

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 204/GT/2011 (Docket No. 21/GT/2011)**

Subject: Approval of Tariff of Farakka Super Thermal Power Station, Stage-III (1x500 MW) for the period from actual COD (i.e. 04.04.2012) to 31.03.2014.

Date of Hearing: 18.6.2013

Coram: Shri V.S. Verma, Member  
Shri M. Deena Dayalan, Member

Petitioner: NTPC Ltd., New Delhi

Respondents: WBSEDCL, Kolkata and 5 others

Parties Present: Shri Ajay Dua, NTPC  
Shri Guryog Singh, NTPC  
Shri K.K. Narang, NTPC  
Shri Umesh Ambati, NTPC  
Shri Y.R. Dhingra, NTPC  
Shri S.K. Sharma, NTPC  
Shri Bhupinder Kumar, NTPC  
Shri Rohit Chhabra, NTPC  
Shri R.B.Sharma, Advocate, GRIDCO & JSEB  
Shri Dadan Singh, BRBCL

**RECORD OF PROCEEDINGS**

The petitioner, NTPC, has filed this petition for determination of tariff of Farakka Super Thermal Power Station, Stage-III (1x500 MW) ('the generating station') for the period from the date of anticipated commercial operation i.e. from 1.10.2011 to 31.3.2014, based on the CERC (Terms and Conditions of Tariff) Regulation 2009 ( 'the 2009 Tariff Regulations').

2. During the hearing, the representative of the petitioner submitted as under:
- a) The scheduled date of commercial operation as per investment approval was 46 months. The actual COD is 4.4.2012.
  - b) The power equivalent to a capacity of 425 MW has been allocated by the Ministry of Power to the Eastern Region and 75 MW of power is to be sold outside through long term PPA.
  - c) The investment approval for the project was given on 30.10.2006 and MOEF clearance was obtained on 7.2.2007.
  - d) The delay in completion of the project was due to various reasons as submitted in the petition which are beyond the control of the petitioner.

- e) M/S BHEL could not finalise the sub vender for Boiler erection due to on participation of qualified bidders in the bidding process. One temporary agency M/S Golden Edge Engineering Ltd. was engaged by BHEL to start the boiler erection and to complete the work of drum lifting and the same took one and half months for mobilization of resources at site. On account of this there was a delay of 9 months for boiler erection work despite all efforts.
- f) Also BHEL could not supply the main heavy lift crawler crane for 600 MT high capacity. With all efforts by the petitioner, the 600 MT High Capacity Crane was made available to BHEL. In view of this, there was stoppage of work for almost 2 months due to non mobilization of high capacity crane by BHEL.
- g) In addition to the above, the project site experienced heavy rainfall of 1400 mm and 1100 mm during the years 2007 and 2011 respectively. Hence, the civil works which were critical and important for all the erection activities could not take place.

3. On a specific query by the Commission, as to the nature of civil works undertaken, the representative of the petitioner clarified that the nature of civil works along with detailed justification for the delay as sought for by the Commission has been submitted which may be considered by the Commission.

4. On a further query by the Commission as to why the beneficiaries should be burdened on account of the non performance of the contract by the sub contractors, the representative of the petitioner clarified that the reasons for the delay in the completion of the works are beyond the control of the petitioner and the same cannot be attributable to the petitioner.

5. In response to the above, the learned counsel of the respondent, GRIDCO submitted as under:

- (a) Since time is the essence of the contract and the contractor having agreed to complete the work within the given time, any delay due to non performance is attributable to the sub contractor for which the beneficiaries cannot be burdened.
- (b) The investment approval accorded by the board of the petitioner company on 31.10.2006 does not disclose the scheduled date of the commissioning of the project. Though the unit was synchronized on 7.3.2011, the same was declared under commercial operation on 4.4.2012. There is huge cost and time over run in completion of the project for which no proper justification has been submitted. The cost of the project when completed works out to ₹ 5.76 crore/MW. The cost overrun has been 12.12% to the hugely over estimated cost for an expansion project.
- (c) The details of capital expenditure incurred as on COD along with proposed additional capital expenditure during the years 2012-13 & 2013-14 has not been submitted under an auditor certificate.
- (d) The COD of the project is 4.4.2012 resulting into a total time over-run of 31 months from the date of investment approval. The petitioner has not been able to establish that the delay of 31 months was beyond its control. In view of this IDC and IEDC for time over run may not be allowed.

- (e) The application of FIFO method of repayment of loan which may result in higher IDC in case of on-going project may not be considered.
- (f) The revenue earned by the petitioner from sale of infirm power, after accounting for fuel expenses is to be applied for reduction of capital cost. The amount covered under the head "construction and pre commissioning expenses" amounting to ₹ 134.71 crores may not be allowed as the same is against the provision of the 2009 Tariff Regulations.
- (g) The figures in the profit and loss accounts do not tally with the information submitted by the petitioner in Annexure- II of the petition.
- (h) The petitioner has not clearly indicated the long term linkages of coal for the unit and solution for coal shortage in the petition.
- (i) Detailed reply filed by the respondent GRIDCO may be adopted for the respondent JSEB also.

6. The learned counsel for the petitioner NTPC submitted that the documents as regards investment approval for the project have been submitted. He also submitted that auditor certificate as required under Regulation 5(2) of the 2009 tariff regulations have also been submitted.

7. On a specific query by the Commission, as regard infirm power injected and the fuel cost involved, the representative of the petitioner clarified that from 2008 onwards the rate of infirm power has been linked to UI rate and with the improvement in the frequency the average UI rate is reduced. For generation from this station as infirm power the revenue is recovered based on the UI rate at that time of the generation. Since the COD of the generating station on 4.4.2012 onwards, the infirm power has been ₹1.65 paisa and the same is expected to increase further. The representative submitted that the rejoinder filed in the matter may be considered.

8. The Commission after hearing the parties reserved its order in the petition.

By order of the Commission

Sd/-  
(T. Rout)  
Joint Chief (Law)