

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**
4. **Shri A.H. Jung, Member**

Petition No. 40/2004

In the matter of

Approval of tariff of Badarpur Thermal Power Station (705 MW) for the period from 1.4.2004 to 31.3.2009.

And in the matter of

Badarpur Thermal Power Station, New Delhi Petitioner
Vs	
Delhi Transco Limited, New Delhi Respondent

The following were present:

1. Shri V.B. K. Jain, NTPC
2. Ms. Sumitra Dhevi, NTPC
3. Shri S. Saran, NTPC
4. Shri N. Ahmad, NTPC
5. Shri S.D. Jha, NTPC
6. Shri P. Kapoor, NTPC
7. Shri R. Singhal, NTPC
8. Shri D.G. Salpekar, NTPC
9. Shri Sumeet Pushkarna, Advocate, DTL
10. Shri V.K. Gupta, Consultant, DTL
11. Shri M. P. Aggarwal, DTL
12. Shri S. Sethi, DTL
13. Shri P.K. Puri, Dy. Manager, (Legal)
14. Shri A.K. Kaul, DTL
15. Shri Prem Prakash, DTL
16. Shri Naveen Goel, DTL

**ORDER
(DATE OF HEARING: 21.4.2005)**

The petitioner seeks approval of tariff for Badarpur Thermal Power Station (BTPS) for the period from 1.4.2004 to 31.3.2009.

2. Tariff for BTPS was last determined by the Central Government, Ministry of Energy, Department of Power vide letter dated 7.3.1987 effective from 1.4.1987.

Initially, the petitioner filed a petition for approval of tariff based on debt-equity ratio of 70:30. Subsequently, an amended petition has been filed wherein tariff has been proposed by taking debt-equity in the ratio of 50:50. Further, in the amended petition, the petitioner has sought approval based on “gross fixed assets” concept, though the tariff earlier approved by the Central Government by its letter dated 7.3.1987 was based on “net fixed assets” concept. The Commission has notified the terms and conditions for determination of tariff applicable from 1.4.2004 to 31.3.2009. However, the operational norms to be applied to BTPS have not been considered in these terms and conditions for the reason that actual operational data in respect of BTPS was not available to the Commission. Therefore, before the Commission takes up the exercise of actual determination of tariff, it is necessary that certain preliminary issues are resolved first. For this purpose, we have decided that the preliminary issues, enumerated below, shall be examined by one of us, namely, Shri A.H. Jung, Member (hereinafter referred to as “the one-member bench), who will submit his report to the Commission for its appropriate action. The terms on which the recommendations of the one-member bench shall be finalised are:

- (a) Whether to follow the “net fixed assets” concept or “gross fixed assets” concept;
- (b) Debt-equity ratio to be considered;
- (c) Gross block to be considered as on 1.4.2004;
- (d) R&M expenditure and the expenditure to meet environmental norms to be considered;
- (e) O&M expenses to be considered in tariff; and
- (f) Operational norms of gross station heat rate, auxiliary energy consumption, specific fuel oil consumption and target availability/PLF to be applicable.

3. The one-member bench will finalise his recommendations and submit a report to the Commission latest by 30.6.2005, after opportunity of hearing to both the parties, who shall appear before Shri Jung on 16.5.2005. Meanwhile, the petitioner shall file the following clarifications/information, duly supported by affidavit, with a copy to the respondent before the date fixed for appearance before the one-member bench:

- (a) Revised/updated cost estimates indicating the price level;
- (b) Consent, if any, of the respondent for undertaking R&M;
- (c) Cost benefit analysis after of R&M;
- (d) Implementation schedule for undertaking R&M;
- (e) Expended life period after R&M;
- (f) Schedules attached to the balance sheets for the years 1986-87 to 2002-03 and the audited accounts for the year 2003-04 with all schedules;
- (g) Terms and conditions, including rate of interest, moratorium period, if any, and repayment period, etc of Government of India loans applicable from the date of commercial operation to 2003-04;
- (h) Asset-wise depreciation rate calculation based on gross block as on 31.3.2004; and
- (i) Cumulative depreciation recovered up to 2003-04.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi, dated 29th April, 2005