

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 59/2002

In the matter of

Tariff for Thermal Power Station-I Expansion (2x210 MW).

And in the matter of

Neyveli Lignite Corporation	Petitioner
Vs		
Tamil Nadu Electricity Board & Others	Respondents

The following were present:

1. Shri Nallasivan, Accounts Manager, NLC
2. Shri R. Suresh, DGM(Comml.), NLC
3. Shri S. Sowmyanarayanan, Adv, TNEB
4. Shri K. Krishnamurthy Naik, CEE, LDC, KPTCL

**ORDER
(DATE OF HEARING 2.5.2002)**

Through this petition, the petitioner Neyveli Lignite Corporation Limited (NLC) has sought approval for tariff for its Thermal Power Station-I Expansion Project (2x210 MW) for the period from 2002-2003 to 2006-2007. The petition is listed for hearing after notice. No replies have been filed on behalf of the respondents, though the representative of Respondent No. 1 (Tamil Nadu Electricity Board), and Respondent No. 5 (Karnataka Power Transmission

Corporation Ltd.) are present in person. Shri S. Sowmyanarayanan representative of Respondent No. 1 has stated that because of late receipt of copy of the petition, the reply could not be filed on its behalf in time. He prayed for ten days time for filing of reply. The time prayed for is allowed.

2. As we have noticed above, the approval for tariff for the period from 2002-2003 to 2006-2007 has been sought by the petitioner. The Commission is presently following the tariff period from 1.4.2001 to 31.3.2004. Therefore, the consideration of tariff shall be confined to the tariff period being followed by the Commission.

3. The representative of the petitioner stated that the plant is likely to be commissioned during June 2002, though Unit-I was originally scheduled to be commissioned during January 2002 and Unit-II during May 2002. The representative of the petitioner further stated that the approved completion cost of the project was Rs.1423.47 crores. The petitioner has, however, not placed the original TEC given by CEA on record. The petitioner is directed to place on record a copy of the TEC. It shall also explain reasons for time and cost over-run qua scheduled time of completion and cost as given in original TEC.

4. In addition, the petitioner is directed to furnish the following details:

- a) Actual expenditure incurred on the date of commercial operation of Unit-I and Unit-II separately, duly certified by the auditors,
- b) Financial package as approved by CEA,
- c) Amount of loan, date of drawal, rate of interest and scheduled repayment, etc. in accordance with the financial package approved by CEA as per the revised formats prescribed by the Commission, a copy of each of which shall be furnished to the petitioner along with this order,
- d) Asset-wise actual expenditure on the date of commercial operation, along with means of financing thereof, separately for Unit-I and Unit-II, as per audited accounts of the petitioner company and also the asset-wise reconciliation of actual capital expenditure vis-à-vis approved capital expenditure,
- e) Documentary evidence in support of petitioner's claim for charging rate of interest on working capital @ 12.75%,
- f) Details of capitalised initial spares, and
- g) GVC of lignite and secondary fuel oil for the purpose of computation of variable charge.

5. The representative of the petitioner has stated that the petitioner has entered into power purchase agreements with Respondent No. 1 and Respondent No. 5, though the question of determination of tariff is to be governed in accordance with the parameters/guidelines/notification issued by the Commission

from time to time, subject to decisions of superior courts based on appeals filed by any of the parties. He also stated that in an appeal filed by the petitioner, the High Court of Delhi has directed that the petitioner would continue to charge tariff based on pre-existing norms, as an interim measure. Under these circumstances, the representative of the petitioner prayed that a committee be set up with the petitioner and the beneficiaries, to discuss details of tariff, which as an interim measure, be paid to the petitioner by the respondents. We accept the prayer made on behalf of the petitioner and direct that the parties to the present petition shall discuss the modalities of provisional tariff payable to the petitioner basis, subject to final determination of tariff by the Commission. The proposed Committee shall be chaired by a Director of the petitioner company and shall include the representatives from the beneficiary states, not below the level of Chief Engineer. We further direct that the details of discussions and the decisions arrived at by the parties on the issue of provisional tariff shall be filed by the petitioner latest by 24.5.2002 before the Commission, with advance copy to the respondents. List the matter for hearing on 28.5.2002.

6. The representative of Respondent No. 1 has made certain submissions on the details of tariff claimed by the petitioner. However, as final tariff is not being determined by us we do not propose to go into final details at this stage.

7. The details as per paragraphs 3 and 4 above shall be filed duly supported by affidavit, by 24.5.2002.

8. The tariff claimed in this petition is single part tariff. However, for the purpose of availability based tariff, it is necessary to have a two part tariff. A view on this issue shall also be taken at the next date of hearing i.e. on 28.5.2002.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(D.P. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 7th May, 2002