

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**

**IA No.52/2003
In
Petition No.91/2002**

In the matter of

Fixation of tariff for sale of power from Doyang Hydro Electric Project (3x25 MW) for the period from 10.7.2000 to 31.3.2004

North Eastern Electric Power Corporation Ltd.

.....Petitioner

Vs

1. Assam State Electricity Board, Guwahati
2. Meghalya State Electricity Board, Shillong
3. Department of Power, Govt. of Tripura, Agartala
4. Power & Electricity Department, Govt. of Mizoram, Aizawal
5. Electricity Department, Govt. of Manipur, Imphal
6. Deptt. of Power, Govt. of Arunachal Pradesh, Itanagar
7. Department of Power, Govt. of Nagaland, Kohima
8. West Bengal State Electricity Board, Kolkata
9. North Eastern Regional Electricity Board, Shillong
10. North Eastern Regional Load Despatch Centre

.....Respondents

The following were present

1. Shri Parag P. Tripathi, Sr. Advocate, NEEPCO
2. Shri Sudhir Mishra, Advocate, NEEPCO
3. Shri Malcom D. Ray, ED(Comml.), NEEPCO
4. Shri Akhtar Hussein, Sr. Manager (E), NEEPCO
5. Shri Priya Ranjan Kumar, NEEPCO
6. Shri Pankaj Kumar Singh, Advocate, NEEPCO
7. Shri M.K. Adhikary, ASEB
8. Shri H.K. Sharma, ASEB
9. Shri M. Sanatan Singh, Manpur State
10. Shri C.D. Saio, Me.SEB
11. Shri LMF Sohtun, Me.SEB
12. Shri A. Verghese, NEREB
13. Shri R. Sutredhar, NERLDC

ORDER
(DATE OF HEARING : 22.9.2003)

Through this petition, the petitioner seeks fixation of tariff for Doyang Hydro Electric Project for the period from 10.7.2000 to 31.3.2004.

2. After hearing of this petition on 1.4.2003, the Commission, by its order dated 17.4.2003, had directed the petitioner to file certain information by 30.9.2003, for determination of final tariff, after approval of the financial package by the Central Government. The present IA has been filed for extension of time up to 31.3.2004 for submission of the requisite details/information. It has been submitted that the proposal for approval of revised financial package was under consideration of Ministry of Power. After the proposal is agreed to by Ministry of Power, it will be processed for approval by Deptt of Development of North-Eastern Region, North-Eastern Council. It is stated that the final approval of the revised financial package may not materialise before six months. Accordingly, prayer has been made for extension of time up to 31.3.2004.

3. At the previous hearing, the representative of the petitioner had undertaken to file the necessary information by 30.9.2003. Again, in the present application a prayer is made for further extension of time. Ordinarily, under these circumstances we would not have entertained the plea for grant extension of time. However, the information called for vide the Commission's order dated 17.4.2003, is so vital that in its absence is not possible to proceed with determination of tariff. Therefore, we allow extension of time as prayed for. We have no doubt in our mind that the proposal for approval of the revised financial package shall be pursued by the petitioner with all sincerity and prudence at its command and will receive the attention it deserves by the concerned

authorities so that the necessary details become available within the extended time now being allowed.

4. It was stated that the constituents of North-Eastern Region had agreed to implementation of ABT with effect from 1.10.2003. In a separate order in petition No 42/2003, we have given a direction for implementation of ABT in the North-Eastern Region w.e.f.1.11.2003. Accordingly, the approval of two-part tariff is essential for proper implementation of ABT and a prayer to that effect has also been made in the interlocutory application.

5. In the absence of the necessary details called for in terms of our order dated 17.4.2003 and adverted to above, it is not possible to determine final two-part tariff at this stage. Therefore, we have considered an interim arrangement on two-part tariff.

6. The Commission in its order dated 17.4.2003 had allowed the petitioner to charge a provisional tariff at the rate of Rs. 2.00/kwh during 2000-2001 with an annual escalation of 5% on single part basis till approval of two-part tariff. The provisional single part tariff works out to Rs. 2.10, Rs. 2.205 and Rs. 2.315 for the years 2001-2002,2002-2003 and 2003-2004 respectively. We, therefore, propose to convert this provisional single part tariff to two-part tariff on provisional basis till final determination of tariff in the present petition. We may hasten to add that the provisional tariff being allowed by us shall not preclude the Commission from calculating tariff in accordance with the terms and conditions of tariff applicable at the relevant time.

Primary Energy Charge

7. Primary Energy Charge = Primary Saleable Energy (Ex-bus) x
Primary Energy Rate/0.88

The lowest variable charge of Central Sector Thermal Station of a Region is found to be varying on a month to month basis. Thus the Primary Energy Rate for the year 2001-02 has been calculated as 90% of average of preceding 12 months (that is, the year 2000-01) of the lowest variable charge of central sector thermal power stations in the Eastern Region as the base and adding the transmission charges as applicable to the Eastern Region during 2000-01. The Primary Energy Rate applicable during 2001-02 for the energy supplied from Doyang HE Project shall be 50.32 paise per kwh. The Primary Energy Rate for the year 2001-02 has been worked out as under:

DOYANG H.E. PROJECT

VARIABLE CHARGES OF THE CENTRAL SECTOR THERMAL POWER STATIONS OF EASTERN REGION FOR 2000-01														
STATION	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV	DEC	JAN	FEB	MAR.	Avg. Rate for the Year	
	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh	P/Kwh		
FSTPP	78.16	85.92	80.65	84.99	84.75	85.59	86.50	84.72	79.11	75.91	84.84	84.84	83.00	
KHSTPP	73.79	73.76	75.57	81.50	78.00	83.85	92.49	85.20	81.25	77.14	87.08	87.08	81.39	
TSTPP	36.83	40.70	40.60	41.25	42.02	41.22	39.42	39.54	38.65	38.57	38.59	38.59	39.67	
Average Lowest Rate for the year (P/Kwh)														
=36.83+40.7+40.6+41.25+42.02+41.22+39.42+39.54+38.65+38.57+38.59+38.59=475.98/12= 39.67 p/kwh														
90% of Average lowest rate for the year 2000-01 =					35.70									p/kwh
To work out Transmission charges of Eastern Region during 2000-01														
a) Annual transmission charges of ER(TSC) = Rs. 269.9 crore														
b) Annual energy sent out from ER= 18454.35 Gwh														
Transmission charges of Eastern Region=(a/b)*1000 = 14.62 paise/unit														
Primary Energy Rate*	(35.70 p/kwh+ 14.62 paise/unit)=50.32 paise/unit													

(*)- This rate will be applicable to work out the tariff for the year 2001-02

8. Primary Energy Rate for the years 2002-03 and 2003-04 will be determined based on 90% of average of 12 months lowest variable charges of the Central sector coal based thermal stations of Eastern Region for the years 2001-02 and 2002-03 respectively. The transmission charges for Eastern Region will be added to arrive at Primary Energy Rates for the respective years.

Capacity Charge

9. On the basis of the provisional single part tariff of Doyang HEP as per para 6 above, the annual capacity charges shall be worked out as follows:

Total fixed charges = Annual saleable design energy of the station * Single Part
Tariff rate (p/kwh)

10. Annual Saleable Design Energy of the Doyang HEP shall be worked out as follows:

a) Annual design energy	= 227.24 Gwh
b) (Auxiliary consumption + Transformation Losses) @1%	= 2.27 Gwh
c) Energy sent out	= 224.97 Gwh
d) Free power to home state @12%	= 27.00 Gwh
e) Annual Saleable design energy	= 197.97 Gwh

Annual Fixed Charges allowed during 2001-02 = (197.97* 2.10)/10
= Rs. 41.57 crore

Annual Fixed Charges allowed during 2002-03 = (197.97 * 2.05)/10
= Rs. 43.65 crore

Annual Fixed Charges allowed during 2003-04 = (197.97 * 2.315)/10
= Rs. 45.83 crore

Capacity charge = Total fixed charge – Primary Energy Charge

11. The tariff approved by us is provisional and is subject to adjustment in the light of final determination of tariff on consideration of the information received from the

petitioner. It is directed that in the first instance offer for sale of power at the provisional tariff approved by us shall be made to the constituents of the region and in case of their decline to purchase power at the above provisional tariff, the petitioner shall be at liberty to sell power to any other utility outside the region.

12. The petition shall be processed for hearing on petitioner filing the requisite details. This order disposes of IA No.52/2003.

**Sd/-
(K.N. SINHA)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRMAN**

New Delhi dated the 6th October, 2003