

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 259/GT/2014

**Coram:
Shri A.S. Bakshi, Member
Dr. M.K Iyer, Member**

**Date of Hearing: 20.05.2016
Date of Order: 30.07.2016**

In the matter of

Approval of tariff of Muzaffapur Thermal Power Station, Stage-I (220 MW) for the period from 1.4.2014 to 31.3.2019

And

In the matter of

Kanti Bijlee Utpadan Nigam Ltd,
NTPC Bhawan, Core-7,
Scope Complex, 7, Institutional Area,
Lodhi Road,
New Delhi-110003

...Petitioner

Vs

Bihar State Power Company Limited,
Vidyut Bhawan, Bailey Road,
Patna.....800021

...Respondent

Parties present:

Shri Bhupinder Kumar, NTPC
Shri R. B. Sharma, Advocate, BSPCL

ORDER

The petitioner, Kanti Bijlee Utpadan Nigam Ltd (KBUNL) has filed this petition for determination of generation tariff of Muzaffarpur TPS, Stage-I (2 x 110 MW) ('the generating station') for the period from the actual COD of Unit-I from 1.11.2013 to 31.3.2014 and anticipated COD of Unit-II from 1.10.2014 to 31.3.2019 in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations").

2. KBUNL (the petitioner) is a subsidiary of NTPC Ltd and was set up as a joint venture company with the respondent, BSEB to take over the assets and business of the generating



station. NTPC holds 65% equity shares in the joint venture company and thus, the petitioner is a Government company covered under Section 79(1)(a) of the Electricity Act, 2003. The generating station was established by the respondent during 1985-86 and has been transferred and vested in favour of the petitioner with effect from 8.9.2006 in terms of the Bihar Electricity Reforms (Transfer of Muzaffarpur Thermal Power Station) Scheme, 2006. The generating station comprises of two units of 110 MW capacity which was commissioned during the years 1985-86 and was under shut down from October, 2003. The entire power generated from the generating station, is supplied to the respondent in terms of the Power Purchase Agreement dated 22.8.2006 and has been made part of the Transfer scheme notification dated 8.9.2006.

3. The project was in depleted condition at the time of transfer and the generating station was in a position to generate power only at 10% to 15% of its capacity. As there was acute shortage of power being faced by the respondent, BSEB, only selective refurbishment works for restoration of generation from Unit-II was taken up and the commercial operation of the Unit-II was declared on 15.10.2010, without doing any major R&M work. Unit-I was taken under Renovation & Modernization (R&M) during 2010.

4. Petition No. 271/2010 was filed by the petitioner for approval of tariff of Unit-II (110 MW) of the generating station for the period from 15.10.2010 to 31.3.2014 with relaxed operational norms and O&M expenses. Considering the fact that the said unit was under shut down, the Commission by order dated 13.5.2014 disposed of the said petition with liberty to file separate petition after completion of R&M. Thereafter, Petition No. 207/GT/2013 was filed by the petitioner for determination of the generating station from anticipated COD of Unit-I (30.9.2012) and Unit-II (1.4.2013). Petition No. 260/GT/2014 was also filed by the petitioner for revision of tariff of the generating station after true-up in terms of Regulation 6(1) & 6(2) of the 2009 Tariff Regulations. Accordingly, the Commission by order dated 9.2.2016 disposed of the above petitions by determining the tariff of Unit-I of the generating station for the period from 1.11.2013 to 31.3.2014.

5. Though the petitioner vide affidavit dated 20.8.2014 had filed the instant petition for approval of tariff of the generating station for 2014-19 considering the actual COD of Unit-I as 1.11.2013 and



anticipated COD of Unit-II as 1.10.2014, the said petition was amended vide affidavit dated 15.10.2014 considering the actual COD of Unit-I (1.11.2013) and anticipated COD of Unit-II (1.11.2014). The petitioner has also considered the operational parameters in line with the Commission's order dated 21.2.2014 in Petition No. 207/GT/2014.

6. The matter was heard on 20.5.2016. During the hearing, the representative of the petitioner prayed for adjournment on the ground that the petition is required to be revised based on the actual expenditure on R&M.

7. The learned counsel for the respondent, BSPCL submitted that the petitioner may be directed to revise the tariff filing forms as the claim is not in accordance with the 2014 tariff Regulations.

8. In its reply affidavit dated 18.6.2016, BSPCL has mainly submitted as under:

(a) The capital cost claimed by the petitioner for Unit-II on 1.4.2014 and 1.11.2014 (as on anticipated COD) is not in accordance with the 2014 Tariff Regulations as the grant of special assistance under RSVY and other factors have not been taken into consideration.

(b) The actual capital expenditure as on COD of Unit-II along with additional capital expenditure is required to be submitted duly certified by Chartered accountant which has not been submitted.

(c) The petitioner has not submitted the scheduled completion of R&M of Unit-II and the reasons for delay in completion of R&M of Unit-II. The petitioner has also not furnished the activity wise, detailed analysis and the reasons for time overrun during each stage of R&M along with supporting documents.

(d) The petitioner has not furnished the actual operation data and the life extension of Stage-I beyond the original life from the date of completion of R&M works and the details of performance parameters as against guaranteed parameters.

(e) The petitioner has not submitted any details as regards the GCV of coal on "as received" basis, in terms of the order of the Commission dated 25.1.2016 in Petition No. 283/GT/2014.

9. The matter has been examined. As stated, the Commission vide order dated 9.2.2016 had determined the the tariff of Unit-I of the generating station for the period from 1.11.2013 to 31.3.2014. It is observed that in Petition No. 207/2010 filed by the petitioner for approval of tariff of Unit-II (110 MW) of the generating station for the period from 15.10.2010 to 31.3.2014, the Commission vide order dated 13.5.2014 disposed of the petition observing as under:

"8. We have examined the submissions of the petitioner. As stated, Unit-II of the generating station has been granted provisional tariff for the period from 15.11.2010 to 31.3.2014, based on



relaxed norms in the absence of R&M. The said unit was taken up for R&M on 29.3.2012 which was expected to be completed by April, 2014. Since the unit is under shut down due to R&M and since tariff can be determined only after completion of R&M and based on revised norms, there is no reason to keep this petition pending for determination of final tariff of the said unit. Accordingly, we dispose of this petition with liberty to the petitioner to approach the Commission with a fresh petition for determination of tariff of the said unit of the generating station after completion of R&M.

10. As stated, the petitioner has filed this petition for approval of tariff for the period 2014-19, considering the actual COD of Unit-I and anticipated COD of Unit-II (1.10.2014). The petitioner has also submitted vide affidavit dated 15.10.2014 that Unit-II is expected to be declared under commercial operation 1.11.2014. It is observed that Unit-II is yet to be declared under commercial operation. Also, the petitioner has not submitted the scheduled completion of R&M of Unit-II and the reasons for delay in completion of R&M of Unit-II. Taking into consideration the observations of the Commission in order dated 13.5.2014 that the tariff of Unit-II can be determined only after completion of R&M and based on the revised norms and since the petitioner is required to submit revised tariff filing forms along with all relevant documents after declaration of COD of Unit-II, we find no reason to keep this petition pending. Hence, we are inclined to dispose of this petition, with liberty to the petitioner to approach the Commission with fresh tariff petition in respect of the generating station for the period 2014-19 enclosing all relevant documents. We direct accordingly. The filling fees deposited by the petitioner shall be adjusted against the fresh petition to be filed in terms of the liberty granted above.

11. Petition No 259/GT/2014 is disposed of in terms of the above.

Sd/-
(Dr. M. K. Iyer)
Member

Sd/-
(A. S. Bakshi)
Member

