

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.227/MP/2015

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M. K. Iyer, Member

Date of Order : 14th of March, 2017

In the matter of

Petition for seeking approval for revision of Lignite Transfer Price of NLC Barsingsar 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.

And

In the matter of

Neyveli Lignite Corporation (NLC)
Neyveli House,
135, EVR Periyar Road,
Kilpauk, Chennai-600010

....Petitioner

Vs

1. Jaipur Vidyut Vitaran Nigam Limited,
Vidyut Bhavan, Ist Floor, Janpath,
Jaipur, Rajasthan-302005
2. Ajmer Vidyut Vitaran Nigam Limited,
Old Power House Hathi Bhata,
Jaipur Road, Ajmer, Rajasthan-305001
3. Jodhpur Vidyut Vitaran Nigam Limited
New Power House, Heavy Industrial Area,
Jodhpur, Rajasthan-342003

...Respondents



Parties Present:

Shri M.G. Ramachandran, Advocate, NLC
Ms. Anushree Bardhan, Advocate, NLC
Shri K. Nambirajan, NLC
Shri S.K.Agarwal, Advocate, Rajasthan Discoms
Shri S.P.Das, Advocate, Rajasthan Discoms

ORDER

The petitioner, Neyveli Lignite Corporation, has filed the present petition seeking approval for revision of Lignite Transfer Price of NLC Barsingsar Mine for the period 29.12.2011 to 31.3.2014 on account of truing up additional capitalization, O&M expenses, Income Tax and Return on Equity.

2. The petitioner is a generating company owned and controlled by the Central Government. The petitioner has set up a Barsingsar Thermal Power Plant (2 x 125 MW) (hereinafter referred to as "the generating station") with an installed capacity of 250 MW comprises of two units of 125 MW each with Circulating Fluidised Bed Combustion lignite fired boilers feeding to Turbines. The allocation of power to the respondents is based on the Energy Department, Govt. of Rajasthan's letter dated 29.9.2011. The tariff for sale of electricity generated at the petitioner's generating station is regulated by the Commission in terms of clause (a) of sub-section (1) of Section 79 of the Electricity Act, 2003. Lignite extracted from the mines, maintained and operated by the petitioner is used for generation of electricity.

3. Since, Units I and II of the generating station were commissioned on 20.1.2012 and 29.12.2011 respectively, the petitioner, in terms of the liberty granted by the Commission's order dated 20.6.2011 in Petition No. 197/GT/2013 filed petition for fixation of tariff for Unit-II of the generating station for the period from 29.12.2011 to 19.1.2012 and for Units I & II



for the period from 20.1.2012 to 31.3.2014 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (2009 Tariff Regulations). Accordingly, the Commission vide order dated 10.7.2015 determined the tariff of the generating station.

4. For arriving at energy charge component of tariff, the lignite transfer price was computed in accordance with the Ministry of Coal vide letter No. 43011/2/2004-Lig-CA-II dated 11.6.2009 based on the estimated annual budget/plans in respect of additional capital expenditure, estimated O & M expenses, Return on Equity (RoE) grossed up tax rate as on 1.4.2009.

5. The Ministry of Coal, Government of India had issued guidelines for preparation of Mine Closure Plan vide letter dated 27.8.2009 and specified the Mines Closure Cost at Rs. 6 lakh/Hectare. The petitioner has stated that Ministry of Coal vide its letter dated 31.3.2011 approved the Mine Closure Plan incorporating the annual Mine Closure Cost. Based on approval by Ministry of Coal, the petitioner had submitted the following lignite transfer price which was considered for the purposes of computing provisional tariff as under:

(Rs/ Tonne)

Year/Mines	2009-10	2010-11	2011-12	2012-13	2013-14
BTPS Mine	443	631	696/837*	840	878
Pooled Price	1376	1443	1522	1535	1610

* The above rates are exclusive of Clean Cess Energy w.e.f. 1.7.2010 @Rs 50 per tonne and Excise duty on Lignite and other taxes and duties.

* before/after commissioning.

6. The petitioner has submitted the following facts which have led to the filing of this petition:



(a) As per the guidelines of the Ministry of Coal dated 11.6.2009, additional capitalization, Depreciation, O&M Expenses, Income Tax and Return on Equity are subjected to be trued up at the beginning of the next tariff period (2014-19). Accordingly, the petitioner has worked out the lignite transfer price certified by auditors as under:

(Rs/tonne)

Year/ Mines	2009-10	2010-11	2011-12	2012-13 Upto 9.5.2012	2012-13 from 10.5.2012	2013-14
BTPS Mine	447	650	701*	808	793	762

* The above rates are exclusive of Clean Energy Cess w.e.f. 1.7.2010 @ Rs 50 per tonne and Excise duty on Lignite and other taxes and duties.

(b) The impact of wage revision for non-executives and labour of the petitioner could not be quantified with effect from 1.1.2012 at this stage in absence of its finalization and the same is not a part of normal O & M expenditure trued up in the present petition. However, as and when the same is finalized, NLC should be permitted to claim at actual from the beneficiaries without approaching the Commission.

7. Against the above background, the petitioner in the present petition has sought the Commission's approval to the revised lignite transfer price for the period 29.12.2011 to 31.3.2014 with the following prayers.

“(a) To take on record the petition towards the revision of transfer price of lignite

(b) Adopt the revised lignite transfer price in the computation of interest on Working capital specified in the tariff order of NLC Barsingsar Thermal Power Station 250 MW for 2009-14.

(c) Approve the adoption of revised lignite transfer price in the computation of energy charges specified in the provisional tariff/ Final tariff order for NLC Barsingsar



Thermal Power Station 250 MW, in Petition No 197/GT/2013 for tariff period 2009-14.

(d) Adopt the revised lignite transfer price in the computation of interest on Working capital specified in the tariff order of NLC Barsingsar Thermal Power Station 250 MW for 2014-19 filed before CERC.

(e) Permit the petitioner to claim the impact of wage revision for Non-executives and labours of NLC with effect from 1.1.2012 at actuals from the beneficiaries directly without approaching the CERC again.

(f) Permit the petitioner to recover/adjust the difference in tariff from beneficiaries on account of all above with interest.

(g) Pass any other order(s) deemed to be fit.”

8. The petitioner, vide Record of Proceedings for hearing dated 19.11.2015, was directed to clarify the abnormal increase in O & M cost and discrepancy in the figures of lignite price. The petitioner, vide its affidavit dated 16.12.2015, has submitted as under:

(a) With regard to the abnormal increase in O & M cost, the petitioner has submitted that in Barsingsar mine, overburden removal and lignite excavation are done through outsourcing to reduce the cost of production. The major portion of expenditure is directly linked to production of lignite. The petitioner has submitted that since during the year 2011-12, units of the generating station were under stabilization from April to December 2011 and CoD of Unit I and Unit II was declared on 20.1.2012 and 29.12.2011 respectively, lignite production was comparatively less in financial year 2011-12. The petitioner has submitted that since in the year 2012-13, 3.79 lakh tonnes lignite was produced compared to 8.83 Lakh Tonne (LT), increase in O&M was due to 56% increase in production of lignite. The petitioner has stated that taking first full year of production as base year, increase of O & M from



2012-13 to 2013-14 was at (-) 2.92% which was within the 11.5% norms prescribed by the Ministry of Coal.

(b) With regard to discrepancy in the figures of lignite price, the petitioner has submitted that the transfer price of lignite consists of the base rate and royalty. Fixed rate of Rs.45 plus 2% on the base rate is applied for arriving at royalty upto 9.5.2012. However, the Ministry of Coal vide its notification dated 10.5.2012 notified the revised rate of royalty to 6% ad-valorem from 10.5.2012 i.e from 10.5.2012 onwards, thus, only variable rate of 6% is applied on the base rate to arrive at the royalty. The petitioner has submitted that the Commission while determining the tariff of the generating station vide order dated 10.7.2015 in Petition No. 197/GT/2013, adopted the lignite price of Rs.696 for the year 2011-12 with a provision to adopt lignite price determined year-wise in the Energy Charge Rate Calculations. The petitioner has furnished the details of year-wise lignite price as under:

(Rs/tonne)

Year	2011-12 Unit II	2011-12 Unit I and II	2012-13	2013-14
Lignite Price as per Petition/Tariff Order	696	837	853	890

(c) The petitioner has submitted that due to the revision of royalty during the year 2012-13, the lignite transfer price for the years 2012-13 and 2013-14 underwent downward revision from the lignite price approved by the Commission as under:

(Rs/tonne)

Details	2012-13	2013-14	2012-13	2013-14
Base Rate	792	829	792	829
Royalty	Rs.45 /Tonne + 2% of Base Rate		6% of Base Rate	
Fixed element	45	45	48	49



Variable element 2% on base rate	16	16		
Lignite Price including Royalty	853	890	840	878

9. The respondents, Jaipur Vidyut Vitran Nigam Ltd., Ajmer Vidyut Vitran Nigam and Jodhpur Vidyut Vitran Nigam Ltd Ltd. in their joint reply have submitted as under:

(a) The petitioner has not clearly mentioned mine closure cost and condition, if any, imposed by the Ministry of Coal while approving the Mine Closure Plan with Annual Mine Closure cost.

(b) The details indicating the impact of the proposal on tariff in the last years have not been highlighted with clarity and needs prudent check by the Commission.

(c) Order dated 11.6.2009 referred by the petitioner was already in vogue at the time of filing of Petition No. 197/GT/2013.

(d) The respondents have requested to determine the lignite transfer price after seeking relevant information and upon prudent check of the claims.

10. The petitioner, vide Record of Proceedings for the hearing dated 19.1.2016, was directed to file the following information/clarifications:

(a) Details of variations which have increased the O&M expenses for the year 2012-13 by Rs. 22 crore as compared to O&M expenses for the year 2011-12.

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

(c) O&M cost at 85% Capacity Utilization Factor i.e. to mine 1.785 Million Tonne



(capacity 2.1 Million Tonne) of lignite.

11. The petitioner, vide its affidavit dated 5.2.2016, has submitted the additional information/clarification. With regard to details of variations increasing the O&M expenses for the year 2012-13 by Rs 22 crore as compared to O&M expenses for the year 2011-12, the petitioner has stated that increase in actual O&M of Rs. 5.92 crore is mainly due to increase in lignite outsourcing expenses to the extent of Rs. 3.86 crore with corresponding increased lignite production in financial year 2012-13 by 4.96 LT (increase by 56.17%). Similarly, since overburden removal was less by 11.28 lakh Cum (14.54%), there was reduction in trued up O&M expenditure in the year 2013-14 as compared to financial year 2012-13. The petitioner has further submitted that Deferred Revenue Expenses (DRE) represents Overburden Removal Expenses incurred before commercial operation of mines. The total DRE expenditure of Rs. 6218.70 lakh is amortised under O&M expenses from 2011-12 equally over 36 months from January, 2012. Therefore, increase in total O&M including DRE charge-off is Rs 21.50 crore in financial years 2012-13 (5.95+15.55) as under:

(Rs. in crore)			
Details	2011-12	2012-13	2013-14
OB Removal (lakh Cum)	80.15	77.53	66.25
Lignite Production (LT)	8.83	13.79	15.53
Actual capacity utilization %	42.05	65.67	73.95
Normative capacity utilization %	85	85	85
Trued up O & M	61.18	67.10	64.54
Inc/(Dec) over Previous Year		5.92	(2.56)
Deferred Revenue Expenses Charge off	5.18	20.73	20.73
Inc/(Dec) over Previous Year		15.55	0

12. With regard to head-wise details of O&M expenditure of Barsingsar mine for the period 2011-12 to 2013-14, the petitioner has placed on record the details of trued up O&M expenditure under different elements. According to the petitioner, the expenses towards OB



outsourcing and lignite outsourcing are around 84% of net O&M. The petitioner has submitted that as per the Ministry of Coal guidelines, the expenditure is recovered at 85% Capacity Utilization (CU) only despite the fact that actual CU was less than 85% in the period 2011-12 to 2013-14. The petitioner has stated that as compared to financial year 2011-12, variable cost in 2012-13 increased by 10% which was considered normal after taking into account the fuel price variation, taxes and duties like service tax. The variable cost per Million Tonne of lignite was less in financial year 2013-14 as compared to financial year 2012-13 owing to reduced Overburden removal (66.25 lakh Cum as against 77.53 lakh Cum). There is no abnormal increase in the trued up O&M expenses in the above three years

13. With regard to O&M cost at 85% Capacity Utilization Factor i.e. 1.785 Million Tonne (capacity 2.1 Million Tonne) of lignite, the petitioner has submitted the details of O&M expenditure at 85% Capacity Utilization as under:

Particulars	(Rs. in lakh)		
	2011-12	2012-13	2013-14
Overburden outsourcing	9,058.22	5,971.22	4,859.97
Lignite outsourcing	1,322.29	1,346.67	1,358.83
Sub-Total (A)-Variable Cost	10,380.51	7,317.89	6,218.80
Stores & Spares	3.32	17.38	79.41
Employee Cost	482.47	547.92	585.56
Power	21.67	81.19	64.04
Outside Services	116.13	171.85	100.59
Internal Services	121.12	92.60	93.12
Common Charges	156.62	65.70	79.36
Other Expenditure	83.57	81.79	43.02
Recovery	-1.48	-1.54	-1.90
Sub-Total (B)-Other Cost	983.42	1,056.89	1,043.20
Net O&M	11,363.93	8,374.78	7,262.00
Deferred Revenue Expenses	518.23	2,072.90	2,072.90
Total O&M	11,882.16	10,447.68	9,334.90



O&M cost per Ton- Rs (Excluding DRE)	637	469	407
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Analysis and Decision:

14. We have considered the submissions of the petitioner and the respondents and perused the documents on record. The lignite transfer price for the period 2009- 14 was approved by the Commission vide order dated 10.7.2015 in Petition No. 197/GT/2013 based on the guidelines of the Ministry of Coal dated 11.6.2009. In the present petition, as per the guidelines of the Ministry of Coal ibid, the petitioner has trued up lignite transfer price based on actual additional capital expenditure, O & M expenses, income tax and return on equity and actual Mine Closure cost. The petitioner has claimed the revised lignite transfer price for the period 2009-14 after truing up as certified by the auditor.

15. It is also noticed that the above guidelines was issued by the Ministry of Coal for fixation of lignite transfer price after detailed deliberations with all the stakeholders with a direction to the NLC "to recast the transfer price of lignite for the tariff period 2009-14 in the light of the above guidelines and inform CERC and all other concerned parties." Accordingly, the following transfer price of Barsingsar mines has been determined by the petitioner duly certified by the auditor. The petitioner has computed the lignite transfer price of Barsingsar mine after truing up as under:

	(Rs. in lakh)				
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
O & M cost	1060	6103	6637	8783	8527
Interest on Loan	388	1189	1385	1285	1183
Interest on Working capital	280	825	793	642	393
Depreciation and Amortization	178	955	1022	997	1038
Cost of Mine closure	139	146	153	160	168
ROE 15.5%	440	1364	1480	1488	1530
Cost before royalty	2485	10581	11470	13355	12838
Rs. /Tonne before Royalty	394	593	643	748	719
Royalty	53	57	58	60	43
				45	
Rs/Ton with Royalty	447	650	701	808	762



Installed capacity =21.00 LTPA
85% Capacity = 17.85 LTPA

16. Since, Unit-I and Unit-II of the generating station were declared under commercial operation on 20.1.2012 and 29.12.2011 respectively, the lignite transfer price is being considered for the period from 2011-12, 2012-13 and 2013-14. It is noticed from the computation of Lignite transfer price as furnished by the petitioner that the O&M cost for the year 2012-13 is escalated by about 32% as compared to the year 2011-12 and is more than the escalation norm of 11.5% specified by the Ministry of Coal, Government of India. Similarly, the O&M cost of 2013-14 is also higher.

17. The MoC guidelines dated 11.6.2009 dealing with O & M expenses of 11.5% per annum provide as under:

"4.5 Though NLC submitted that an escalation @ 13% per annum on previous years actual should be reckoned, SEBs pleaded that 5.75% per annum should be adopted, as per CERC Regulations 2009. After detailed deliberations it was agreed that O&M expenses shall be charged at 11.50% per annum by NLC for the period 2009-14. It was also agreed that the O&M expenses would be trued up at the beginning of the next tariff period."

As per the above guidelines, the year-wise ceiling escalation rate for O&M is 11.5% over previous year. Therefore, truing up of O&M means that if the actual escalation is more than 11.5%, the same shall be restricted to 11.5%, and if actual escalation is less than 11.5% then the actual shall be considered.

18. The petitioner, vide Record of Proceedings for the hearing dated 19.11.2015, was directed to explain the abnormal increase in O&M cost during the years 2012-13 and 2013-14 as compared to 2011-12. The petitioner vide its affidavit dated 8.12.2015 has submitted that during 2011-12, thermal units were under stabilization (testing and trial run) from April to December 2011 and COD of Unit I and II was declared on 20.1.2012 and 29.12.2011 respectively. Therefore, lignite production was comparatively less in the financial year 2011-



12, and being the first full year of operation, 13.79 lakh tonne lignite was produced in the year 2012-13 as compared to 8.83 LT in the year 2011-12. The petitioner has stated that the increase in O&M cost was due to 56% increase in production of lignite as under:

Details	2011-12	2012-13	2013-14
Lignite Production (LT)	8.83	13.79	15.53
Trued up O&M Expenses	6636.66	8783.22	8526.63
Increase in Production over Previous year-%		56.17	12.62
Increase in O&M cost over Previous year -%		32.34	(2.92)

19. Perusal of the above table reveals that since, the lignite production during the years 2012-13 and 2013-14 was 13.79 LT and 15.53 LT respectively, there was 56.17% increase in the lignite production for the year 2012-13 from the previous year 2011-12 and 12.62% increase in lignite production for the year 2013-14 from the previous year 2012-13. The petitioner vide its affidavit dated 5.2.2016 has placed on record the head-wise details of O&M expenditure of Barsingsar mine for the periods from 2011-12 to 2013-14. The petitioner has furnished the details of trued up O&M expenditure under different elements as certified by the auditor as under:

Particulars	(Rs. in lakh)		
	2011-12	2012-13	2013-14
Overburden outsourcing	4,480.90	4,613.06	4,228.31
Lignite outsourcing	654.11	1,040.37	1,182.22
Sub-Total (A)-Variable Cost	5135.01	5653.43	5410.53
Stores & Spares	3.32	17.38	79.41
Employee Cost	482.47	547.92	585.56
Power	21.67	81.19	64.04
Outside Services	116.13	171.85	100.59
Internal Services	121.12	92.60	93.12
Common Charges	156.62	65.70	79.36
Other Expenditure	83.57	81.79	43.02
Recovery	-1.48	-1.54	-1.90
Sub-Total (B)-Other Cost	983.42	1056.89	1043.20
Net O&M (A+B)	6,118.43	6,710.32	6,453.73



% of increase over Previous year		10	(4)
O&M cost per Ton- Rs (Excl DRE)	343	376	361
Deferred Revenue Expenses	518.23	2,072.90	2,072.90
Total O&M including DRE Expenses	6,636.66	8,783.22	8,526.63

20. As per the above table, the increase in O&M expenses of 32.34% and (2.92%) during 2012-13 and 2013-14 over previous years was owing to inclusion of deferred revenue expenditure of Rs 6218.70 lakh by the petitioner which was amortized under O&M expenses from 2011-12 equally over 36 months from January, 2012. Deferred Revenue Expenses (DRE) represents Overburden Removal Expenses incurred before Commercial Operation of Mines. It is noted that the petitioner is including deferred revenue expenditure as part of the O&M of Mines since 2000-01. However, earlier, the deferred revenue expenditure was part of depreciation. This practice was abandoned and deferred revenue expenditure was separately claimed under the O&M from the year 2000-01. One Member Bench of the Commission vide order dated 1.10.2016 in Petition No.5/2002, while determining the Pooled Lignite transfer Price for the period 2001-04 of the petitioner's mines, recognized the same and considered deferred revenue expenditure as a part of O & M cost. It is noticed that the O & M cost of the lignite transfer price for the periods 2012-13 and 2013-14 was significantly increased from the previous year due to consideration of the deferred revenue expenditure. Excluding deferred revenue expenditure, there was an increase of 9.67% of O&M cost for the year 2012-13 from the previous year 2011-12 and decrease of 4% of O&M cost for the year 2013-14 from the previous year 2012-13, which is below the escalation rate of 11.5% as prescribed by the Ministry of Coal in its guidelines 11.06.2009. Therefore, O&M expenses on actual considered for trueing up of lignite transfer price have been found justified.



21. From the table at para 11 above, it is noticed that the actual capacity utilization of the Barsingsar mines for the year 2011-12, 2012-13 and 2013-14 have been 42.05%, 65.67% and 73.95% respectively. Para 4.1 of the MOC Guidelines dated 11.6.2009 provides for capacity utilization as under:

"4.1 Capacity Utilization

The existing guidelines of 85% capacity utilization are to be retained, as this is a basis on which projects are formulated and economic evaluation of the project is done. Also capacity utilization is heavily dependent on various mining operational conditions, land availability, space constraints and availability of main mining equipments etc. SEBs had suggested adoption of marginal costing norms for pricing of lignite produced at 85% of capacity utilization, while NLC insisted on retained existing guidelines of 85% capacity utilization. Since inception, mines have achieved mine capacity utilization of less than 85% cumulatively. The performance of mines over its entire life has to be taken into consideration while fixing parameters and should not be based on sporadic performance. The said norms were also the basis on which earlier agreements with SEBs were settled and agreed to by SEBs. Therefore, the extant guidelines shall be retained, as this would also act as an incentive to NLC to achieve higher capacity utilization, which would be in the interest of all stakeholders."

22. It is observed from the table at para 13 that both overburden and lignite outsourcing are considered as variable cost and accordingly, while calculating the O&M cost for lignite transfer price the same have been proportionately reduced based on the actual capacity utilization, which has been certified by the auditor as well. However, the other cost, considering as fixed cost, did not change with the actual capacity utilization. In line with clause 4.1 of Ministry of Coal guidelines and taking the analogy from the calculation of capacity charges based on actual capacity utilization in case of thermal stations, O & M expenses have been proportionately reduced based on the actual capacity utilization. In line with MOC guidelines, We have not gone into the detailed prudence of numbers/values as given in the auditor's certificate. Accordingly, the year-wise modified lignite transfer price for Barsingsar mines is as under:



(Rs. in lakh)

	2011-12	2012-13	2013-14
Overburden outsourcing	4,480.90	4,613.06	4,228.31
Lignite outsourcing	654.11	1,040.37	1,182.22
Sub Total (A)-Variable cost	5,135.01	5,653.43	5,410.53
Stores and spares	1.64	13.43	69.09
Employee cost	238.68	423.32	509.44
Power	10.72	62.73	55.71
Outside services	57.45	132.77	87.51
Internal services	59.92	71.54	81.01
Common charges	77.48	50.76	69.04
Other expenditure	41.34	63.19	37.43
Recovery	-0.73	-1.19	-1.65
Sub Total (B)-Other cost	486.50	816.54	907.58
Net O & M	5,621.51	6,469.97	6,318.11
O & M cost per Ton	343.00	376.00	361.00
Deferred Revenue Expenditure	518.23	2,072.90	2,072.90
Total O & M	6,139.74	8,542.87	8,391.01
Loan	1385	1285	1183
Working capital	793	642	393
Depreciation	1022	997	1038
Cost of Mine Closure	153	160	168
ROE	1480	1488	1530
Cost before Royalty	10973	13115	12703
Rs.per Ton before Royalty	615	735	712
Royalty	58	60	43
		45	
Lignite Transfer price per Ton with Royalty	673	795	755
		780	

23. In view of above, the lignite transfer price as trued up by the petitioner for the generating station vis-a-vis as allowed for the years 2011-12, 2012-13 and 2013-14 is as under:

(Rs/tonne)

Year/ Mines	2009-10	2010-11	2011-12	2012-13 upto 9.5.2012	2012-13 From 10.5.2012	2013-14
Claimed	447	650	701*	808**	793**	762
Allowed			673	795**	780**	755



* The above rates are exclusive of Clean Energy Cess w.e.f. 1.7.2010 @ Rs 50 per tonne and Excise duty on Lignite and other taxes and duties.

** The rates have been calculated based on revision on rates of royalty per ton.

24. The petitioner is directed to adopt the above revised/trued up lignite transfer price to calculate the impact of capacity charges and variable charges for the tariff period 2011-12 to 2013-14 for the generating station.

25. Next, we consider the petitioner's request to claim the impact of wage revision for non-executives and labours of NLC with effect from 1.1.2012 at actual from the beneficiaries. The petitioner has submitted that in the absence of quantification of wage revision for non-executives and labours with effect from 1.1.2012, the impact of wage revision has not been claimed and has sought permission to claim the same from the beneficiaries directly without approaching the Commission after its finalization.

24. The Ministry of Coal in para 8 (v) of the guidelines dated 2.1.2015 has clearly stipulated that in the absence of truing up claim of lignite by NLC for the period 2009-14, the petitioner's proposal regarding impact of wage revision to enhance escalation is not agreeable. Relevant portion of MOC guidelines dated 2.1.2015 is extracted as under:

"8.(v) Considering the impact of wage revision which cannot be quantified at this stage and adverse stripping ratios of OB beyond the normative level as considered in FR necessitating outsourcing, these factors shall not be part of normal O & M expenditure. Moreover, in the absence of truing up claim of lignite by NLC for 2009-14, the proposal of NLC to enhance escalation from 11.55 to 13% is not agreeable. Therefore, the prevailing rate of 11.55 shall continue."

25. The wage revision for non-executives and labourers has not been quantified and therefore, in the absence of complete details with regard to impact of wage revision, the claim cannot be decided in this order. However, the petitioner is granted liberty to approach the



Commission with all relevant details in accordance with law.

26. The petition is disposed of in terms of the above.

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

sd/-
(A.S. Bakshi)
Member

sd/-
(A. K. Singhal)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson

