

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram :**

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

**Petition No. 83/2007**

**In the matter of**

Approval of provisional tariff for Vindhyachal STPS Stage-III (1000 MW) from date of commercial operation to 31.3.2009.

**And in the matter of**

NTPC Ltd., New Delhi.

.....**Petitioner**

**Vs**

1. Madhya Pradesh Power Trading Co. Ltd., Jabalpur
2. Maharashtra State Electricity Distribution Co. Ltd, Mumbai
3. Gujarat Urja Vikas Nigam Ltd., Vadodara
4. Chhattisgarh State Electricity Board, Raipur
5. Electricity Department, Govt. of Goa, Goa
6. Electricity Department, Admn. of Daman & Diu, Daman
7. Electricity Department, Admn. of Dadra & Nagar Haveli, Silvassa....**Respondents**

**The following were present**

1. Shri S.N. Goel, GM, NTPC
2. Shri S.K. Samui, NTPC
3. Shri A.S. Pandey, NTPC
4. Shri Vivake Kumar, DGM, NTPC
5. Shri S.K. Sharma, DGM(C), NTPC
6. Shri D. Kar, NTPC
7. Shri D.D. Khandelwal, MPPTCL

**ORDER  
(DATE OF HEARING: 24.7.2007)**

The petition is filed for approval of provisional tariff for Vindhyanchal Super Thermal Power Station Stage-III (1000 MW) (Vindhyachal STPS-III) from the date of its commercial operation based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (herein after referred to as "the 2004 regulations).

2. Vindhyachal STPS-III comprises of 2 units of 500 MW each. The power generated from the generating station is to be supplied to the beneficiaries in the Western Region, the respondents herein. The first unit of the Vindhyachal STPS-III has been declared under commercial operation on 1.12.2006. The second unit was synchronized on 9.3.2007 and was proposed to be declared under commercial operation on 15.7.2007. The application was accordingly made for approval of provisional tariff. Subsequently, the petitioner filed an affidavit on 14.7.2007 to inform that the actual date of commercial operation of the second unit is 15.7.2007. Thus, the provisional tariff is being approved w. e. f. 15.7.2007.

3. The Commission vide its order dated 20.7.2006 in Petition No. 29/2006 had allowed tariff for sale of infirm power @ 86.75 paise/kWh from the date of synchronization to the date of the commercial operation for unit -I.

4. The Commission vide its order dated 23.1.2007 in I.A. No. 81/2006 in petition No. 29/2006 has allowed sale of infirm power @ 86.75 paisa/kWh from the date of synchronization of Unit-II to the date of commercial operation and vide order dated 29.12.2006 in Petition No. 115/2006 approved the provisional tariff of Unit-I @ 90% of the claimed tariff corresponding to a capital expenditure of Rs. 1846.73 crore.

5. The petitioner has claimed the provisional tariff for units I and II on capital expenditure of Rs. 3331.04 lakh against the approved cost of Rs. 412500 lakh as under:

	(Rs, in lakh)	
	2007-08	2008-09
Annual Fixed Charges	59277	58994
Rate for energy charges ex-bus (Paise/kWh)	95.63	

6. The petitioner has claimed the Annual Fixed Charges as under:

	(Rs. in lakh)	
	2007-08	2008-09
Depreciation	12158	12158
Interest on loan	18043	16689
Return on Equity	13990	13990
Advance against Depreciation	590	1213
Interest on Working capital	3976	3994
O & M Expenses	10520	10950
<b>Total</b>	<b>59277</b>	<b>58994</b>

7. The petitioner has claimed energy charges of 95.63 paise/kWh based on following operational norms and fuel prices & GCVs procured and burnt during the months of January 2007 to March 2007 as under:

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	9730.00
Weighted Average GCV of Coal	KCal/Kg	3790.00
Weighted Average Price of Oil	Rs./KL	25803.28
Weighted Average Price of Coal	Rs./MT	1197.89

8. The operational norms considered by the petitioner are as per provisions of the 2004 regulations. The latest available prices and GCVs for the period January 2007 to March 2007 have been allowed to be applied for computation of base energy charges along with the provision of Fuel Price Adjustment clause which will take care of variation in price and GCV of fuels on month to month basis. Further, the Commission has decided to allow only HFO for the purpose of base energy charges.

9. During the hearing, the petitioner has submitted that the actual cash expenditure as on 31.3.2007 is Rs. 317900 lakh as against claimed cost of Rs. 333104 lakh. The actual capital expenditure is about 95% of the claimed cost.

Therefore, for the purpose of determination of provisional tariff, the capital cost of the generating station is being considered 90% of the claimed capital cost of Rs. 333104 lakh, that is, Rs. 299800 lakh.

10. We heard the representatives of the parties present at the hearing. The respondent MPPTCL raised certain issues regarding the capital cost of the generating station. The question of capital cost shall be gone into in accordance with law at the time of final determination of tariff. MPPTCL in its reply has also stated that the Commission should specify the procedure for calculating expected revenue in terms of section 62 (5) read with section 178 of the Electricity Act, 2003. This aspect is separately under consideration of the Commission and may be gone into at the time of approval of final tariff for the generating station. Without going to the details of capital cost at this stage, 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	53349	53095
Rate of energy charge ex-bus (Paisa/kWh)	95.47	

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

12. The provisional energy charges of 95.47 paise/kWh are allowed as per the following computation:

Capacity		1000.00
No. operational house at PLF corresponding to Availability of 80%	80.00%	7008.00
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	9735.67
Weighted Average GCV of Coal	KCal/Kg	3723.33
Weighted Average Price of Oil	Rs./KL	21367.11
Weighted Average Price of Coal	Rs./MT	1287.31

13. 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.

14. The petitioner shall file the petition for approval of final tariff latest by 31.12.2007. While seeking approval for final tariff, the petitioner shall furnish the details called for vide order dated 20.7.2006 in Petition No.29/2006.

15. With the above, the petition stands disposed of. The petitioner has paid the initial filing fee of Rs.20, 000/-. The balance of the Court fee of Rs. 80,000/- shall be deposited by the petitioner within two weeks of this order.

**Sd/-**  
**(R.KRISHNAMOORTHY)**  
**MEMBER**  
New Delhi, dated the 13<sup>th</sup> August 2007

**sd/-**  
**(BHANU BHUSHAN)**  
**MEMBER**