

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 220/GT/2020**

Subject : Petition for revision of tariff of Ramagundam Super Thermal Power Station Stage- III (500 MW) for the period from 1.4.2014 to 31.3.2019 after the truing up exercise

**Petition No. 444/GT/2020**

Subject : Petition for approval of tariff of Ramagundam Super Thermal Power Station Stage- III (500 MW) for the period from 1.4.2019 to 31.3.2024.

Petitioner : NTPC Ltd.

Respondent : Andhra Pradesh Eastern Power Distribution Company Ltd & 11 ors

Date of hearing : **13.8.2020**

Coram : Shri P.K Pujari, Chairperson  
Shri I.S. Jha, Member  
Shri Arun Goyal, Member

Parties present : Shri Venkatesh, Advocate, NTPC  
Shri Vikas Maini, Advocate, NTPC  
Shri Sachin Jain, NTPC  
Shri S. Vallinayagam, Advocate, TANGEDCO  
Dr. R. Kathiravan, TANGEDCO  
Ms. R. Ramalakshmi, TANGEDCO

**Record of Proceedings**

These Petitions were taken up for hearing through Video Conferencing.

2. During the hearing, the learned counsel for the Petitioner submitted that Petition No.220/GT/2020 has been filed for revision of tariff of Ramagundam Super Thermal Power Station Stage-III (500 MW) (in short 'the generating station') for the 2014-19 tariff period and Petition No.438/GT/2020 has been filed for approval of tariff of the generating station for the 2019-24 tariff period. The learned counsel mainly submitted the following:

- (a) The Petitioner has claimed the recovery of additional O&M expenses incurred on account of pay revision of employees (with effect from 1.1.2017) and that of CISF and Kendriya Vidyalaya Staff (with effect from 1.1.2016) during the 2014-19 tariff period. This is consequent upon the implementation of the 7<sup>th</sup> Pay Commission recommendations and the decision of the Govt. of India communicated vide Office Memorandum of DPE (Department of Public Enterprises) dated 3.8.2017 on the recommendations of the 3<sup>rd</sup> Pay Revision Committee for Central PSUs. In addition, the impact of increase in gratuity



limit from Rs.10 lakh to Rs.20 lakh, consequent upon the amendment in Payment of Gratuity Act, 1972 has also been claimed;

- (b) The normative O & M expense norms specified under Regulation 29 of the 2014 Tariff Regulations had not factored the impact of such increase in the employee cost due to pay revision. The 2014 Tariff Regulations were based on the actual O & M expenses incurred for the period from 2008-09 to 2012-13 and, therefore, the implementation of the recommendations of 7<sup>th</sup> Pay Commission/ Office Memorandum of the DPE is a subsequent event, which has resulted in the increase in O&M expenses of the Petitioner;
- (c) The Petitioner, in its various tariff petitions for the 2014-19 tariff period, had sought the liberty of the Commission to seek enhancement in the O & M expenses with effect from 1.1.2017 on account of the increased salary/ wages and the Commission had allowed the same vide its orders (Commission's order dated 29.3.2017 in Petition No.334/GT/2014 was referred to). Accordingly, the Commission may allow the increase in O&M expenses due to pay revision under Regulation 54 and Regulation 55 of the 2014 Tariff Regulations;
- (d) The Commission may allow the additional expenditure incurred by the Petitioner due to Change-in-law events namely (i) the enactment of the Goods and Services Tax (GST) with effect from 1.7.2017 and (ii) Notification dated 25.1.2016 of the Ministry of Environment, Forest & Climate Change (MOEFCC), GOI regarding Ash Transportation. The Commission in its various orders had declared the promulgation of GST with effect from 1.7.2017 as a Change in Law event and has also considered the impact on account of GST in the O&M expense norms for thermal generating stations for the 2019-24 tariff period. The Petitioner has considered the impact of the increase in the rate of indirect tax from 15% to 18% on all taxable services and has claimed the same for the period from 1.7.2017 to 31.3.2019. The impact has been calculated on the actual O&M incurred during the said period;
- (e) Without prejudice to the claim of the Petitioner in Petition No. 244/MP/2016 regarding the measurement of Gross Calorific Value (GCV) of coal which is pending before this Commission, the Petitioner has considered a margin of 120 kcal/kg on the average GCV for the period from October 2016 to March 2019, in terms of the CEA recommendations dated 17.10.2017, for computing the working capital. The Petitioner seeks liberty to make additional submissions based on the outcome of the appeal pending before the Appellate Tribunal for Electricity;

3. The learned counsel for the Respondent, TANGEDCO referred to the reply and mainly submitted the following:

- (i) The Petitioner has not furnished the statement showing the existing basic pay and the revised basic pay in respect of non-executives & workmen and executives and has only furnished the year-wise impact of wage revision in respect of the above categories. Further, the data with regard to the number of employees in each category has also not been furnished;



- (ii) The Petitioner has also not furnished the statement showing the excess of expenditure incurred beyond the normative O&M expenses allowed by the Commission in its order dated 8.11.2016 in Petition No. 268/GT/2014 in respect of this generating station as provided under Regulation 29(1) of the 2014 Tariff Regulations. Allowing the inclusion of wage revision expenditure in O&M expenses will enrich the generators further at the cost of the beneficiaries and will affect the end consumers;
- (iii) As regards the recovery of additional O&M expenses on account of impact due to the revision of pay and other benefits to CISF staff with effect from 1.1.2016, the Commission may disallow the same taking into consideration the Commission's order dated 11.7.2017 in Petition No.135/GT/2015 and Para 29.21 of the Statement of Reasons to the 2014 Tariff Regulations;
- (iv) As regards the recovery of additional O&M expenses on account of wage revision to the Kendriya Vidyalaya staff, the same is not admissible as per the 2014 Tariff Regulations and the Petitioner cannot claim any expenditure on this count. The expenses towards maintenance of school form part of the employee welfare cost which is already covered under the O & M expenses. The power of relaxation under the Tariff Regulations is in general terms and its exercise is discretionary;
- (v) The Petitioner has not furnished the details of expenditure incurred for Ash dyke work within the original scope of work. As regards the additional capital expenditure of Rs.35.57 lakh claimed towards works relating to ELEC PITLESS WEIGH BRIDGE 100MT in 2015-16, the Petitioner may be directed to file supporting documents along with details of the existing weigh bridge and mechanism adopted for weighment of fuel. The Petitioner may also clarify whether the proposed expenditure is for repair or for construction of a new weigh bridge and submit approval of competent authority for installation of weigh bridge;
- (vi) The Petitioner has also not furnished the data showing the details of Plant and Machinery or Goods which attracted the additional liability towards GST with effect from 1.7.2017. In absence of Auditor's certificate supporting the additional liability, the claim made by the Petitioner for recovery of GST impact from the beneficiaries is liable to be rejected;
- (vii) The expenditure incurred towards installation of 100 KW Rooftop Solar Panels U-7-Car Parking in 2016-17, is not admissible for a thermal power station. The said work may be carried out under the existing normative O & M expenses allowed for the generating station or the Petitioner may avail State/ Central funding for such expenses, instead of passing on the same to the beneficiaries and end consumer;

4. In response, the learned counsel for the Petitioner prayed for grant of time to file its rejoinder to the reply filed by the Respondents. He further submitted that it may be granted permission to file additional affidavit containing the information as sought for by the Commission. This was accepted by the Commission.



5. The Commission directed the Petitioner to file the following additional information, with advance copy to the Respondents, on or before **15.9.2020**:

- (i) Revised Form-9D for the year 2017-18, as the Form-9D submitted with the Petition does not reflect the true position of exclusions values, on cash basis (IGAAP numbers);
- (ii) Revised Form-9D for the year 2015-16, as there is difference between the value on accrual and cash basis in the Form-9D submitted with the Petition, pertaining to the de-capitalization of MBOA (as the un-discharged liability position is stated as nil);
- (iii) Documentary evidence in respect of floating rate of interest as considered in Form-13;
- (iv) Auditor certified statement in respect of claim made under the head 'impact of GST', along with detailed working;
- (v) Detailed reasons for including the 'capital spares capitalized out of inventory' amounting to Rs.1667.30 lakh to arrive at the Gross Block as per IGAAP as on 1.4.2016, at Form-9C;
- (vi) Briefly explain the various IND-AS adjustments as stated in Form-9C;
- (vii) The information submitted in Form-9C as certified by Auditor;
- (viii) The additional capital expenditure as claimed in Form-9A for 2015-16 varies with the net additional capital expenditure claimed in Form-9C. This variation needs to be clarified or the respective forms needs to be revised;
- (ix) Legible copy of the Note-2 of the Audited Financial Statement for the year 2016-17;
- (x) The detailed break-up of the activities along with the cost incurred for each activity/ works for Ash Pond/ Ash Handling System/ Ash dyke Raising to be submitted. Further, the estimated expenditure envisaged for Ash Handling system/ Ash Pond/ Ash Dyke Raising within the original scope of work, the actual expenditure incurred under these heads as on COD of the generating station and the actual expenditure incurred from COD to 31.3.2014 and till 31.3.2019 needs to be furnished;
- (xi) Clarification as to whether the claim for capitalization of 'Electrical Pit less weighbridge' is on account of the non-materialization of coal supply corresponding to full coal linkage;
- (xii) Certificate to the effect that the Compensation Allowance allowed to the generating station has been fully utilized for other additional capital expenditure not covered by any other Regulations. Further, the Petitioner may furnish the details of the expenditure of ₹400 lakh as allowed by the Commission vide its order dated 8.11.2016 in lieu of Compensation Allowance;
- (xiii) To furnish (i) the detailed breakup of the actual O&M incurred during 2014-19 tariff period (including any arrear paid after 31.3.2019 towards wage revision) in the same format which was issued by the Commission to generating stations for furnishing the actual O&M expenditure data for the period 2008-09 to 2012-13, (ii) comparative table indicating the actual O&M expenditure versus normative O&M expenses allowed to the instant station for 2014-19 tariff period, (iii) Auditor certified statement with respect to wage revision impact including employee cost before the wage revision and employee cost after wage revision;
- (xiv) To furnish year-wise computation for the water charges claimed for the tariff period 2014-19 including (i) actual quantity of water consumed, (ii) rate (in Rs./M<sup>3</sup>) charged by the State authorities, (iii) cost of electricity consumed for pumping water from Yellampally project to NTPC reservoir, if it forms part of the water charges claimed and in that event, the Auditor certificate to the effect that the cost of electricity was booked under the head of 'water charges' during the period from



2008-09 to 2012-13 and (iv) any other cost which form part of the water charges claimed;

- (xv) Reason for the exclusion of negative entries pertaining to the de-capitalization of capital spares and MBOAs which form part of the capital cost;
- (xvi) Audited statement with respect to the consumption of capital spares;
- (xvii) The original value of the existing DCS and HMI system in use along with other relevant details as per Form-9Bi of the 2019 Tariff Regulations pertaining to assets being de-capitalized to be submitted;
- (xviii) The original value of the chlorine dosing system in operation along with other relevant details as per Form-9Bi of the 2019 Tariff Regulations pertaining to assets being de-capitalized to be submitted. Petitioner may also clarify, if any part of existing chlorine dosing system can be re-used in the proposed chlorine di-oxide dosing system, thereby reducing the cost and whether such details have been factored while projecting the estimated additional capital expenditure for the period 2021-23;
- (xix) Justification for the projected additional capitalization of Rs.1440 lakh for the period 2019-21 towards Ash Water Recirculation System, being proposed in fulfillment of MoEF Environmental Clearance condition for Telangana Phase -1 (2 x 800 MW). It shall be clarified whether the MoEF Environmental Clearance for Telangana Phase -1 (2 x 800 MW) mandates AWRS system for this generating station. If not mandated, the reason as to how the claim is made under change in law may be submitted;
- (xx) The actual Security Expenses incurred during the year 2018-19 in justification of the said claim for the period 2019-24;
- (xxi) The details of the coal quantity received at the generating station (excluding the coal stock as on 30.9.2018) during the months of October, November and December 2018 in the Form-15.

6. The Respondents shall file their replies, on or before **30.9.2020**, with advance copy to the Petitioner, who may file its rejoinder, if any, by **9.10.2020**. Pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted.

7. Subject to the above, order in the Petition was reserved.

By order of the Commission

Sd/-  
(B. Sreekumar)  
Deputy Chief (Law)

