

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 07/GT/2016**

Subject : Revision of tariff of Udupi Thermal Power Station (2 x 600 MW) for the period from 11.11.2010 to 31.3.2014, after truing up exercise.

Date of hearing : **29.9.2016**

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

Petitioner : Udupi Power Corporation Ltd

Respondents : Power Company of Karnataka Ltd & others

Parties present : Shri Sanjay Sen, Senior Advocate, UPCL  
Shri Sakhya Singha Chaudhari, Advocate, UPCL  
Shri Avijeet Lala, Advocate, UPCL  
Ms. Shruti Dass, UPCL  
Shri Sanjay Jain, Senior Advocate, PCKL  
Shri D. L. Chidananda, Advocate, PCKL  
Shri U. Bharatheesha Rao, PCKL  
Shri B.M. Chandra Shekhar, PCKL

**Record of Proceedings**

During the hearing, the learned senior counsel for the petitioner made submissions on various issues including initial spares, impact of reduction of un-discharged liability, computation of IDC, Return on equity, etc., and prayed that tariff of the generating station may be revised accordingly as claimed in the petition, after truing-up exercise for the period 2009-14. As regards the sale of infirm power, the learned counsel submitted that the respondents, Karnataka escoms have made partial payments towards infirm power invoices raised on applicable UI rates and stated that there is an under recovery of ₹127.92 crore which is eligible for upward adjustment in the capital cost in accordance with Regulation 11 of the 2009 Tariff Regulations.

2. In response, the learned senior counsel for the respondent, PCKL mainly submitted as under:

(i) The escoms of Karnataka have already paid the amount of ₹104.07 crore towards infirm power generated by the petitioner from June, 2010 to 11.11.2010 for Unit-I and March, 2011 to August, 2012 for Unit-II. The petitioner had also not obtained any prior approval of the Commission for injecting infirm power beyond the scheduled COD and hence the upward adjustment in capital cost cannot be considered.

(ii) The claim of the petitioner towards initial spares cannot be allowed as the same has decided by the Commission in terms of Regulation 8 of the 2009 Tariff Regulations. The issue has already been settled by the Commission based on the directions of the Appellate Tribunal for Electricity (*in Appeal No. 108 of 2014*)

(iii) The Commission in its order dated 10.7.2015 had allowed the un-discharged liability as projected additional capital expenditure for the period from 19.8.2012 to 31.3.2014. Moreover, the Commission shall disallow the additional capital expenditure over and above the actual expenditure incurred for the said period.



(iv) The claim of the petitioner for inclusion of ₹171.2 crore in capital cost in respect of infirm power, initial spares and difference in IDC (₹ 4.51 crore) may be disallowed as they are not qualified to be included in capital cost.

(v) The contention of the petitioner to consider actual infusion of equity capital for considering ROE is not maintainable since the same has been considered by the Commission in order dated 10.7.2015. Moreover, the Commission may disallow the grossed up percentage of ROE in respect of MAT.

(vi) Detailed reply filed in the matter may be considered.

3. The Commission after hearing the parties directed the petitioner to submit additional information on affidavit, with copies to the other, on or before 4.11.2016, on the following:

- (i) Revised Form-9A & 9B as on COD of Unit-I, 31.3.2011, 31.3.2012, COD of Unit-II, 31.3.2013 and 31.3.2014 as flow of liability from CWIP to gross block does not match with details in Form-9A & Form 9B. The details of actual position of gross block and CWIP shall be submitted instead of details on projected basis;
- (ii) Statement showing flow of liabilities (asset / package-wise, party-wise) during the period from Station COD to 31.3.2013 and 2013-14 respectively, showing the following details:
  - a) Opening balance;
  - b) Addition during the period, if any;
  - c) Discharges during the period, if any;
  - d) Reversals during the period, if any; and
  - e) Closing balance.

4. No extension of time shall be granted for any reason whatsoever. In case the additional information/ submissions are not filed within the due date mentioned, the matter shall be decided based on available records.

5. Subject to above, order in the petition was reserved.

By Order of the Commission

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

