

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 227/MP/2015

Subject : Petition seeking approval for revision of lignite transfer price of NLC Barsingar mine for the period 29.12.2011 to 31.3.2014 on account of truing up additional capitalization, O&M, Income tax and Return on Equity along with Ministry of Coal guidelines on fixation of transfer price of lignite.

Date of hearing : 19.1.2016

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

Petitioner : Neyveli Lignite Corporation Limited

Respondents : Jaipur Vidut Vitran Nigam Limited and others

Parties present : Ms. Poorva Saigal, Advocate, NLC
Shri S. Gnanaprabhakaran, NLC
Shri S.K. Agarwal, Advocate, JVVNL
Shri S.P. Das, Advocate, JVVNL

Record of Proceedings

Learned counsel for the petitioner submitted that as per the Commission's direction dated 19.11.2015 information has already been filed vide affidavit dated 8.12.2015. Learned counsel further submitted that in NLC Barsingsar Mine, overburden removal and lignite excavation are done through outsourcing to reduce cost of production. The major portion of expenditure is directly linked to production of lignite. The reason for increase in O&M cost during 2012-13 compared to 2011-12 is that the lignite production in 2011-12 was less compared to 2012-13 as in the year 2011-12 the units were under stabilization period and lignite consumption was less. Learned counsel further submitted that increase in O&M is due to 56% increase in production of lignite.

2. After hearing the learned counsel for the petitioner, the Commission directed the petitioner to submit following information / clarifications, on affidavit by 15.2.2016 with an advance copy to the respondents:

- (i) There is a 56.17% increase in the lignite production during the period 2012-13 as compared to 2011-12 and accordingly increase of 32% of O&M cost for the period 2012-13 as compared to 2011-12. However, during 2013-14, even though there is increase in production of lignite as compared to 2012-13, there is

reduction in O&M cost during 2013-14. Provide details of variations which have increased the O&M expenses for the year 2012-13 by ₹ 22 crore as compared to O&M expenses for the year 2011-12.

(ii) Head-wise details of O&M expenditure of Barsingsar mine for the period 2011-12 to 2013-14.

(iii) O&M cost at 85% Capacity Utilization Factor i.e. to mine 1.785 Million Tonne (capacity 2.1 Million Tonne) of lignite.

3. The Commission directed that due date of filing the information should be strictly complied with failing which the petition will be disposed on the basis of the documents already on record.

4. Subject to the above, the Commission reserved order in the petition.

By order of the Commission

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