

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

**Review Petition No. 93/2002 in
Petition No. 62/2000**

And in the matter of

Review of Commission's order dated 19.6.2002 in Petition No. 62/2000

And in the matter of

Grid Corporation of Orissa Ltd. **Petitioner**

Vs

National Thermal Power Corporation Ltd. **Respondent**

The following were present:

1. Shri. R.K. Mehta, Advocate, GRIDCO
2. Ms. M. Sarada, Advocate, GRIDCO
3. Ms Suman Kukreti, Advocate, GRIDCO
4. Shri A.P. Dhal, SGM(PP), GRIDCO
5. Shri S.K. Sahu, AGM, GRIDCO
6. Shri K.K. Panda, Liaison Officer, GRIDCO
7. Shri B.N. Acharya, AEE, GRIDCO,

**ORDER
(DATE OF HEARING 21.11.2002)**

The Commission in its order dated 19.6.2002 in Petition No. 62/2000 had approved terms and conditions and tariff for the power supplied by the respondent to the petitioner from Talcher Thermal Power Station. The petitioner has filed application for review of some of the terms and conditions decided by the Commission in the said order dated 19.6.2002.

2. In the application for review, the following issues are raised:

- (a) Interest on loan portion of R&M after 1995-96 should be charged at a rate at which loan is availed by the respondent from open market and not @ 14% per annum as ordered by the Commission,
- (b) Expenses on account of power-house repair & maintenance and other expenses should be considered “abnormal” and disallowed in tariff,
- (c) Respondent had claimed interest on loan based on average net loan whereas the order dated 19.6.2002 allows interest on opening balance in the respective year.
- (d) Respondent should not be entitled to recover income tax on the income arising out of interest on notional loan as it was not its “core” activity,
- (e) Order dated 19.6.2002 is silent on the question of payment of fixed charges on additional capitalisation during the tariff period,
- (f) Debt and equity should be considered in the ratio of 70:30 as ordered in Petition No. 77/2001 instead of debt-equity ratio of 50:50,
- (g) Operative parameters on station heat rate, auxiliary consumption and specific fuel oil consumption decided in the order dated 19.6.2002 are liberal. Further, the colony consumption has been taken into account for deciding norms for auxiliary consumption.

3. We have heard Shri R.K. Mehta, Advocate, on behalf of the petitioner. Upon hearing and perusal of record, we are satisfied that prima facie a case for review of certain aspects of the order as per sub-paras (a), (c), (d), (e) and (g) [limited to

computation of norms for auxiliary consumption in case of sub-para (g)] of para 2 above is made out.

4. The ground urged by the petitioner for review of power house expenses [para 2(b)] is untenable. The Commission had allowed “abnormal” expenses on account of increase in employee cost due to revision of pay structure, increase in power charges, increase in travelling expenses, increase in security and provisional expenses though categorised as “abnormal”. The Commission has given detailed reasons in support of its direction to allow “abnormal” expenses as part of O&M expenses. The petitioner seeks to re-open the issue on merits which is beyond the scope of review of order in the light of the criteria prescribed in CPC. We also reject the contention of GRIDCO for review of directions on debt-equity ratio [para 2(f)]. At the hearing of Petition No. 62/2000, the parties were *ad idem* and there was no dispute between them on this issue. The petitioner cannot turn around at this stage and seek review of the direction under these circumstances. Similarly, we are not satisfied that a case for review of operative parameters namely station heat rate, and specific fuel oil consumption [para 2(g)] has been made out by the petitioner as the norms on these two aspects were decided by the Commission after detailed deliberation. A similar prayer for review of operating parameters by the respondent (NTPC) has been rejected in Review Petition No. 92/2002. As regards the auxiliary consumption, we allow review on the limited ground whether the colony consumption is included in the auxiliary consumption of previous years based on which norms have been decided and if so, whether the colony consumption could be considered for deciding the normative auxiliary consumption.

5. In the light of above discussion, we direct that the petitioner shall supply copy of the petition to the respondent latest by 5.12.2002. The respondent may file its reply, limited to the issues mentioned in para 3 above latest by 31.12.2002 with an advance copy to the petitioner who may file its rejoinder latest by 15.1.2003.

6. List the review petition on 14.01.2003.

7. Meanwhile, subject to the decision in the review petition, the terms and conditions and tariff ordered by the Commission in Petition No. 62/2000 shall continue to apply.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 29th November 2002