

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. **Shri Ashok Basu, Chairman**
2. **Shri G.S. Rajamani, Member**
3. **Shri K.N.Sinha, Member**

Petition No.128/2002

In the matter of

Approval of tariff of National Capital Thermal Power Station, Dadri (840 MW) from 01.04.1998 to 31.3.2001.

And in the matter of

National Thermal Power Corporation Ltd.

.. Petitioner

Vs

1. Uttar Pradesh Power Corporation Ltd., Lucknow
2. Rajasthan Rajya Vidyut Prasaran Nigam Ltd, Jaipur
3. Delhi Power Supply Company Pvt. Ltd., New Delhi
4. Haryana Vidyut Prasaran Nigam Ltd, Panchkula
5. Punjab State Electricity Board, Patiala
6. Himachal Pradesh State Electricity Board, Shimla
7. Power Development Department, Govt. of J&K, Srinagar
8. Chandigarh Administration, Chandigarh
9. Uttaranchal Power Corporation Ltd., Dehradun

..Respondents

The following were present:

1. Shri K.K. Garg, GM (Comml), NTPC
2. Shri T.R. Sohal, NTPC
3. Shri R. Singhal, NTPC
4. Shri S.D. Jha, NTPC
5. Shri A.K. Poddar, NTPC
6. Shri Sravan Kumar, NTPC
7. Shri T.P.S. Bawa, PSEB
8. Shri T.K. Srivastava, EE, UPPCL
9. Shri D.D. Chopra, Advocate, UPPCL
10. Shri GM Agarwal, Dy. CE (Comml), RRVPNL
11. Shri J.S. Bhargava, A. En (KSP), RRVPNL
12. Shri R.K. Arora, XEN, HVPNL

ORDER
(DATE OF HEARING 13-3-2003)

In the context of certain observations made by the Commission while approving additional capitalisation for 1997-98 in respect of NCTPS Dadri in its order of 24.6.2002 in Petition No.81/2002, a fresh petition has been filed by the petitioner, NTPC for approval of tariff, both on account of capacity charge as well the energy charge, for the years 1998-99 to 2000-2001, based on the terms and conditions contained in Ministry of Power notification dated 25.2.1999.

2. It is observed that there was difference in the project cost approved by Govt of India and the gross block as on 31.3.1996 considered for the purpose of tariff in the notification dated 25.2.1999. Shri K.K. Garg appearing on behalf of the petitioner explained that Govt of India in its tariff notification had considered the project cost of Rs.1539.88 crore against a gross block of Rs.1497.83 crore as on 31.3.1996. The difference of Rs.42.05 crore between the project cost and gross block was on account of initial spares considered as the project cost for determination of tariff. He further submitted that while approving additional capitalisation for the year 1996-97 by Govt of India, the project cost considered as on 31.3.1997, was Rs.1586.38 crore as against the gross block of Rs.1546.83 crore. The difference of Rs.39.55 crore as compared to Rs.42.05 crore earlier was on account of additional capitalisation not approved by Govt of India. We directed the petitioner to provide details of initial spares capitalised in the project cost of Rs.1586.38 crore as on 31.3.1997, based on audited accounts. The petitioner has also prayed for the determination of energy charge. As the proposal involved retrospective revision of energy charge, we directed the petitioner to provide the details of actual energy charge received during 1.4.1998 to 31.3.2001. For calculation of

energy charge, 3 months average PSL price of fuel for the months of January, February and March of the respective year has been considered by the petitioner. PSL price for the month of March considered for arriving at average price is much higher in comparison to that for the months of January and February of the year. We had directed the petitioner to explain the reasons for the variation.

3. In addition to the above, the petitioner was directed to furnish the following details/clarifications :-

- (a) Date of drawal of loans, re-payment schedule separately for each loan, its allocation on the date of drawal as per Form No.6.
- (b) Reconciliation of discrepancies in the details of loan, etc filed as per Form No.6 and Form No.12, for which the representative of the petitioner could discuss the matter with the staff of the Commission.
- (c) Copies of all the tariff notifications, including modifications thereof, if any, issued by Govt of India, along with detailed calculations in support thereof.
- (d) Reconciliation of O&M expenses given in the petition *qua* Profit & Loss Account for the year 1997-98.
- (e) Details of refinanced loan in the prescribed proforma.
- (f) Details of IBJ-II loans for Tranche 'A', 'B', 'C' and 'D' separately as per Form No.12.
- (g) Details of various Bonds, separately as per Form No.12.

4. All the above details as per paras 2 and 3 are to be filed by the petitioner, duly supported by affidavit, with advance copy to the respondents, before the next date of hearing.

5. Shri DD Chopra, Advocate appearing on behalf of UPPCL, submitted that the O&M expenses claimed by the petitioner based on actual expenditure for the year 1997-98, were on the higher side. It was submitted that the base O&M expenses claimed by the petitioner worked out to approximately 5% against 2.5% of actual capital cost of the project allowed earlier. He was supported in his contention by the representatives of PSEB, RRVPNL and HVPNL. It was submitted that O&M expenses for the purpose of tariff be limited to 2.5% of the capital cost. We have noted down the submission and will take an appropriate view at the time of final determination of tariff.

6. Shri R.K. Arora for HVPNL submitted that Govt of India had provided that base O&M expenses should be escalated at the rate of 10% per annum for every subsequent year to arrive at O&M expenses for that year. Therefore, according to him, separate claim for water charges should not be allowed. He submitted that the petitioner should be directed to provide details of actual spares instead of charging 40% of O&M expenses. Shri Arora further submitted that the approved project cost is Rs.1609.79 crore. If additional capitalisation and FERV, as prayed for by the petitioner would be allowed, this would exceed the approved project cost in 1998-99 itself. He pleaded that no additional capitalisation should be allowed unless approved by the competent authority. He had pointed out that capitalisation of certain items of expenditure was unwarranted. He also submitted that the weighted average interest rate for loan was very high. According to Shri R.K. Arora, interest on working capital is recovered every month

and therefore, the prevailing cash credit rates should be considered for calculation of interest.

7. We found that no reply was filed on behalf of HVPNL, in the absence of which the petitioner would not be in a position to give an appropriate response. We allowed time to HVPNL to file its written statement before the next date of hearing.

8. List the petition for further hearing on 27.5.2003 as directed in the Court room.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 22nd April, 2003