

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri K.N. Sinha, Member**
- 3. Shri Bhanu Bhushan, Member**
- 4. Shri A.H. Jung, Member**

Petition No.66/2005

In the matter of

Tariff for sale of electricity by Damodar Valley Corporation and the Inter-State Transmission of Electricity

And in the matter of

Damodar Valley Corporation

..... **Petitioner**

Vs

1. Department of Energy, Govt. of West Bengal, Kolkata
2. Department of Energy, Govt. of Jharkhand, Ranchi
3. West Bengal State Electricity Board, Kolkata
4. Jharkhand State Electricity Board, Ranchi
5. Ministry of Power, New Delhi

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Respondents

The following were present:

1. Shri M.G. Ramachandran, Advocate, DVC
2. Shri K.V. Balakrishnan, Advocate, DVC
3. Shri R.K. Dasgupta, DVC
4. Shri A.K. Ghosh, Adviser, DVC
5. Shri Anshuman Ashok, DVC
6. Shri Adhiraj Sen, DVC
7. Shri V.P. Samy, PFC, PFC
8. Shri K. Ganesan, DVC
9. Ms Kumud L. Das, Advocate, JSEB
10. Ms. Taruna Singh Baghel, DVC
11. Ms. Saumya Sharma, DVC
12. Ms. Swapna Seshadri, DVC
13. Shri K. Viswanathan, Advocate, Bhaskar Shrachi Alloys Ltd.
14. Shri Devashish, Advocate, Bhaskar Shrachi Alloys Ltd.
15. Shri Anutam Guha, Advocate, Govt. of West Bengal
16. Shri J. Kar, Govt. of West Bengal

**ORDER
(DATE OF HEARING: 26.7.2005)**

In compliance with the Commission's directions as contained in order dated 21.6.2005, a detailed affidavit has been filed on behalf of the petitioner on 25.7.2005. Because of the paucity of time, the details submitted by the petitioner

could not be analysed and examined. A copy of the affidavit has been served on the respondents who may file their reply, if any, by 6.9.2005.

2. The application made by the petitioner before the Commission has been posted on its website www.dvcindia.org. It is, however, noted that all the annexures and enclosures to the application made before the Commission, namely Annual Reports, PPA, etc. are not posted along with the application. Learned Counsel for the petitioner has undertaken that these documents shall also be posted on the website, along with the application filed.

3. M/s. Bhaskar Shrachi Alloys Ltd, a consumer of the petitioner has requested for time for filing of its suggestions or objections to the tariff proposals made in the application. Let the objections or suggestions be filed latest by 6.9.2005, with an advance copy to the petitioner who may file its rejoinder, if any, by 30.9.2005, with a copy to M/s.Bhaskar Shrachi Alloys Ltd.

4. Counter-reply to the petition has been filed on behalf of the State Government of West Bengal, West Bengal State Electricity Board and Jharkhand State Electricity Board. The petitioner may file its rejoinder, if any, by 6.9.2005.

5. Objections to the proposal made in the application have been filed by M/s. Bihar Foundry and Casting Limited. We direct that a copy of these objections be forwarded to the petitioner who may file its rejoinder, if any, by 6.9.2005.

6. The petitioner is further directed to file the following additional details latest by 6.9.2005 with a copy to the respondents/objectors who may file their reply, if any, by 30.9.2005:

Thermal

- (a) Allocation of capital investment relating to Director's office, other offices, Central offices and subsidiary activities in thermal, hydro (station-wise) and in transmission and distribution;
- (b) Whether heat rate parameters (after R&M) indicated by the petitioner are gross station heat rates or net station heat rates;
- (c) Details of equity deployment in MPL, stated to be a subsidiary company and its role in the activities relating to petitioner;
- (d) Reasons for frequent tube leakage at BTPS Stage 'B';
- (e) Justification for station-heat rate norms considered in the tariff proposals;
- (f) Following information for computation of O&M expenses
 - (i) Break-up of employees' salary in employee cost as well as in repair and maintenance indicating incentive and ex-gratia etc. separately,
 - (ii) Details of colony services,
 - (iii) Details of loss of spares/assets,
 - (iv) Details of administrative expenses, and
 - (v) Justification/reasons for abnormal increase under different heads of O&M expenses.

Transmission

- (a) Capital investment in transmission and distribution activities separately;
- (b) Project-wise capital cost,
- (c) Additional clarifications/details for computation of O&M expenses as under:
 - (i) Break-up of salary head, % of bonus given, meaning of bonus equivalent,
 - (ii) Colony services,
 - (iii) Loss of stores/assets,
 - (iv) Administrative expenses,
 - (v) Proportionate share of Director and other offices,
 - (vi) Proportionate share of general overhead charges,
 - (vii) Share of operating expenses of subsidiary account,

- (viii) Manpower of distribution included in transmission, and
- (ix) Break-up of manpower in transmission segment over sub-stations and lines.

Hydro

- (a) Cost involved on R&M/Up rating of Panchet & Maithon HE stations,
- (b) Details of month-wise water releases for power generation for the last ten years,
- (c) Reasons for sharp rise in O&M expenses during 2004-05 over those for the year 2003-04,
- (d) Justification of expenses for Maithon and Panchet hydro projects in the Capital cost of Rs.53.49 crore of Maithon HEP, including allocation of Rs.14.13 crore towards other capital costs to the station (Form-12), under the following categories:
 - (i) Direction offices
 - (ii) Other offices
 - (iii) Subsidiaries activities
 - (iv) Multipurpose dams
 - (v) Central offices
- (e) In Form-18 which provides information regarding actual O&M expenses, during the year 2001-02, the amount of administrative expenses have been found to be exceptionally high, compared to the expenses for previous year or later year and these expenses are in addition to salary & allowances, repairs & maintenance

Maithon HEP : Rs.18.35 crore (66.3% of total O&M cost)

Panchet HEP : Rs.15.02 crore (62.5% of total O&M cost)

Reasons for high expenses indicated above;

- (f) Break-up of O&M expenses on account of following:
 - (i) Proportionate direct share of dams (including Konar dam),
 - (ii) Proportionate direct share of Director and other offices,
 - (iii) Proportionate share of general overhead charges,

- (iv) Share of operating expenses on subsidiary activities, and
- (v) Justification for inclusion of these expenses in plant's O&M expenses.

(g) Whether 12% of hydro generation in the State of Jharkhand to be given free to the State has been factored in the tariff proposals;

Finance (General)

- (a) Project-wise loan details i.e. the schedule of drawl, repayment, moratorium period and basis of apportionment of loan to various projects in form 7 and 8 of CERC notification dt. 26.3.2004;
- (b) Year-wise details of FERV up to 31.3.2004 in case of foreign currency loans (project-wise);
- (c) Details of refinancing of loans, if any;
- (d) Cumulative repayment of each loan up to 31.3.2004 (project-wise); and
- (e) Cumulative depreciation recovered through tariff up to 31.3.2004 (project-wise).

6. List this petition on 18.10.2005.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 29th July, 2005