

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI
Record of Proceedings**

Petition No.96/2007

Subject: Approval of tariff of Ratnagiri Gas & Power Private Limited

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

Date of Hearing : 5.2.2009

Petitioners : Ratnagiri Gas and Power Private Limited, and
Maharashtra State Electricity Distribution Co. Ltd.

Parties present : Shri A.K.Ahuja, MD, RGPPL
Shri S.K.Satpati, RGPPL
Shri J.S.Chordia, RGGPL
Shri B.M.Gulati, RGGPL
Shri Parveen Saxena, RGPPL
Shri Farrukh Amir, Consultant, RGPPL
Shri R.K.Gupta, ED, MSEDCL
Shri Bhanvshali Jitendra, Consultant, MSEDCL

The Commission heard representatives of the parties present.

2. The first petitioner informed that it had filed the revised petition in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004. The petitioner further requested to be allowed provisional AFC of Rs. 66380 lakh and Rs. 159485 lakh for the period 2007-08 and 2008-09 for blocks II & III, declared under commercial operation with effect from 1.9.2007 and 21.11.2007, respectively.

3. The Commission noted that the petitioner had included apportioned cost of LNG terminal in the capital expenditure of Rs. 756255 lakh, which is the basis for claim for tariff, before declaration of commercial operation, but this could not be allowed as per the existing regulations.

4. The petitioner requested to be allowed tariff for the project as a whole including expenditure on RLNG terminal, through a special dispensation in view of the typical nature of the project to serve the interest on the loan being paid by it, upfront payment for which was made to acquire the assets. The Commission observed that tariff was to be allowed as per the regulations. The Commission further observed that for any specific relief, the petitioners could approach the Central Government. The Commission also observed that the provision of "removal of difficulties" could not be invoked for giving special dispensation to the petitioners in deviation of the statutory regulations.

5. It was noted that the original plant capacity was considered at 2150 MW as per the following block-wise details:

Power block-I	670 MW
Power block-II	740 MW
Power block-III	740 MW
Total capacity	2150 MW

6. The petitioner submitted that based on the performance results of block-II and the estimation of block-I and II, GE had assessed the maximum achievable capacity of 1970 MW under current conditions with gas/RLNG as fuel, 27.2 deg.C ambient temperature and frequency at 50 HZ. The representatives of the petitioners further submitted that they were restructuring the capacity to 1940 MW as per the following break-up and accordingly, gross capacity of 1940 MW was considered.

Power block-I	640 MW
Power block-II	650 MW
Power block-III	650 MW
Total capacity	1940 MW

7. In response to query by the Commission as to the basis of de-rating of plant capacity, it was stated on behalf of the first petitioner that PG test by OEM (GE) was conducted in the presence of officers of Central Electricity Authority and NTPC. The Commission directed the petitioner to place on record the test results of PG test, authenticated by CEA or copies of correspondence exchanged showing confirmation of PG results.

8. The Commission observed that sweat equity of Rs. 265 crore of the second petitioner's holding companies in lieu of various waivers given by the Government of Maharashtra might not be allowed for the purpose of tariff since the same was not utilized for creation of any asset. The representatives of the petitioner submitted that if these waivers were not allowed by the Government of Maharashtra, the same could have been built up in the capital cost of the project. The Commission also observed that tax benefit etc. could not be allowed to be part of capital expenditure for the purpose of tariff. The Commission directed the petitioner to provide the break-up and basis of valuation of Rs. 265 crore since it also included certain energy charges paid upfront by MSEB Holding Company Ltd.

9. For the capital expenditure towards RLNG terminal, the Commission reiterated that for the time being it be kept separately from power blocks, since it had not been put to use. The representatives of the second petitioner agreed.

10. In response to another observation of the Commission in respect of final restructuring of the project, it was stated that accrued IDC, except for PFC loan had not been paid in actual. The Commission directed the petitioner to furnish the amount of IDC actually paid.

11. The first petitioner was directed to furnish the following information, latest by 20.3.2009, namely:

- (i) Amount of liabilities included in the capitalized cost of power blocks as on 1.9.2007, 21.11.2007 and 1.4.2008, if any;

- (ii) Detailed break-up of O & M expenses for 2007-08 and 2008-09 along with details of corporate expenses and employee cost, reasons for high O&M cost as against norm of Rs. 9.12 lakh/MW in 2008-09;
- (iii) Details of actual gross heat rate of block-I and block-II for the years 2007-08 and 2008-09;
- (iv) Justification for claim for gross station heat rate of gas and liquid firing and CGV of liquid fuel of 7961 Kcal/litre; and
- (v) For working out base rate of energy charges, details of rate and GGV of fuel on as received and as fixed three months prior to date of commercial operation of power blocks.

12. The Commission directed the petitioners to implead other beneficiaries of the generating station and place on record complete petition. The petitioners shall also serve copy of the revised petition on all the beneficiaries, along with information, as above.

13. The petition shall be re-notified for hearing on completion of above procedural requirements.

Sd/-
Chief (Legal)