

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 257/2010

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

Date of Order: 25.5.2012

In the matter of

Approval of tariff of Pragati-III Combined Cycle Power Project (1371 MW) of Pragati Power Corporation Ltd from the date of commercial operation upto 31.3.2014.

And

In the matter of

Grant of provisional tariff in respect of Gas Turbine (GT-1) in Open cycle mode (216 MW) from 27.12.2011 to 31.3.2012 and for one GT with Associated Waste Heat Recovery unit from 1.4.2012 to 31.3.2014 in Combined Cycle mode (342.80 MW) of Pragati-III Combined Cycle Power Project.

And

In the matter of

Pragati Power Corporation Ltd, New Delhi

.....**Petitioner**

Vs

1. BSES Yamuna Power Ltd, New Delhi
2. New Delhi Municipal Council, New Delhi
3. North Delhi Power Ltd, Delhi
4. BSES Rajdhani Power Ltd, New Delhi
5. Punjab State Power Corporation Ltd, Patiala
6. Haryana Power Purchase Centre, Panchkula

.... **Respondents**

ORDER

The petitioner, Pragati Power Corporation Ltd (PPCL) has filed this petition for approval of tariff of Pragati-III Combined Cycle Power Project (1371.20 MW), (hereinafter referred to as "the generating station") based on the capital expenditure projected to be incurred from the date of commercial operation of Block-I and Block-II to 31.3.2014, in accordance with Central Electricity



Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations").

2. The capacity configurations of the generating station along with their scheduled dates of commercial operation (as per petition) are as under:

| | Unit | Capacity | Scheduled date of commercial operation |
|-------------------------|------------------|-------------------|---|
| Block-I | Gas Turbine -1 | 216 MW | 31.3.2011 |
| | Gas Turbine -2 | 216 MW | |
| | Steam Turbine -1 | 253.6 MW | |
| | Total | 685.60 MW | |
| Block-II | Gas Turbine -3 | 216 MW | 31.7.2011 |
| | Gas Turbine -4 | 216 MW | |
| | Steam Turbine -2 | 253.6 MW | |
| | Total | 685.60 MW | |
| Station Capacity | | 1371.20 MW | |

3. Pursuant to the preliminary hearing of the petition on 21.9.2010, the petitioner was directed by letter dated 3.11.2010 for submission of additional information. The petitioner by affidavit dated 7.6.2011, submitted additional information and had also revised the estimated project cost and indicated the revised dates of commercial operation of Block-I and Block-II of the generating station as 1.7.2011 and 1.1.2012 respectively.

4. The petitioner has filed Interlocutory Application (I.A.) No.24/2011 by affidavit dated 8.12.2011 with the following main prayers among others:

(a) To approve the estimated capital cost of ₹714.67 Crore for determination of tariff for one Gas Turbine and similarly ₹1134.215 Crore for one gas turbine and its associated Waste Heat Recovery Unit;

(b) To approve the fixed cost of ₹217.14 Crore for open cycle operation of one GT & ₹320.18 Crore for combined cycle operation of one GT and its associated Waste Heat Recovery Unit on annualized basis;

- (c) To approve the norms of operation as proposed in this petition;
- (d) To approve the tariff in combined cycle mode for the whole station based upon earlier submissions;
- (e) To approve the recovery of provisional tariff of 95% for recovery of fixed cost, in case of delay in issuing tariff order;
- (f) To approve the recovery of fuel cost as per the regulations;

5. The petitioner has intimated that GT-I in open cycle mode for installed capacity of 216 MW has achieved commercial operation on 27.12.2011 and GT-I with Associated Waste Heat Recovery Unit and ST-I in combined cycle mode for a capacity of 342.80 MW has achieved commercial operation w.e.f 1.4.2012. Pending determination of final tariff of the units of the generating station, we have decided to consider the prayer of the petitioner to grant provisional tariff in respect of those units which have been commissioned.

6. Regulation 5 (4) of the 2009 Tariff Regulations, amended on 2.5.2011, 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.”

7. The petitioner has filed this petition in accordance with Clauses (1) and (2) of Regulation 5 of the 2009 Tariff Regulations. The petitioner has published the notice in the newspapers as regards its filing of the tariff petition. The petitioner has 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 & 2 of Regulation 5 of 2009 Regulations, provisional tariff can be granted.



8. As per the affidavit dated 7.6.2011 submitted by the petitioner, estimated capital cost of the project as approved by the Board of Directors of the petitioner's company and the Cabinet of Govt. of National Capital Territory of Delhi is ₹4536.20 crore including IDC, FC, FERV and Hedging Cost. The petitioner has not furnished the actual capital cost incurred upto COD of GT-I in open cycle mode and COD of GT-I and ST-I in combined cycle mode and the estimated cost of completion of the project. In the absence of actual project cost of the units/blocks, the approved project cost has been considered for the purpose of determination of provisional tariff. It is noticed that the petitioner has retained an amount of ₹165.90 crore towards liquidated damages against the contractor for the delay which shall be adjusted at the time of closure of the contract. Accordingly, this amount has been excluded from the capital cost which now stands at ₹4370.30 crore. After carrying out the prudence check, the Commission has considered ₹524.81 crore as the capital cost for GT-I in open cycle mode and ₹1037.94 crore as the capital cost of GT-I and ST-I in combined cycle mode for the purpose of determination of provisional tariff.

9. The interest rates on loans and working capital as claimed by the petitioner have been considered. As regards the O&M expenses, the petitioner has claimed on the basis of the norms in terms of ₹ lakh/MW as against the O&M norms specified in the 2009 Regulations on the ground that the gas turbines are advanced class machines and the petitioner has entered into long term service agreement with the OEM. After comparing the O&M cost with other Gas Based generating stations using the advanced class machine, the O&M expenses based on the norms claimed by the petitioner have been allowed. All other components of annual fixed charges have been considered as per the provisions of the 2009 Tariff Regulations.

10. Based on the above, and after carrying out due prudence check, we allow the provisional annual fixed charges of the generating station for GT-I (in open cycle mode) from 27.12.2011 till



31.3.2012 and GT-I (with associated Waste Heat Recovery & ST-I in combined cycle mode) from 1.4.2012 to 31.3.2014, or till the final determination of tariff, whichever is earlier, as under:

| | From | To | (₹ in lakh) Annual fixed charges |
|--------------------------------------|------------|-----------|-------------------------------------|
| GT-1 in open cycle mode | 27.12.2011 | 31.3.2012 | 17402.89 |
| GT-1 and ST-1 in combined cycle mode | 1.4.2012 | 31.3.2013 | 30356.30 |
| | 1.4.2013 | 31.3.2014 | 30356.30 |

11. Energy Charge Rate of 443.893 paise/kWh (for open cycle mode) and 303.291 paise/kWh (for combined cycle mode) has been worked out based on the weighted average price, GCV of fuel procured and burnt for the preceding two months of October, 2011 and November, 2011 and the operational norms specified under the 2009 Tariff Regulations.

12. Energy Charge Rate, on month to month basis, shall be calculated in terms of Clause 6 (b) of Regulation 21 of the 2009 Tariff Regulations.

13. 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.

14. The prayer in the interlocutory application (I.A.No.24/2011) for grant of provisional tariff is disposed of in terms of the above.

Sd/-
[M.DEENA DAYALAN]
MEMBER

sd/-
[V.S.VERMA]
MEMBER

sd/-
[S.JAYARAMAN]
MEMBER

sd/-
[DR.PRAMOD DEO]
CHAIRPERSON

