

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 28/2011

**Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayarman, Member
Shri V.S.Verma, member
Shri M.Deena Dayalan, Member**

Date of Order: 18.7.2012

In the matter of

Approval of tariff of Sipat Super Thermal Power Station, Stage-I (1980 MW) for the period from the date of commercial operation to 31.3.2014.

AND

In the matter of

Grant of provisional tariff of Sipat Super Thermal Power Station, Stage-I (1980 MW) for Unit-I from 1.4.2012 to 24.5.2012 and for Unit-I and II combined for the period from 25.5.2012 till date of commercial operation of Unit-III.

AND

In the matter of

NTPC Ltd, New Delhi

.....**Petitioner**

Vs

- (1) Madhya Pradesh Power Trading Company Ltd, Jabalpur
- (2) Maharashtra State Electricity Distribution Co. Ltd, Mumbai
- (3) Gujarat Urja Vikas Nigam Ltd, Vadodara
- (4) Chhattisgarh State Power Distribution Co. Ltd, Raipur
- (5) Electricity Department, Govt. of Goa, Goa
- (6) Electricity Department, Administration of Daman & Diu, Daman
- (7) Electricity Department, Administration of Dadra and Nagar Haveli, Silvassa

...Respondents

ORDER

The petitioner, NTPC Ltd, has filed this petition for approval of tariff for Sipat Super Thermal Power Station, Stage-I (1980 MW) ("the generating station") from the anticipated commercial operation of Unit-I i.e from 1.2.2011 to 31.3.2014, in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Regulations").Based on the submissions of the

petitioner by its letter dated 17.10.2011 that Unit-I of the generating station has been declared under commercial operation with effect from 1.10.2011, the provisional tariff of Unit-I was allowed from 1.10.2011 to 31.3.2012 by Commission's order dated 3.11.2011 in the said petition, based on the capital cost of ₹315999.00 lakh. In the said order, the Commission had also granted liberty to the petitioner to amend the petition taking into consideration the date of commercial operation of Unit-II of the generating station in terms of the provisions of the 2009 Tariff Regulations.

2. The petitioner vide its affidavit dated 24.4.2012 has revised the tariff calculations in the original petition, taking into account the actual audited capital expenditure upto the date of commercial operation of Unit-I from 1.10.2011 and the projected capital expenditure upto the anticipated date of commercial operation of Unit-II (1.5.2012) and Unit-III (1.10.2012) respectively.

3. 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.

4. 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.”

5. Subsequently, the petitioner vide its letter dated 24.5.2012 has submitted that Unit-II of the generating station has been declared under commercial operation from 25.5.2012 and has prayed for grant of provisional tariff in order to enable it to bill the respondents for the power supplied from both the units of the generating station.

6. The petitioner has filed this petition in compliance with Clauses (1) and (2) of Regulation 5 of the 2009 Tariff Regulations and has amended the same in terms of the directions contained in our order dated 3.11.2011. The petitioner has published the notice in the newspapers as regards its filing of the tariff petition and served copies of the petition on the beneficiaries. Reply from none of the respondents has been received. Since the petitioner has complied with the provisions of Clauses 1 and 2 of Regulation 5 of 2009 Regulations, provisional tariff can be granted.

7. The provisional tariff granted by order dated 3.11.2011 for Unit-I of the generating station is applicable till 31.3.2012. Unit-II of the generating station has been declared under commercial operation on 25.5.2012. Accordingly, we propose to grant the provisional tariff in respect of Unit-I from 1.4.2012 to 24.5.2012 and for Unit-I and II (combined) from 25.5.2012 till date of commercial operation of Unit-III of the generating station, by this order, in exercise of our power under Clause (4) of Regulation 5 of the 2009 Tariff Regulations.

Time and Cost overrun

8. The question of time overrun and cost overrun involved in the project would be examined at the time of determination of final tariff of the generating station.

Capital Cost

9. The investment approval of the project was accorded by NTPC Board on 8.12.2003 at a cost of ₹9456.12 crore including IDC, FC, FERV and FERV hedging cost. The petitioner has claimed the actual capital cost as on the date of commercial operation of Unit-I (1.10.2011), anticipated capital cost as on the anticipated date of commercial operation of Unit-II (1.5.2012), in Form 5B of the petition as under:

	Actual capital expenditure as on the date of commercial operation of Unit-I i.e. 1.10.2011	Estimated capital expenditure as on the date of commercial operation of Unit-II (1.5.2012) (cumulative)
Capital cost	288538	455015
Add: IDC,FC,FERV& Hedging cost	80644	144650
Capital cost	369182	599665

10. The projected additional capital expenditure claimed from the anticipated date of commercial operation of Unit-I i.e from 1.10.2011 to 31.3.2014 is as under:

	2011-12 (1.10.2011-31.3.2012)	2012-13 (1.4.2011-30.4.2012)	2012-13 (1.5.2012-30.9.2012)	2012-13 (1.10.2012-31.3.2012)	2013-14
	0	0	0	22682	40321

11. The following operational norms for 500 MW units and above has been considered in accordance with the provisions of the 2009 Tariff Regulations:

Sl. No	Description	
1.	Target Availability	85%
2.	Heat Rate (kcal/kwh)	2380.59
3.	Auxiliary power consumption	6.5%
4	Specific Oil Consumption (ml/kwh)	1.0

Unit-I (from 1.4.2012 to 24.5.2012)

12. Based on the capital cost of ₹369182 lakh, the annual fixed charges claimed by the petitioner for Unit-I of the generating station is ₹79365 lakh during 2012-13. After carrying

out due prudence check, we allow the provisional annual fixed charge of ₹75653.25 lakh for Unit-I of the generating station from 1.4.2012 to 24.5.2012. The interest rates on loans and working capital claimed by the petitioner have been considered. All other components of annual fixed charges have been considered as per the provisions of the 2009 Tariff Regulations.

Unit-I and II (combined) from 25.5.2012 to date of commercial operation of Unit-III

13. Based on the capital cost of ₹599665 lakh for Unit I & II (combined), the annual fixed charge claimed by the petitioner during 2012-13 (from 1.5.2012 to 30.9.2012) is ₹133158 lakh. The capital cost as on the date of commercial operation of Unit-II (cumulative) as on 1.5.2012 is restricted to 90% of the projected capital cost of ₹599665 lakh, which works out to ₹539698.50 lakh and the same has been considered for determination of annual fixed charges on provisional basis. Interest rates on loans and working capital as claimed by the petitioner have been considered. All other components have been considered as per the provisions of the 2009 Tariff Regulations.

14. After carrying out due prudence check, we allow the provisional annual fixed charges of ₹123836.94 lakh for Units-I and II (combined) of the generating station from 25.5.2012 till the date of commercial operation of Unit-III of the generating station, based on the capital cost of ₹539698.50 lakh. The provisional annual fixed charges allowed are subject to adjustment in terms of clause (4) of Regulation 5 of 2009 Tariff Regulations.

Energy Charge Rate

15. Energy Charge Rate of 105.048 paise/kWh has been worked out based on the weighted average price, GCV of fuel procured and burnt for the preceding three months of July, 2011 to September, 2011 and the operational norms specified under the 2009 Tariff Regulations. Energy Charge Rate, on month to month basis, shall be calculated in terms of Clause 6 (a) of Regulation 21 of the 2009 Tariff Regulations.

16. The provisional annual fixed charges determined on annualized basis as above is applicable *pro rata* to the number of days the said Units would run from the date of their commercial operation till the date of commercial operation of Unit-III of the generating station.

17. The petitioner shall revise the figures in the petition taking into consideration the date of commercial operation of Unit-III of the generating station, in terms of the provisions of the 2009 Tariff Regulations, which will be considered in accordance with law.

18. The provisional annual fixed charges allowed above is subject to adjustment as per proviso to Clause (3) of Regulation 5 of the 2009 Tariff Regulations.

Sd/-
[M.DEENA DAYALAN]
MEMBER

Sd/-
[V.S.VERMA]
MEMBER

Sd/-
[S.JAYARAMAN]
MEMBER

Sd/-
[DR.PRAMOD DEO]
CHAIRPERSON