

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 96/2007

In the matter of

Approval of tariff for Ratnagiri Gas and Power Private Limited.

And in the matter of

1. Ratnagiri Gas and Power Pvt. Ltd.
2. Maharashtra State Electricity Distribution Co, Ltd.

.Petitioners

The following were present:

1. Shri S.N.Goel, NTPC
2. Shri S.B. Agrawal, RGPPL
3. Shri Praveen Sexana, RGPPL
4. Shri S.K.Sathpathy, RGPPL
5. Shri R.K.Gupta, MSEDCL

**ORDER
(DATE OF HEARING: 18.9.2007)**

The petition has been made jointly by Ratnagiri Gas and Power Private Limited (RGPPL) and Maharashtra State Electricity Distribution Co, Ltd. (MSEDCL) for approval for tariff

2. Heard representatives of the petitioners.

3. The representatives of the petitioners have sought approval of tariff based on 25 years Power Purchase Agreement between Ratnagiri Gas and Power Pvt. Ltd. and Maharashtra State Electricity Distribution Co, Ltd. signed on 10.4.2007. The tariff claimed is as follows:

Fixed Charges	-	101.6 Paise/kWh (levelised over 25 year period)
Fuel Charges	-	204 Paise/kWh (as per GSA with GAIL) on R-LNG
	-	197 Paise/kWh (as per GSA with IOCL and BPCL) on R-LNG

4. Based on the provisional project cost of Rs. 10038 crore considered in the Government of India approved restructuring model of 2005, the levelised fixed charges have been calculated. Energy charges have been worked out as per gas supply agreements with GAIL, IOCL and BPCL. Levelised fixed charge of. 101.6 paise/kWh is based on estimated capital cost and GOI determined fixed charge of 93 paise/kWh at the start of restructuring which was found viable. The representative of the RGPPL submitted that fixed charges are subject to revision after the generating station is revived fully.

5. The representatives of the petitioners further submitted that the date of commercial operation of Block-II (740 MW) has been declared on 1.9.2007 and the date of commercial operation of Block-III is likely to be declared in October 2007.

6. We observe that merely on the basis of mutual agreements reached between RGPPL and MSEDCL, tariff cannot be approved. Also, the tariff petition does not contain details of calculations of fixed charges or the project cost, etc. To compare the tariff claimed and its compatibility with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations), the petitioners are required to establish the reasonableness of the tariff claimed.

7. After considering the application and the oral submissions made at the hearing, it appears to us that certain additional information is required from the petitioner before approval of tariff is accorded. The petitioner is accordingly directed to submit the following information, latest by 25.10.2007:

- (i) Detailed calculations of Levelised fixed Charges of Rs. 101.6/ kWh along with basis and assumptions, discount rate, annual Inflation / escalation rate, and all technical and financial parameters etc. considered;
- (ii) Detailed calculation of levelised LNG Re-gassification charge of 17 paise /kWh;
- (iii) Justification for relaxation of norms for Station Heat Rate of Natural Gas/ R-LNG and Naphtha along with manufacturer's recommendation;
- (iv) Detailed justification for the reasonableness of the consideration of Rs.8485.45 crore for acquiring the assets of Dabhol Power Company;
- (v) Break-up of the capital cost to Rs.10303 crore justifying the cost of the power plant and LNG terminal of Rs.7538 crore and Rs.2500 crore respectively;
- (vi) Explain the sweat equity of Rs.265 crore of MSEB holding company over and above the cost of equipment and plant included in the capital cost; and
- (vii) Details of funding pattern, that is, details of equity deployment and term loans along with terms and conditions.

8. Prayas (Energy Group), Pune, a consumer interest protection group has filed its objections. The copy of objections has been provided to the petitioners for their comments. The petitioners have not filed their comments so far. Therefore, the

petitioners are directed to file their comments latest by 25.10.2007 with an advance copy to the objector.

9. The petitioners have filed affidavit on 17.9.2007 in which it has been prayed that the tariff for the period 1.8.2007 to 31.8.2007 be considered as per the earlier order dated 16.7.2007 allowing thereby recovery of incidental charges @ 71 paise/kWh and fuel charge as pass through. For the purpose of Block II such applicability be till 31.8.2007 and for Block III and I the same be approved till the date of commercial operation of the respective block. The affidavit dated 17.9.2007 filed by the petitioners has been taken on record and the petitioner is allowed to charge the infirm power for the block I and III incidental charges @ 71 paise/kWh and fuel charge as pass through on actual till the date of commercial operation of the respective block. In case of block II, the infirm power rate shall be as per order dated 16.7.2007 to be applied from 1.8.2007 to 31.8.2007.

10. The petitioners shall decide between them about the nodal load dispatch centre-whether Maharashtra SLDC or the WRLDC. The specified nodal load dispatch centre shall be responsible for daily scheduling of the station, monitoring its operation, energy accounting, special energy metering and UI accounting. Till all this formally organized, the station shall supply power to MSEDCL on single-part tariff (fixed charge + fuel charge, both in paise/kWh) payable on actual energy sent out. Permission is granted for billing provisionally, as per power purchase agreement between the parties.

11. The petition be re-listed for hearing on 30 .10.2007.

sd/-
(R.KRISHNAMOORTHY)
MEMBER

New Delhi dated the 1st October 2007

sd/-
(BHANU BHUSHAN)
MEMBER