

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 407/GT/2020

Subject : Petition for determination of generation tariff for the period from 1.4.2019 to 31.3.2024 and truing-up of generation tariff from 1.4.2014 to 31.3.2019 in respect of 262.5 MW gross capacity sale from 3 x 350 MW Kamalanga Thermal Power Plant of GMR-Kamalanga Energy Limited

Petitioner : GMR Kamalanga Energy Ltd.

Respondent : GRIDCO Ltd. & ors

Date of hearing : **27.7.2020**

Coram : Shri I.S. Jha, Member
Shri Arun Goyal, Member

Parties present : Shri Venkatesh, Advocate, GMR
Shri Ashutosh K. Srivastava, Advocate, GMR
Shri R.K Mehta, Advocate, GRIDCO
Shri Anand Srivastava, Advocate, CESUO

Record of Proceedings

The matter was taken up for hearing through Video Conferencing.

2. During the hearing, the learned counsel for the Petitioner submitted that the present petition has been filed for determination of tariff of the generating station for 2019-24 period in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 and for revision of tariff for 2014-19 period based on truing-up exercise in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014. He further submitted that the capital cost as approved by the Commission vide order dated 29.6.2018 in Petition No. 61/GT/2016 has been considered and the additional O&M expenses on account of transportation of fly ash has been claimed. The learned counsel further submitted that for the 2019-24 tariff period, an annual additional O&M expenses for Rs.15 crore towards fly ash transportation has also been claimed by the Petitioner. The learned counsel for the Petitioner added that the Respondents have not filed their replies in the matter.

3. The learned counsel for the Respondent GRIDCO, could not make submissions in the matter due to technical constraints. He however informed by letter that GRIDCO may be granted four weeks' time to file its reply in the matter subject to the Petitioner furnishing the soft copy of the tariff formats for analysis. The learned counsel for the Respondent CESUO, submitted that their utility has been transferred to Tata Power and accordingly prayed that the Petitioner may be



directed to amend the memo of parties. Accordingly, the Commission directed the Petitioner to furnish soft copy of the tariff formats to GRIDCO immediately and also to amend the memo of parties. This was agreed to by the learned counsel for the Petitioner.

4. The Commission also directed the Petitioner to submit the following additional information, with advance copy to the Respondents, on or before **22.8.2020**:

(i) *Editable soft copy of the tariff forms for both the tariff periods;*

For 2014-19 period

(i) *The Petitioner has claimed additional capitalization of ₹99.97 lakh pertaining to construction of road during 2017-2018 under Regulation 14(3) (vii). However, Regulation 14(3) (vii) does not pertain to coal based plants. As such, the petitioner shall furnish the reason for delay in capitalization of the asset within the original scope and after the cut-off date. The Petitioner shall also submit the details of the asset including its location and justification for incurring the expenditure on the assets;*

(ii) *Computation of water charges including water consumption (M^3) and the rate ($₹/M^3$). The Petitioner shall also submit Auditor's certificate in respect of the actual water charges claimed;*

(iii) *The Petitioner has claimed additional O&M expenses of ₹1500 lakh for Ash Transportation in 2018-19 in terms of the Commission Order dated 5.11.2018 in Petition No. 172/MP/2016. As per the said order, the admissibility of the claim towards Ash Transportation Cost is subject to prudence check of the following conditions/information:*

(a) *Award of fly ash transportation contract through a transparent competitive bidding procedure. Alternatively, the schedule rates of the respective State Governments, as applicable for transportation of fly ash;*

(b) *Details of the actual additional expenditure incurred on Ash transportation after 25.1.2016, duly certified by auditors;*

(c) *Details of the Revenue generated from sale of fly ash/ fly ash products and the expenditure incurred towards Ash utilisation up to 25.1.2016 and from 25.1.2016 to till date, separately;*

(d) *Revenue generated from fly Ash sales maintained in a separate account as per the MoEF notification;*

Accordingly, the Petitioner shall confirm that it has complied with the above conditions and submit the details thereof along with the computation of the claimed cost towards Ash Transportation. This shall include the name of the transporters, distance of the end user (in km.), awarded rate in ₹/ton per kilometer etc. and any other details considered relevant to the claim in terms of the 2016 Notification of MOEF&CC;

(iv) *The Normative O&M expenditure for the period 2014-19 as allowed to thermal stations was calculated based on the actual O&M expenditure for the period 2008-09 to 2012-13. As such, to rule out that the normative O&M expenditure does not contain any element of Ash transportation cost, the claim of the Petitioner towards Ash transportation cost is subject to the fact whether the petitioner was incurring any transportation cost for transporting ash to mines*



(for filling), cement factories and non-cement plants or any other end user, prior to the said 2016 Notification; If yes, the clarification as to whether the same was being booked during the period 2008-09 to 2012-13 along with year-wise expenditure on Ash transportation. If no cost had been incurred, an Auditor's certificate to the effect that the whole transportation cost for transporting ash was being borne by the end users and nothing was booked in the O&M of the station for the period 2008-09 to 2012-13 may be submitted;

- (v) Auditor certified tariff filing forms related to Additional Capital Expenditure (ACE) and other claimed expenditure;*
- (vi) Reconciliation of the Additional Capital Expenditure claimed with the Additional Capital Expenditure as per books for the period 2014-19. Petitioner shall also indicate the relevant regulation under which the expenditure has been claimed and shall also furnish detailed justification for incurring the expenditure on each asset which form part of the claim;*
- (g) Audited financial statements of the project for each year of the 2014-19 tariff period;*
- (h) Form 18 (liability flow statement) as per the prescribed format, duly certified by Auditor;*
- (i) Statement showing the reconciliation between the un-discharged liabilities as per books and as claimed in tariff, duly certified by Auditor;*
- (j) Statement showing reconciliation between the amount of loan for each year of tariff period as per Form 13 (Calculation of Weighted Average Rate of Interest on Actual Loans) and the same as per books;*
- (k) Documentary evidence in support of the interest rate considered in calculation of Weighted Average Rate of Interest on actual loans as per Form 13;*
- (l) Explanation as regards the difference between the additional capital expenditure claimed in Petition no. 61/GT/2016 for years 2014-15 & 2015-16 on actual basis and the claims made in the present petition for the said years;*
- (m) Details as regards the Interest during Construction for ₹3708.66 lakh included in the additional capitalization for the year 2014-15;*
- (n) Form 9A (Year-wise details of additional capitalization claimed after COD) for the period 2015-16 to 2018-19 in this true-up petition, indicates that the additional capitalization has been claimed on projected basis. This may be clarified;*
- (o) Furnish on affidavit that there is no asset appearing in the books and claimed in tariff but not in use because of misplaced/stolen or transferred to other project as per Annual Physical Verification Report of the plant for the period 2014-19;*
- (p) The details along with the current status with regard to the recovery of LD amount.*

For 2019-24 period

- (a) The basis for claiming projected additional O&M expenses with regard to Security expenses, Water charges and Ash transportation expenses for 2019-24*



period and to furnish the actual expenses incurred on the above said expenses for 2018-19;

- (b) Form-2 duly filled in including the Turbine Cycle Heat Rate and Boiler Efficiency as furnished in true-up petition;*
- (c) Form 15 duly filled for coal and secondary oil as per the format provided in the 2019 Tariff Regulations;*
- (d) Return on Equity (RoE) has been computed without segregating the additional capitalization after the cut-off date and beyond the original scope of work, excluding the additional capitalization due to Change in Law on which RoE shall be computed at the weighted average rate of interest on actual loan as prescribed by the 2019 Tariff Regulations. The Petitioner shall clarify the same and revise the claim accordingly;*

5. The Respondents shall file their replies by **12.9.2020**, with advance copy to the Petitioner, who may file its rejoinder, if any, by **21.9.2020**. The Commission directed that the pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted for any reason.

6. Matter shall be listed for hearing in due course for which separate notice will issued to the parties.

By order of the Commission

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

