

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 204/GT/2015

Subject: Truing up of additional capital expenditure of Durgapur Steel Thermal Power Station, Unit – I & II (1000MW) for the period 2009-14

Petition No. 205/GT/2015

Subject: Approval of tariff of Durgapur Steel Thermal Power Station, Unit – I & II (1000 MW) for the period 2014-1919.

Petitioner : DVC Limited

Respondents : Delhi Transco Limited & Others

Petition No. 115/GT/2015

Subject: Approval of tariff of Mejia Steel Thermal Power Station, Unit – 5 & 6 (1000 MW) for the period 2009-14.

Petitioner : DVC Limited

Respondents : WBSEDCL & 2 Others

Date of hearing : **12.1.2016**

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

Parties present : Shri. M.G. Ramachandran, Advocate DVC
Ms. Anushree Bardhan, Advocate, DVC
Shri Subrata Ghosal, DVC
Shri Jisnu Dutta, DVC
Shri Bishnu Pada Kayal, DVC

Record of Proceedings

These petitions were taken up for hearing today.

2. The representative of the petitioner made detailed submissions in the matter and prayed that tariff of the generating station for the period 2009-14 and 2014-19 may be determined as claimed in the petitions. He further submitted that additional information as sought for by the Commission has been filed and copy has been served on the respondents.

3. None appeared on behalf of the respondents. The Commission directed the petitioner to file the following additional information on affidavit, by 10.2.2016 with advance copy to the respondents as detailed under:



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- i) Detailed calculation of IDC including date of drawl, date of repayment, rate of interest, etc.;
- ii) Editable soft copy of all forms with calculations;
- iii) Approval of the competent authority for the additional capital expenditure proposed to be incurred in 2014-19 and a note on the procedure adopted for approval of such proposals;
- iv) The applicable tax rate for grossing up of Return on Equity as claimed is Minimum Alternate Tax rate for 2014-19. Clarification/ justification for the tax rate that has been claimed as no tax has been paid during the years 2013-14 and 2014-15;
- v) Reasons for not claiming additional O&M towards CISF Security, Mega Insurance and share of Subsidiary Activities in original petition along with:
 - a) The documentary evidence for requirement of additional CISF security for plant;
 - b) The details of Mega Insurance along with documentary evidence;
 - c) The details of the share of subsidiary activity and separate justification of the subsidiary activities carried out;
 - d) The actual O&M expenditure of the generating station during the tariff period since the COD of Unit-I.

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- i) In Appendix-V of petition the item-wise liability and their discharge has been furnished. However, the liability of ₹9844.39 lakh (₹6756.39 pertains to 'provision for coal' and ₹3088.00 pertains to provision for 'other liabilities') has been discharged from 15.5.2012 to 4.3.2013 and ₹1990.74 lakh from 1.4.2013 to 31.3.2014 as provision for 'other liability'. The details of the 'other liabilities' head-wise shall be furnished;
- ii) The claim of ₹10779.71 lakh from COD of Unit-I (15.05.2012) to COD of Unit-II (4.3.2013) as furnished in Appendix-V of petition has not been reflected in Form-9 of the petition. Clarification for the same shall be submitted;
- iii) List of deferred works under original scope of work as on COD of the generating station;
- iv) The details of works within the original scope of work which were not completed during 2009-14 period and clarification as to what factors prevented the completion of these works during 2012-14 after COD of the generating station;
- v) Reconciliation statement of actual additional capital expenditure incurred during 2009-14 with the books of accounts along with apportionment of capital cost in different stages/ units duly certified by Auditor;
- vi) Certificate to the effect that all the assets under gross block during 2009-14 are in use for generation of power. If any asset is taken out from gross block, then the date of taking out of the asset from useful service along with the depreciation recovered till the date of taking out from service;
- vii) Annual accounts for the period 2009-14.



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- (i) In Form-9A of the petition, projected additional capital expenditure of ₹24636.00 lakh in 2014-15 and ₹2500.00 lakh in 2015-16 has been claimed without furnishing the details of assets. Detailed break-up of additional capitalization (year-wise and item-wise) with justification and provisions of Regulation 14 claimed during 2014-19;
- (ii) List of deferred works as on COD of the generating station and the balance payment under original scope of work;
- (iii) Details of initial spares capitalized as on COD and as on the cut-off date of the generating station;
- (iv) Details of water charges such as contracted quantum of water and allocated quantity along with justification, actual annual water consumption since COD, the rate of water charges along with copy of notification(s) for the water charges.
- (v) Details of the actual water charges paid to the Water Resource Department/ State Government duly certified by Auditor, type of cooling water system and justification for any variation in the allocated quantity of water vis-à-vis the actual consumption.

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- (i) Justification as to how the amount of undischarged liabilities have changed after the finalization of annual accounts and its audit report as determined by the Commission in order dated 23.1.2015 in Petition No. 138/GT/2013;
- (ii) The weighted average rate of depreciation allowed in order dated 23.1.2015 in Petition No. 138/GT/2013 is 7.158%, while the rate of 7.99%, 7.97%, 7.97%, 7.96% and 7.95% has been claimed for the years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 respectively. In this regard, copy of the CAG order based on which depreciation rate has been applied along with linkage to the depreciation of each class of assets claimed shall be furnished;
- (iii) Reasons for claiming the deferred liabilities under change in law (Regulation 9(2)(ii)) and the reasons as to why these are un-discharged liabilities. Detailed bifurcation of the assets under major head such as boiler and accessories, equipment etc.;
- (iv) Reason for not claiming any additional capital expenditure during 2009-10 to 2011-12 as against those allowed in Commission's order dated 23.1.2015 in the Petition No.138/GT/2013;
- (v) Reasons for variation in the claim during 2013-14 in the additional capital expenditure as against those allowed in Commission's order dated 23.1.2015 in the Petition No.138/GT/2013;
- (vi) Reasons for not claiming additional O&M towards CISF Security, Mega Insurance and share of Subsidiary Activities in original petition along with:
 - a. The documentary evidence for requirement of additional CISF security for plant;
 - b. The details of Mega Insurance along with documentary evidence;
 - c. The details of the share of subsidiary activity and separate justification of the subsidiary activities carried out;



- d. The actual O&M expenditure of the generating station during the tariff period since the COD of Unit-I.
- (vii) Reconciliation statement of actual additional capital expenditure incurred during 2009-14 with the books of accounts along with apportionment of capital cost in different stages/ units duly certified by Auditor;
- (viii) Certificate to the effect that all the assets under gross block during 2009-14 are in use for generation of power. If any asset is taken out from gross block then the date of taking out of the asset from useful service along with the depreciation recovered till the date of taking out from service.
4. The respondents shall file their replies with advance copy to the petitioner by 22.2.2016 and the petitioner shall file its rejoinder, if any, by 29.2.2016. No extension of time shall be granted for any reason whatsoever. In case the additional information/ reply/ rejoinder is not filed within the said due date, the matter shall be decided based on available records.
5. Subject to the above, order in the petition is reserved.

By Order of the Commission

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

