

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

1. **Shri Ashok Basu, Chairperson**
2. **Shri Bhanu Bhushan, Member**
3. **Shri A.H. Jung, Member**

Petition No. 66/2005

In the matter of

Approval of tariff in respect of Damodar Valley Corporation for the period from 1.4.2004 to 31.3.2009.

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. **Respondents**

The following were present

1. **Shri Asim Burman, Chairman, DVC**
2. **Shri T.K.Gupta, DVC**
3. **Shri A. Biswas, DVC**
4. **Shri G. Mukherjee, DVC**
5. **Shri M. Dhar, DVC**
6. **Shri Rajiv Jain, DVC**
7. **Shri Pratap Chatterjee, Sr. Advocate, BSAL**
8. **Shri Suresh Mukherjee, Advocate, State of Jharkhand**
9. **Shri Shyamal Sarkar, Advocate, Maithon Alloys**
10. **Ms. Ruchi Kohli, BFCL**
11. **Shri Devashish Bharucha, BFCL**
12. **Shri K.P. Ray, BSAL**

- 13. Shri M. Prahladka, BSAL
- 14. Shri Gautam Shroff, BSAL
- 15. Ms. Asha Nayar Basu, BSAL
- 16. Shri Sudheer Pandey, BSAL

ORDER
(DATE OF HEARING: 14.7.2006)

The order dated 5.5.2006 submitted by Shri K.N. Sinha, Presiding Officer, one-Member Bench was sent to the petitioner, respondents and objectors for filing their views and comments on the recommendations contained in the order. The petitioner has filed its comments on the recommendations vide affidavit dated 29.6.2006. Two objectors, namely, Bihar Foundary and Casting Limited and M/s. Bhaskar Sharchi Alloys Limited have also filed their views.

2. The one-Member Bench, in its order dated 5.5.2006, had identified the following tariff related issues and made recommendations thereon:
- (a) Whether to follow NFA approach or GFA approach,
 - (b) Capital cost to be considered for the purpose of tariff,
 - (c) Debt-equity ratio,
 - (d) Interest on loan,
 - (e) O & M expenses,
 - (f) Depreciation,
 - (g) Interest on Working Capital, and
 - (h) Operational norms for thermal and hydro generating stations, as also the transmission system.

3. The petitioner has submitted that the recommendations of the one-Member Bench with regard to capital cost, depreciation, interest on working capital etc. are acceptable to it. However, the recommendations with regard to the debt-equity ratio, interest on loan, O & M expenses and operational norms for the thermal stations are required to be modified considering the submission of DVC thereon.

4. Heard Shri Asim Burman, Chairman, DVC, Shri. Sitiesh Mukherjee, Advocate for respondent no. 4, Shri. Pratap Chatterjee, Sr. Advocate for BSAL and Shri. Shyamal Sarkar, Advocate appearing for Maithon Alloys.

5. The petitioner is directed to submit the following information for consideration of the Commission:

- (a) The date of commercial operation of Mejia TPS;
- (b) Additional capitalization, if any, plant wise from 1.4.2004 to 31.3.2006;
- (c) Capital expenditure as on the date of commercial operation and the source of financing for each of the generating and transmission project,
- (d) Sanction letter of the competent authority in regard to project financing including source of financing,
- (e) Actual O&M expenses, plant-wise, for the years 2003-04,2004-05 and 2005-06.

(f) Actual operational parameters of thermal generating stations for 2004-05, namely, Station heat rate, Aux. Energy consumption, Sec, Fuel oil consumption, PLF and machine availability.

(g) Breakup of Acturial Fund requirement separately for thermal (Station-wise), Hydro (Station-wise) and Transmission along with justification.

(h) Whether any additional sum would be required in the O & M after getting the acturial fund requirement met separately. If so, amount must be quantified with justification.

(i) Reconciliation of O & M expenses proving double deduction of loss in store.

(j) Capital investment on soil conservation and afforestation activities and associated cumulative depreciation up to 31.3.2004.

(k) Break up of following for the period 1.4.1998 to 31.10.1998 separately for thermal (Station-wise), Hydro (Station-wise) and Transmission:

(i) Arrears of pay allowances,

(ii) Ad hoc payment to staff/officers,

(iii) Ad hoc DA relief.

(l) Man power details:

(i) Total number of employees employed in DVC,

(ii) Number of employees allocated to each power/transmission project,

(iii) Number of employees allocated to other subsidiary activities,

(iv) Number of employees allocated to non-performing assets,

- (v) Amount of liability attributable to power business,
- (vi) Number of pensioners related to power projects/transmission/distribution and other subsidiary activities,
- (vii) Amount related to old pensioners
- (viii) Year wise amount allocated to existing staff relating to power projects/transmission/distribution and other subsidiary activities.

6. The above information should be furnished by the petitioner by 31.7.2006 with advance copy to the opposite parties. The matter is listed for hearing on 10.8.2006.

Sd/-

(A.H. JUNG)
MEMBER

Sd/-

(BHANU BHUSHAN)
MEMBER

Sd/-

(ASHOK BASU)
CHAIRPERSON

New Delhi dated the 20th July, 2006

