

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 229/2010

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

Date of Order: 1.5.2012

In the matter of

Determination of generation tariff of Indira Gandhi Super Thermal Power Project, (3 x 500 MW) of Aravalli Power Company Private Ltd, from the anticipated date of commercial operation of Unit-I from 1.10.2010 to 30.3.2011, Unit-II from 31.3.2011 to 31.8.2011 and Unit-III from 1.9.2011 to 31.3.2014.

And

In the matter of

Grant of provisional tariff for Indira Gandhi Super Thermal Power Project, (3 x 500 MW) of Aravalli Power Company Private Ltd, for Unit-I and Unit-II from 21.4.2012 till the date of commercial operation of Unit-III.

And

In the matter of

Aravalli Power Company Private Ltd, New Delhi
Vs

.....Petitioner

1. Haryana Power Purchase Centre, Panchkula
2. North Delhi Power Ltd, Delhi
3. BSES-Rajdhani Power Ltd, New Delhi
4. BSES-Yamuna Power Ltd, Delhi

.... Respondents

ORDER

The petitioner, Aravalli Power Company Private Ltd (APCPL) has filed this petition for determination of tariff of Indira Gandhi Super Thermal Power Project, (3 x 500 MW) ('the generating station') for the period from the anticipated date of commercial operation (COD) of

Unit-I from 1.10.2010 to 30.3.2011, Unit-II from 31.3.2011 to 31.8.2011 and Unit-III from 1.9.2011 to 31.3.2014.

2. Subsequently, the petitioner by Interlocutory Application I.A.No.9/2011 in Petition No. 229/2010 had submitted that the commercial operation of Unit-I of the generating station was declared on 5.3.2011 and prayed that provisional tariff for the said unit be granted. Accordingly, in terms of Clause 4 of Regulation 5 of the 2009 Tariff Regulations, the Commission by its order 2.11.2011 disposed of the said I.A and granted provisional annual fixed charges of ₹75790.05 lakh for Unit-I of the generating station from 5.3.2011 till the date of commercial operation of Unit-II of the generating station, based on the capital cost of ₹372852.00 lakh as claimed by the petitioner. Also, the Commission in the said order observed as under:

“8. The provisional tariff determined on annualized basis as above is applicable pro rata to the number of days the Unit-I would run from the date of commercial operation of the said unit till the date of commercial operation of Unit-II of the generating station.

9. xxxx

10. The petitioner shall amend the petition taking into consideration the expected date of commercial operation of Unit-II of the generating station in terms of the provisions of the 2009 regulations, which will be considered in accordance with law.”

3. In compliance with the above directions, the petitioner by its affidavit dated 16.2.2012 has amended the petition, taking into consideration the actual audited capital expenditure as on the date of commercial operation of Unit-I (5.3.2011) and the projected additional capital expenditure from 5.3.2011 to the anticipated date of commercial operation of Unit-II (1.3.2012) and the projected additional capital expenditure from 1.3.2012 to the anticipated date of commercial operation of Unit-III (1.9.2012) of the generating station. The revised capital cost (actual/projected) claimed by the petitioner for Units-I to III of the generating station is as under:

<i>(₹ in lakh)</i>			
	Actual Capital cost as on COD of Unit-I (5.3.2011)	Projected capital cost as on COD of Unit-II (1.3.2012)	Projected capital cost as on COD of Unit-III (1.9.2012)
Capital cost claimed	311705	518692	733911

4. While so, the petitioner by its letter dated 3.4.2012 has submitted that Unit-II of the generating station was likely to be declared under commercial operation on 20.4.2012 and accordingly prayed that the provisional tariff of Units-I and II may be granted by the Commission. Subsequently, it has been informed that Unit-II of the generating station has been declared under commercial operation on 21.4.2012.

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 and has also amended the petition in terms of the directions of the Commission. Keeping in view that the provisional tariff granted by order dated 2.11.2011 for Unit-I of the generating station is applicable till the date of commercial operation of Unit-II and since Unit-II has been declared under commercial operation on 21.4.2012, we consider the

grant of provisional tariff in respect of Units-I and II (combined) from 21.4.2012 till the date of commercial operation of Unit-III, by this order, based on the petition filed in terms of Regulation 5(1) of the 2009 Tariff Regulations.

7. Clause 4 of Regulation 5 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.”

8. In exercise of power under Clause 4 of Regulation 5 of the 2009 Tariff Regulations, we hereby grant provisional tariff in respect of Units-I and II (combined) of the generating station from 21.4.2012, till the date of commercial operation of Unit-III of the generating station, pending determination of the final tariff, as stated in the subsequent paragraphs.

9. The capital cost as on the date of commercial operation of Unit-II (21.4.2012) has been restricted to 90% of the projected cost of ₹518693 lakh, which works out to ₹466822.80 lakh and the same is 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.

10. Based on the above, and after carrying out due prudence check, we allow the provisional annual fixed charges of ₹113404.24 lakh for Units-I and II (combined) of the generating station from 21.4.2012 till the date of commercial operation of Unit-III of the generating station, based on the capital cost of ₹466822.80 lakh. The provisional annual fixed charges allowed are subject adjustment in terms of clause (4) of Regulation 5 of 2009 Tariff Regulations.

11. Energy Charge Rate of 226.865 paise/kWh has been worked out based on the weighted average price, GCV of fuel procured and burnt for the preceding three months of December, 2010, January, 2011 and February, 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.

12. 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.

13. 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.

14. 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