

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 204/GT/2011

**Coram: Dr. Pramod Deo, Chairperson
Shri V.S.Verma, Member**

Date of Order: 14 .11.2011

In the matter of

Petition for approval of tariff of Farakka Super Thermal Power Station, Stage-III (1 x 500 MW) for the period from the date of anticipated commercial operation i.e 1.10.2011 to 31.3.2014.

And

In the matter of

Grant of provisional tariff for 425 MW in respect of Farakka Super Thermal Power Station, Stage-III, for the period from the date of anticipated commercial operation i.e 1.11.2011 to 31.3.2014.

And

In the matter of

NTPC Ltd, New Delhi

.....Petitioner

Vs

- 1 West Bengal State Electricity Board, Kolkata
2. Bihar State Electricity Board, Patna
3. Jharkhand State Electricity Board, Ranchi
4. Grid Corporation of Orissa Ltd., Bhubaneshwar
5. Damodar Valley Corporation, Kolkata
6. Power Department, Govt. of Sikkim, Gangtok

.....Respondents

ORDER

The petitioner, NTPC Ltd, has filed this petition for determination of tariff of Farakka Super Thermal Power Station, Stage-III (1 x 500 MW) ("the generating station") for the period from the date of anticipated commercial operation i.e from 1.10.2011 to 31.3.2014.

2. The Ministry of Power, Government of India vide its letter dated 9.12.2010 has allocated 425 MW of power from the generating station to the respondents above and the balance 75 MW of power from the generating station is to be sold outside the long term PPA by the petitioner in terms of the National Electricity Policy for market development. The petitioner has submitted that the annual fixed charges in terms of the allocated capacity of 425 MW shall be determined by the Commission in this petition.

3. In terms of Section 79(1)(a) of the Electricity Act, 2003 (the Act), the Commission is vested with the jurisdiction to regulate the tariff of the generating station owned by the petitioner and shall in terms of Section 62(1)(a) of the Act, determine the tariff for supply of electricity by the generating station to the distribution licensee (the respondents herein). Accordingly, the Commission has the jurisdiction to determine the annual fixed charges for 425 MW of supply made by the generating station to the respondents.

4. The petitioner by its letter dated 27.10.2011 has submitted that the generating station is expected to be declared under commercial operation in the first week of November, 2011 and has prayed for grant of provisional tariff.

5. Clauses (1) and (2) of Regulation 5 of the 2009 regulations provides as under:

“5. Application for determination of tariff. (1) *The generating company or the transmission licensee, as the case may be, may make an application for determination of tariff in accordance with Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004, as amended from time to time or any statutory re-enactment thereof, in respect of the units of the generating station or the transmission lines or sub-stations of the transmission system, completed or projected to be completed within six months from the date of application.*

(2) *The generating company or the transmission licensee, as the case may be, shall make an application as per **Appendix I** to these regulations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period of the generating station or the transmission system:*

Provided that in case of an existing project, the application shall be based on admitted capital cost including any additional capitalization already admitted up to 31.3.2009 and estimated additional capital expenditure for the respective years of the tariff period 2009-14:

Provided further that application shall contain details of underlying assumptions for projected capital cost and additional capital expenditure, where applicable.

6. The petitioner has filed the petition in compliance with Clause (1) and (2) of Regulation 5 of the 2009 regulations. Since the generating station is expected to be declared under commercial operation with effect from November 2011, we consider the grant of provisional tariff from the anticipated date of commercial operation to 31.3.2014 by this order, based on the petition filed in terms of Regulation 5(1) of the 2009 regulations.

7. Regulation 5 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2011 provides as under:

“(4) Where application for determination of tariff of an existing or a new project has been filed before the Commission in accordance with clauses (1) and (2) of this regulation, the Commission may consider in its discretion to grant provisional tariff upto 95% of the annual fixed cost of the project claimed in the application subject to adjustment as per proviso to clause (3) of this regulation after the final tariff order has been issued:

Provided that recovery of capacity charge and energy charge or transmission charge, as the case may be, in respect of the existing or new project for which provisional tariff has been granted shall be made in accordance with the relevant provisions of these regulations.”

8. In exercise of power under Clause 4 of Regulation 5 of the 2009 regulations, we hereby grant provisional tariff in respect of 425 MW of supply from the anticipated date of commercial operation (COD) of the generating station to 31.3.2014, pending determination of the final tariff, based on the following parameters:

- (a) Capital cost of ₹204743.00 lakh as claimed by the petitioner, for the installed capacity of 500 MW as on the date of commercial operation of the generating station has been considered.
- (b) The projected additional capital expenditure for 2009-14 claimed by the petitioner from the anticipated date of commercial operation and within the original scope of work and up to the cut-off date of the generating station has been considered.

- (c) Cost of secondary fuel (annual) based on cost of oil for preceding three months as submitted in the petition and the operational parameters as per provisions of the 2009 regulations has been considered.
- (d) Other parameters as per provisions of the 2009 regulations have been considered.

9. Based on the anticipated capital cost of ₹204743.00 lakh, the petitioner has claimed the annual fixed charge for 425 MW capacity of the generating station, as under:

	2011-12 <i>(from anticipated COD to 31.3.2012)</i>	2012-13	2013-14
Annual Fixed charges claimed for 425 MW	46272.00	48581.00	50469.00

10. After carrying out due prudence check, we allow the provisional annual fixed charges for the generating station from the date of commercial operation of the generating station, based on the capital cost of ₹204743.00 lakh as claimed by the petitioner. The provisional annual fixed charges allowed as above is subject to truing-up in terms of Regulation 6 of the 2009 regulations.

	2011-12 <i>(from anticipated COD to 31.3.2012)</i>	2012-13	2013-14
Provisional Annual Fixed charges for 425 MW	43958.08	46151.00	47945.00

11. The provisional annual fixed charges allowed as above is subject to truing -up in terms of Regulation 6 of the 2009 regulations.

12. The provisional tariff determined by this order shall remain in force until further orders or till the final tariff is determined by the Commission, whichever is earlier.

13. The provisional annual fixed charges allowed above is subject to adjustment as per proviso to Clause (3) of Regulation 5 of the 2009 regulations after the final tariff order has been issued.

14. Energy Charge Rate in respect of the generating station shall be determined in terms of Clauses 5 and 6 (a) of Regulation 21 of the 2009 regulations, on month to month basis.

Sd/-
[V.S.VERMA]
MEMBER

Sd/-
[DR.PRAMOD DEO]
CHAIRPERSON