd, Jodhpur
17. Chhatisgarh State Electricity Board, Raipur
18. Haryana Power Generation Co. Ltd., Panchkula
19. BSES Rajdhani Power Ltd., New Delhi
20. BSES Yamuna Power Ltd., Delhi
21. New Delhi Power Ltd., New Delhi
22. Uttaranchal Power Corporation Ltd, Dehradun
23. Electricity Deptt., Administration of Dadra and Nagar Haveli, Silvassa
24. Electricity Deptt., Administration of Daman & Diu, Daman

..Respondents

The following were present:

1. Shri S.N.Goel, NTPC
2. Shri V.Kumar, NTPC
3. Shri D.Kar, NTPC
4. Shri G.N.Dua, NTPC
5. Shri T.P.S.Bawa, OSD

ORDER
(DATE OF HEARING: 25.9.2007)

The application has been made by petitioner, NTPC Ltd. for approval of provisional tariff of Unit-I of Kahalgaon Super Thermal Power Station, Stage-II (hereinafter referred to as “the generating station”) from the date of its commercial operation to 31.3.2009 based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (herein after referred to as “the 2004 regulations”).

2. The power generated from the generating station is to be supplied to the beneficiaries in the Eastern, Western and Northern Regions, the respondents herein. Stage – II of the generating station comprises two units of 500 MW each in Phase – I and one unit of 500 MW in Phase - II. Unit I of Stage-II was synchronized on 31.3.2007 and the same is expected to be declared under commercial operation in the current month. The Commission vide its order dated 22.11.2006 in Petition No. 69/2006 had allowed tariff for sale of infirm power @ 130.15 paise/kWh with FPA for Phase – I, from the date of synchronization of Unit-I.

3. The petitioner has considered the capital cost of Rs. 159238 lakh based on audited accounts as on 31.3.2007. Accordingly, the petitioner has claimed the following provisional Annual Fixed Charges:

	(Rs, in lakh)	
	2007-08	2008-09
Depreciation	5806	5806
Interest on Loan	8437	7897
Return on equity	6688	6688
Advance Against Depreciation	2660	0
Interest on Working Capital	2295	2243
O&M Expenses	5260	5475
Total	31146	28109

4. In addition, the petitioner has claimed energy charges @ 120.81 piase/kWh.

5. The petitioner's accounts are maintained on accrual basis. Therefore, the petitioner was directed to furnish details of actual expenditure based on cash outflow. The petitioner has submitted vide its affidavit dated 30.11.2007 that actual cash expenditure as on 31.8.2007 was Rs. 144679 lakh as against the amount of Rs. 159238 lakh claimed in the application. It is seen that more than 90% of the capital cost claimed by the petitioner has actually been incurred in the form of cash outflow. Without going into the details of the prudence or otherwise of the capital expenditure at this stage, which the Commission will consider in accordance with law at the time of final determination of tariff, we allow the following provisional Annual Fixed Charges, which represent 90% of the Annual Fixed Charges claimed by the petitioner and are subject to adjustment after the tariff is finally determined by the Commission:

(Rs, in lakh)

	2007-08	2008-09
Annual Fixed Charges	28031	25298

6. The Annual Fixed Charges for part of the year shall be payable on pro rata basis.

7. The petitioner has claimed energy charges of 120.81 paise/kWh based on the following operational norms contained in the 2004 regulations and weighted average prices and GCVs of coal for the preceding three months i.e. Jan to Mar 2007.

Sp. Oil consumption	MI/kWh	2
Auxiliary consumption	%	7.5
Heat Rate	K Cal/KWh	2450

8. The computation of the energy charges by the petitioner based on the above norms are found to be in order. Accordingly, provisional energy charges are awarded at the rate of 120.81 paise/kWh as per the following details:

Description	Unit	
Capacity	MW	500
Operational hours at PLF corresponding to availability of 80%	80.00%	7027.20
Gross Station Heat Rate	Kcal/kWh	2450.00
Specific Fuel Oil Consumption	MI/kWh	2.00
Aux. Energy Consumption	%	7.50
Weighted Average GCV of Oil	KCal/l	9954.00
Weighted Average GCV of Coal	KCal/Kg	3026.00
Weighted Average Price of Oil	Rs./KL	21125.28
Weighted Average Price of Coal	Rs./MT	1338.89
Heat contributed from SFO	Kcal/kWh	19.91
Heat contributed form Coal	Kcal/kWh	2430.09
Specific Coal consumption	Kg/kWh	0.80
Rate of energy charge ex-bus per kWh sent	Paise/kWh	120.81

9. The above provisional energy charges shall be subject to Fuel Price Adjustment (FPA) for variation in GCV and prices of fuels on month to month basis and also the final tariff to be approved. In order to arrive at the price of secondary fuel oil for a particular month for the purpose of application of FPA, the weighted average price (in case of more than one type of secondary fuel oil) shall be computed on “as on consumed basis” and not on “as on procured basis” during that month. The price so calculated shall be applied to the normative secondary fuel oil consumption.

10. The petitioner shall file the petition for approval of final tariff latest by 31.10.2008.

11. With the above, the petition stands disposed of.

Sd/=

**(R. KRISHNAMOORTHY)
MEMBER**

Sd/=

**(BHANU BHUSHAN)
MEMBER**

New Delhi, dated the 18th December 2007