

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 143/MP/2017**

- Subject : Petition under Section 79 (1) (a), 79(1)(f) and 94(1)(f) of the Electricity Act,2003 read with Regulation 54 and 55 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 and Regulation 103 of the CERC (Conduct of Business) Regulations, 1999 seeking review of the order dated 27.10.2016 in Petition No. 269/GT/2014, in view of the difficulties faced by KSEBL out of the order of State Commission dated 27.4.2017.
- Petitioner : Kerala State Electricity Board Ltd.
- Respondents : NTPC Ltd.
- Date of hearing : **28.9.2017**
- Coram : Shri Gireesh B. Pradhan, Chairperson  
Shri A.K. Singhal, Member  
Shri A.S. Bakshi, Member  
Dr. M.K. Iyer, Member
- Parties present : Ms. Suparna Srivastava, Advocate, KSEBL  
Ms. S.V. Lata, KSEBL  
Ms. Sheila M. Daniel, KSEBL  
Ms. Swapna Seshadri, Advocate, NTPC  
Ms. Parichita Chowdhary, Advocate, NTPC  
Shri Nishant Gupta, NTPC  
Shri Rohit Chhabra, NTPC  
Shri Patanjali Dixit, NTPC

**Record of Proceedings**

During the hearing, the learned counsel for the Petitioner submitted as under:

- (a) The Commission by order dated 27.10.2016 in Petition No. 269/GT/2014 had determined the tariff of Rajiv Gandhi Combined Cycle Project (the generating station) for the period 2014-19. There has been increase of 34% in the annual fixed charges of the generating station (as compared to the period 2009-14) which is mainly on account of the increase of 193% (approx.) in the working capital allowed by the Commission.
- (b) The increase in working capital is on account of the fact that as per Regulation 28(2), the cost of fuel (Naphtha) for the preceding three months of the tariff period 2014-19 was considered. Since the norms specified in the 2014 Tariff Regulations are ceiling norms, the Petitioner in the original Petition had appraised its concern on the high working capital and prayed for relaxation of the norms, as a special case, for the generating station. This was however not considered in the tariff order dated 27.10.2016.
- (c) The Kerala State Electricity Regulatory Commission by order dated 27.4.2017 had declined the approval of both, the PPA with NTPC for purchase of power from the generating station and the annual fixed charges of the generating station in the ARR



filed by the Petitioner. This has caused serious financial stress for the Petitioner and hence the Petitioner by this Petition, has sought to invoke Regulation 54 and 55 of the 2014 Tariff Regulations, for re-determination of tariff of the generating station.

- (d) The Petitioner has not been scheduling power from the generating station, but has been reimbursing the annual fixed charges. Thus, the payment of high working capital for a rarely scheduled plant is highly detrimental to the interest of the consumers. In this background, the Commission may relax the working capital norms for this generating station.
- (e) Though several discussions were held with the officials of NTPC, no settlement could be reached as regards the reduction of annual fixed charges of the generating station.

2. In response to the observations of the Commission that the relief granted to this generating station may become a precedent for other gas based generating stations, regulated by this Commission, to approach with similar reliefs, the learned counsel for the Petitioner clarified that the Commission has the discretion to grant such relief, on merits, on a case to case basis. On a specific query by the Commission as to why the parties could not arrive at solution, the learned counsel clarified that despite earnest efforts by the Petitioner, the issue could not be resolved, as the parties could not arrive at mutually agreed lower fixed charges. She however submitted that the Petitioner is willing to again discuss the issues with NTPC, for an amicable solution.

3. In response to this, the learned counsel for the respondent, NTPC submitted that it is willing for a mutual discussion with the Petitioner, to resolve the issue.

4. Based on the above submissions of the learned counsels for the parties, the Commission adjourned the hearing of the Petition. The Commission accordingly directed the parties to undertake mutual discussions for settlement of the issues, and file a report, by **10.11.2017**. Matter shall be listed thereafter, with due intimation to the parties.

By order of the Commission

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

