

for the period up to 31.3.2009 based on the terms and conditions of tariff contained in the Commission's notification dated 29.3.2004.

2. Talcher STPS Stage II comprises of 4 units of 500 MW each. The power generated from the station is to be supplied to the beneficiaries in the Southern Region, the respondents herein. The first unit of Talcher STPS Stage II was synchronised on 21.2.2003 and subsequently declared under commercial operation from 1.8.2003. The second unit of Talcher STPS Stage II was synchronised on 25.10.2003 and declared under commercial operation on 1.3.2004.

3. The Commission vide its order dated 17.7.2003 had allowed Rs.278.90 crore as annual fixed charges on provisional basis from the actual date of commercial operation of Unit I of Talcher STPS Stage II. The provisional annual fixed charges allowed are subject to adjustment after determination of final tariff. In addition, the Commission had also approved the energy charges. Further, the Commission in its order dated 19.4.2004, had also approved the annual fixed for supply of power from Unit I and Unit II with effect from 1.3.2004 on provisional basis @ Rs.564.67 crore and energy charges @ 44.02 paise/kWh. The Commission in its order dated 27.5.2004, had also approved the energy charges @ 44.02 paise/kWh for the infirm power supplied from Unit III for the period from 13.5.2004.

4. Consequent to commercial operation of Unit III with effect from 1.11.2004, the petitioner has sought approval for the fixed charges as under:

(a) Annual Fixed charges (Capacity Charges) @ Rs.545.53 crore per year from 1.4.2004 to 31.10.2004 and @ Rs.812.40 crore per year from 1.11.2004 to 31.3.2005.

(b) Energy charges @ 55.67 paise per kWh from 1.4.2004 to 31.10.2004 and @ Rs.49.76 paise per kWh from 1.11.2004 to 31.3.2005.

5. The fixed charges claimed for the period from 1.11.2004 are provisional based on audited accounts as on 30.6.2004 as the audited accounts as on 1.11.2004 on the date of commercial operation are not available.

6. We heard the representatives of the parties present at the hearing.

7. The petitioner has claimed tariff on expenditure of Rs.3726.07 crore based on the audited expenditure on 30.6.2004. The representative of TNEB submitted at the hearing that IDC component in the actual expenditure is very high. It was clarified on behalf of the petitioner that the expenditure as on 30.6.2004 included IDC of Rs.452.15 crore and the balance of Rs.3273.92 crore represented the hard cost of the generating station. The petitioner is directed to place on record the detailed year-wise IDC computations.

8. The representative of TNEB raised certain issues regarding the capital cost of the generating station. Without going into the details of capital cost at this stage, we allow Rs.690.54 crore as annual fixed charges on provisional basis for Unit I, Unit II and Unit III with effect from 1.11.2004. The revised annual fixed charges of Rs.690.54 crore being approved by us on provisional basis represent 85% of the annual fixed charges of Rs.812.40 crore claimed by the petitioner, corresponding to the

expenditure of Rs.3726.07 crore. The question of capital cost may be gone into in accordance with law at the time of final determination of tariff.

9. The petitioner's claim for the energy charges has been considered based on prices and GCV of coal and secondary fuel oil for the month of July, August and September 2004, with the operational and other parameters given hereunder.

| Sl. No. | Parameters | During stabilisation period from 1.11.2004 to COD of Unit IV or 180 day from 1.11.2004, whichever is earlier | Subsequent to stabilisation period up to COD of Unit IV |
|---------|--|--|---|
| (i) | Station heat rate (kCal/kWh) | 2483.33 | 2450.00 |
| (ii) | Secondary fuel oil consumption (ml/kWh) | 2.83 | 2.00 |
| (iii) | Auxiliary energy consumption (%) | 7.67 | 7.5 |
| (iv) | Coal price (Rs./MT) | 542.53 | 542.53 |
| (v) | GCV of Coal (kCal/kg) | 3070.00 | 3070.00 |
| (vi) | Fuel Oil price (Rs./KL) | 15345.72 | 15345.72 |
| (vii) | GCV of Fuel Oil (kCal/Lit) | 9500.00 | 9500.00 |
| (viii) | Rate of Energy Charge ex-bus (paise/kWh) | 51.72 | 49.76 |

10. The base energy charges as above are allowed provisionally and shall be further subjected to fuel price adjustment for variation in price and GCV of fuels.

IA No.51/2004

11. The present Interlocutory Application (No.51/2004) is filed by the petitioner for approval of energy charges @ 56.29 paise/kWh on provisional basis for infirm power, to be supplied to the respondents from the date of synchronisation to the date of commercial operation of the Unit IV (500 MW) of Talcher STPS Stage II. The

petitioner has informed that Unit IV of Talcher STPS Stage II is likely to be synchronised during the current month, that is, January 2005.

12. The claim for energy charge for infirm power is based on price and GCV of Coal and fuel-oil as under:

| | Price | GCV |
|--------------------|--------------------|-----------------|
| Coal | Rs.549.19/MT | 3103.33 kCal/Kg |
| Secondary Fuel Oil | Rs.16474.69/K L | 9500 kCal/litre |

13. The other operational parameters considered by the petitioner are:

| | |
|-------------------------------------|---------|
| Station Heat Rate (kCal/kWh) | 2550.00 |
| Secondary Fuel Consumption (ml/kWh) | 4.50 |
| Auxiliary Energy Consumption (5) | 8.00 |

14. On consideration of the facts on record, we allow the following tariff for infirm power from the date of synchronisation of Unit IV (500 MW) of Talcher Stage II.

| | |
|---------------|--|
| Energy Charge | 56.29 paise/kWh for a maximum period of 180 days from the date of synchronisation of Unit IV up to the date of commercial operation, whichever is earlier, subject to regulation 19 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004. |
|---------------|--|

15. We direct the petitioner to inform the exact dates of synchronisation and commercial operation of Unit IV of Talcher STPS Stage II and furnish the duly audited accounts up to the date of commercial operation. The petitioner shall file the amended petition based on the audited accounts up to the date of commercial operation of the generating station as a whole which includes Unit IV on the formats notified by the Commission, with advance copy to the respondents.

16. The case shall be processed for hearing after the amended petitioner has been filed by the petitioner.

17. This order disposes of IA No.51/2004.

Sd/-
(H.L. BAJAJ)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 14th January, 2005