

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 9/RP/2015

Subject : Review under Section 94 (f) read with Regulation 103 91) of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 of order dated 7.5.2015 in Petition No. 68/MP/2013 regarding revision of pooled lignite price on account of inclusion of Mine-II Expansion lignite cost for the period from 2010-11 to 2013-14.

Date of hearing : 14.7.2015

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member

Petitioner : Neyveli Lignite Corporation Limited (NLC)

Respondents : Tamil Nadu Generation and Distribution Corporation Ltd. and others

Parties present : Shri M.G. Ramachandran, Advocate, NLC
Ms. Anushree Bardhan, Advocate, NLC
Shri J. Dhanasekaran, NLC

Record of Proceedings

Learned counsel for the Review Petitioner submitted that the present review petition has been filed seeking review of the Commission's order dated 7.5.2015 (Impugned order) in Petition No. 68/MP/2013 regarding revision of pooled lignite price on account of inclusion of Mine-II Expansion lignite cost for the period from 2010-11 to 2013-14. Learned counsel for the Review Petitioner further submitted as under:

(a) In para 31 of the Impugned order, the Commission has decided the two aspects, namely (i) the incentive earned by NLC corresponding to enhanced availability above the NAPAF of 75% in case of TPS-II Stage-I and Stage-II stations shall be refunded to the beneficiaries and (ii) the revenue earned by selling lignite to outside agencies shall also be accounted for the benefit of the beneficiaries. The reason for the decision on the first aspect is that the NAPAF of 75% was specified in due consideration of limited mining capacity of linked mines but the lignite available from mine II expansion led to higher availability. However, no reasons have been given in regard to the second aspect regarding revenues earned by selling lignite to outside agencies to be accounted for the benefit of the beneficiaries.

(b) With regard to the first aspect, the incentive of NAPAF between 75% and 80% should alone have been subjected to adjustment. Even if the limited mining capacity of linked mines was not there at the time of deciding on the NAPAF of TPS II Stage I and II, the Commission would have decided on the NAPAF to be at the maximum 80%.

(c) With regard to the second aspect, the lignite cost was already apportioned between the beneficiaries and the outside agencies. Hence there cannot be any further adjustment for the revenue earned by selling lignite to outside agencies in favour of the beneficiaries. Neither Ministry of Coal Guidelines, 2014 nor the earlier guidelines for pricing of lignite have any mention about passing the benefits of open sales. The Ministry of Coal Guidelines, 2014 are specifically permitted the review petitioner to make sale of lignite to third parties.

2. After hearing the learned counsel for the review petitioner, the Commission directed to issue notice to the respondents. The petitioner was directed to serve copy of the review petition on the respondents immediately. The respondents were directed to file their replies by 31.7.2015 with an advance copy to the petitioner who may file its rejoinder, if any, by 14.8.2015.

3. The Commission had directed the review petitioner to submit the Ministry of Coal Guideline, 2014 within two days. Learned counsel submitted that the same would be complied with.

4. The review petitioner is directed to file the Ministry of Coal Guidelines, 2014, by 31.7.2015, if not filed already.

5. The Commission directed to list the petition for hearing on 18.8.2015 on the question of admissibility and maintainability of the petition.

By order of the Commission

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