

CENTRAL ELECTRICITY REGULATORY COMMISSION
4th Floor, Chanderlok Building, 36, Janpath, New Delhi- 110001
Ph: 23753942 Fax-23753923 New Delhi

Petition No. 11/GT/2012

Date: 21.10.2013

To,

Director (Commercial),
Damodar Valley Corporation,
DVC Towers, First Floor,
VIP Road,
Kolkatta-700054

Sir,

Subject: Petition No. 11/GT/2012: Determination of tariff in respect of Durgapur steel Thermal Power Station Units 1&2 (2x500 MW) from the respective dates of their commercial operation.

With reference to the subject mentioned above, I am directed to request you to furnish the following information on affidavit, with advance copy to the respondents, latest by **05.11.2013**:

1. Audited accounts as on 31.03.2013 and reconciliation statement of capital cost as per books of accounts and the amount claimed in Form No. 5B duly certified by the auditor shall be submitted.
2. In Form No. 5B, an amount of ₹947.63 Crore and ₹1240 Crore is shown as IDC as on COD of Unit 1 and Unit 2 respectively. Hence, the following details in respect of these figures shall be submitted:
 - a. Amount of actual IDC
 - b. Amount of Notional IDC, if any
 - c. Amount Capitalized
 - d. Amount charged to Profit and loss account
3. In Form No. 5B, an amount of ₹362.33 Crore is shown as provision/Liabilities. Hence, the following details shall be submitted:
 - a. Item-wise details of liabilities included in capital cost as on COD of 1st unit and each subsequent period
 - b. Discharges of liabilities (item-wise) in each period by showing the nature of discharge i.e., by reversal or by payment, etc.
4. The following forms shall be submitted:
 - a. Form No. 9A and 9B showing capital cost (gross block) and CWIP as on COD and for each subsequent period.
 - b. Form No.10 showing the financing of additional capitalization
 - c. Form No. 14 A showing the actual cash expenditure and its source of fund (Debt/Equity). Moreover, details given in Appendix-VIII towards actual cash expenditure are incomplete.
5. It is observed in Form No.11 that the weighted average rate of depreciation of Mejia 5&6 i.e., 7.745% has been considered as the weighted average rate of depreciation for this unit also. Since, this is not in conformity to Regulation 43(2)(3) of the 2009 Tariff Regulations, the asset-wise information of gross block as on COD in Form No. 11 for calculating the depreciation rate as per Regulation 43(2)(3) of the 2009 Tariff Regulations shall be submitted

6. As per the disclosure document for placement of secured redeemable bond submitted as Annexure-XIII, the amount to be raised by issue of redeemable bonds is ₹4400 Crore. However, the balance sheet for the period ending 31.03.2012 shows the issue of only ₹1700 Crore. during the year. Hence, the reason for this difference shall be submitted.
7. The contribution towards sinking fund created for the redemption of bonds of ₹1600 Crore has been claimed for old stations including Mejia-IV in the year 2011-12 in Petition Nos. 268/GT/2012 to 276/GT/2012. However, as per the funding pattern submitted at Annexure-XIV, it is noticed that the majority of the proceeds from issue of bonds has been utilized for financing the new projects of DVC. Hence, the actual deployment of fund shall be submitted/clarified.
8. Since difference in IDC amount in Form No.14 and the detailed calculation of IDC shown in Appendix-V to VII of the petition has been noticed, clarification shall be submitted for the following:
 - a. Editable soft copy of calculation of IDC/Notional IDC showing all links
 - b. Calculation of weighted average rate of interest applied in IDC calculations.
 - c. Documentary proof for verifying the interest rates at each reset in the case of REC loan.
9. The statement of cash expenditure submitted at Appendix VIII (page-55) of the petition shows cash payments from August, 2002 onwards. However, it is observed from the minutes of meeting submitted at Annexure-XII that the cost estimates are approved on 30.04.2007. In this regard, the following documents shall be submitted:
 - a. Copy of previous resolutions, if any, approving the investment and/or copies of any approvals from any authority approving the investment proposal prior to August, 2002.
 - b. the copy of all board resolutions approving the investment, as difference is noticed between the estimated capital cost shown in Form No.5A and the amount as per Board's approval dated 30.04.2007 at Annexure-XII .

Further action in this matter will be taken on receipt of the above information / clarification.

Yours faithfully,

Sd/-
(B. Sreekumar)
Deputy Chief (Law)