

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram**

**Dr. Pramod Deo, Chairperson  
Shri R. Krishnamoorthy, Member  
Shri S. Jayaraman, Member**

**Petition No. 162/2008**

**In the matter of**

Increase in O&M expenses on account of interim relief paid for Wage revision w.e.f 1.1.2007 and other pay hikes and impact on capacity charges thereof for NLC TPS-I Expansion (2x 210 MW).

**And in the matter of**

Neyveli Lignite Corporation Ltd, Chennai

**Petitioner**

Vs

1. Tamil Nadu Electricity Board, Chennai
2. State Power Purchase Coordinate Centre, Bangalore
3. Kerala State Electricity Board, Thiruvananthapuram
4. Electricity Department, Govt. of Pudducherry

**Respondents**

**Petition No. 164/2008**

**In the matter of**

Increase in O&M expenses on account of interim relief paid for Wage revision w.e.f 1.1.2007 and other pay hikes and impact on capacity charges thereof for NLC TPS-II (3x 210 MW + 4x 210 MW ).

**And in the matter of**

Neyveli Lignite Corporation Ltd, Chennai

**Petitioner**

Vs

1. Tamil Nadu Electricity Board, Chennai
  2. State Power Purchase Coordinate Centre, Bangalore
  3. Kerala State Electricity Board, Thiruvananthapuram
  4. Electricity Department, Govt. of Pudducherry
  5. Transmission Corporation of Andhra Pradesh, Hyderabad
- Respondents**

**In the matter of**

Increase in O&M expenses on account of interim relief paid for Wage revision w.e.f 1.1.2007 and other pay hikes and impact on capacity charges thereof for NLC TPS-I (600 MW).

**And in the matter of**

Neyveli Lignite Corporation Ltd, Chennai

**Petitioner**

Vs

Tamil Nadu Electricity Board, Chennai

**Respondent**

**Following were present**

1. Shri R. Suresh, NLC
2. Shri A. Ganesan, NLC

**ORDER**  
**(Date of Hearing: 5.2.2009)**

The petitioner in these petitions, which were heard on admission, seeks approval for O&M expenses consequent to increase in salary and wages of its employees and revision of the annual fixed charges for NLC TPS-I, NLC TPS-II (Stage I and Stage II) and NLC TPS-I (hereinafter collectively referred to as “the generating stations”). As these petitions raise identical issues, we are disposing of these petitions through this common order.

2. The petitioner is a generating company owned and controlled by the Central Government and has established the generating stations. The details of

the annual fixed charges (including O&M charges) approved for the period 2004-09 in respect of the generating stations are given hereunder:

| Generating Station   | Date of Order | Annual Fixed Charges (Rs. in lakh) |         |         |         |         |
|----------------------|---------------|------------------------------------|---------|---------|---------|---------|
|                      |               | 2004-05                            | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| NLC TPS-I Expansion  | 28.5.2008     | 26859                              | 26588   | 26325   | 26040   | 25661   |
| NLC TPS- II Stage I  | 4.6.2008      | 9120                               | 9486    | 9864    | 10260   | 10668   |
| NLC TPS- II Stage II |               | 9120                               | 9486    | 9864    | 10260   | 10668   |
| NLC TPS-I            | 17.11.2008    | 14489                              | 14992   | 15600   | 15884   | 16063   |

3. The component of O&M charges included in the annual fixed charges approved are extracted as under:

| Generating Station   | O&M Charges (Rs. in lakh) |         |         |         |         |
|----------------------|---------------------------|---------|---------|---------|---------|
|                      | 2004-05                   | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
| NLC TPS-I Expansion  | 4368                      | 4544    | 4725    | 4914    | 5111    |
| NLC TPS- II Stage I  | 6552                      | 6817    | 7088    | 7371    | 7667    |
| NLC TPS- II Stage II | 8736                      | 9089    | 9450    | 9828    | 10223   |
| NLC TPS-I            | 9120                      | 9486    | 9864    | 10260   | 10668   |

4. O&M expenses were approved by the Commission based on the norms laid down under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 as given below:

| Normative O&M expenses (200/210/250 MW sets) | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|--|---------|---------|---------|---------|---------|
| Rs. Lakh/ MW                                 | 10.40   | 10.82   | 11.25   | 11.70   | 12.17   |

5. The petitioner has stated that after fixation of O&M norms by the Commission, there has been substantial increase on account of salary and wages for the reasons summarized hereunder:

(a) Interim relief to employees from 1.1.2007.

(b) Merger of 50% of DA into basic pay, thereby increasing liability of payment towards CPF.

(c) Increase in minimum wages paid to contract workmen.

(d) Grant of two special increments to all employees w.e.f. 1.1.2006 on the orders of the Central Government.

(d) Enhancement of conveyance allowance w.e.f. 1.1.2005 because of rise in fuel cost.

(e) Increase on account of Bonus Payment to contract workers.

6. The total additional expenditure incurred or to be incurred by the petitioner for the generating stations on above account is tabulated hereunder:

(Rs. in lakh)

| <b>Generating Station</b> | <b>2005-06</b> | <b>2006-07</b> | <b>2007-08</b> | <b>2008-09</b> | <b>Total</b> |
|---------------------------|----------------|----------------|----------------|----------------|--------------|
| NLC TPS-I Expansion       | 32.62          | 250.17         | 805.96         | 1265.99        | 2444.74      |
| NLC TPS- II Stage I       | 26.53          | 35.38          | 29.71          | 31.02          | 5381.57      |
| NLC TPS- II Stage II      | 26.53          | 35.38          | 39.62          | 41.36          | 5907.18      |
| NLC TPS-I                 | 37.89          | 376.93         | 3153.35        | 4879.29        | 8447.46      |

7. Against the above facts, the petitioner seeks upward revision of O&M expenses and also the annual fixed charges already approved.

8. We heard Shri R. Suresh on admission of these petitions.

9. We do not propose to go into the justification for the petitioner's claim under different heads noted above. The Commission has recently specified the terms and conditions for determination of tariff for the period 1.4.2009 to 31.3.2014. While laying down the norms for O&M expenses, the Commission has taken into consideration the fact of revision of salary and wages payable to the employees of the central public sector undertakings, based on the recommendations of Wage Revision Committee appointed by the Central Government. Shri Suresh fairly conceded that O&M expenses norms for the period from 1.4.2009 are just and reasonable. However, the question raised in these petitions is in regard to revision of O&M expense for the period prior to 1.4.2009, primarily on account of revision of salaries and wages w.e.f 1.1.2007. This is an issue which universally affects other central power sector utilities as well. Therefore, a holistic view needs to be taken in the matter in accordance with law and by involving all the stakeholders. For this reason, the present petitions are considered to be premature.

10. The petitions are accordingly dismissed at the admission stage itself.

**Sd/-  
(S. JAYARAMAN)  
MEMBER**

**Sd/-  
(R. KRISHNAMOORTHY)  
MEMBER**

**Sd/-  
(DR. PRAMOD DEO)  
CHAIRPERSON**

**New Delhi, dated the 5<sup>th</sup> February, 2009**