

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairperson**
2. **Shri Bhanu Bhushan, Member**
3. **Shri A.H.Jung, Member**

Petition No.5/2006

In the matter of

Approval of provisional tariff of Rihand Super Thermal Power Station, Stage-II, unit-I & II (2x500 MW) (Combined) for the period 1.3.2006 to 31.3.2009.

And in the matter of

National Thermal Power Corporation

Petitioner

Vs

1. Uttar Pradesh Power Corporation Limited, Lucknow
2. Jaipur Vidyut Vitran Nigam Ltd., Jaipur
3. Ajmer Vidyut Vitran Nigam Ltd. Ajmer
4. Jodhpur Vidyut Vitran Nigam Ltd., Jodhpur
5. Delhi Transco Ltd., New Delhi
6. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
7. Punjab State Electricity Board, Patiala
8. Himachal Pradesh State Electricity Board, Shimla
9. Power Development Department, Govt. of J&K, Srinagar
10. Power Deptt. Union Territory of Chandigarh, Chandigarh
11. Uttranchal Power Corporation Ltd., Dehradun

Respondents

The following were present:

1. Shri VBK Jain, NTPC
2. Shri M.Saxena, NTPC
3. Shri S.D.Jha, NTPC
4. Shri G.K.Dua, NTPC
5. Shri M.K. Narang, NTPC
6. Shri I. Uppal, NTPC
7. Shri Balaji Dubey, NTPC
8. Shri K.K. Mishra, NTPC
9. Shri Shankar Saran, NTPC
10. Shri Rahul Srivastava, NTPC
11. Ms. Alka Saigal, NTPC
12. Shri Ratnesh, NTPC
13. Shri Gaurav, NTPC
14. Shri E. Surendra, NTPC
15. Shri V.K.Melhotra, DTL

ORDER
(DATE OF HEARING 27.4.2006)

The petition has been filed for approval of provisional tariff for Rihand Super Thermal Power Station Stage-II (Rihand STPS-II) for the period from 1.3.2006 to 31.3.2009, based on the terms and conditions of tariff contained in the Commission's notification dated 26.3.2004.

2. Rihand STPS- II comprises of 2 units of 500 MW each. The power generated from the generating station is to be supplied to the beneficiaries in the Northern Region, the respondents herein. The first unit of Rihand STPS-II, was to be declared under commercial operation on 15.8.2005. The second unit was synchronized on 24.9.2005 and was proposed to be declared under commercial operation on 1.3.2006 and an application was accordingly made for approval of provisional tariff. Subsequently, the petitioner filed an affidavit on 30.3.2006 to inform that the actual date of commercial operation of the second unit, and the generating station as a whole was 1.4.2006 and this was confirmed at the hearing. Thus, the provisional tariff is being approved w.e.f. 1.4.2006.

3. The Commission vide its order dated 18.1.2006 in Petition No.134/2005 had allowed tariff for sale of infirm power @ 85.24 paise/kWh from the date of synchronization to the date of commercial operation of the second unit of Rihand STPS-II.

4. The petitioner has claimed tariff on capital expenditure of Rs.2650.86 crore, against the CEA approved cost of Rs.3384.77 crore. The petitioner has claimed the Annual Fixed Charges as under:

(Rs. in lakh)

	2006-07	2007-08	2008-09
Depreciation	9677	9677	9677
Interest on Loan	13768	12463	10518
Return on Equity	11134	11134	11134
Advance against Depreciation	0	8879	8879
Interest on Working Capital	2897	3026	3017
O&M Expenses	10120	10520	10950
TOTAL	47596	55699	54174

5. We heard the representatives of the parties present at the hearing. The respondents raised certain issues regarding the capital cost of the generating station. Without going into the details of capital cost at this stage, we allow the Annual Fixed Charges of Rs.42836 lakh for the period starting from 1.4.2006 on provisional basis for Rihand STPS-II. The provisional fixed charges being approved by us represent 90% of the Annual Fixed Charges for the year 2006-07 claimed by the petitioner. The question of capital cost shall be gone into in accordance with law at the time of final determination of tariff.

6. The petitioner has claimed the energy charges of 90.07 paise/kWh (during stabilization period of Unit-II) and 85.76 paise/kWh (beyond stabilization period), based on the following operational norms:

		During stabilization period of Unit – II starting from 1.3.2006 to 28.8.2006	Beyond stabilization period of Unit II starting from 29.8.2006
Sp. Oil Consumption	ml/kWh	3.25	2
Auxiliary Consumption	%	7.75	7.5
Heat rate	Kcal/kWh	2500	2450

7. As per the notification dated 26.3.2004 on terms and conditions of tariff applicable up to 31.3.2009 stabilisation period and relaxed operational norms during stabilization period shall cease to apply w.e.f. 1.4.2006. As such, norms as considered by the petitioner for period beyond stabilization which are in line with the said

notification dated 26.3.2004, have been allowed from the date of commercial operation of the generating station, that is, 1.4.2006.

8. Further, it has been observed that the energy charges as claimed by the petitioner are based on fuel prices and GCVs procured and burnt during the months of July 2005 to September 2005. The tariff being considered in the petition is for the period starting from 1.4.2006, actual date of commercial operation of the generating station. As per provisions of the notification dated 26.3.2004, the petitioner is required to furnish the fuel prices and GCVs for the three preceding months, January 2006 to March 2006 in the present case. Further, the Commission has decided to allow only HFO for the purpose of base energy charges. However, it is not clear from the details submitted by the petitioner whether the secondary fuel oil procured is HFO or HSD/LDO or both.

9. In absence of information about fuel prices and GCVs for the relevant period, the latest available prices and GCVs for the period July 2005 to September 2005 have been allowed to be applied for the computation of base energy charges along with the provision of Fuel Price Adjustment clause which will take care of variation in price and GCV of fuels on month to month basis. Accordingly, the provisional energy charges of 85.76 paise/kWh have been allowed as per the following computation:

Gross Station Heat Rate	Kcal/kWh	2450.00
Specific Fuel Oil Consumption	MI/kWh	2.00
Aux. Energy Consumption	%	7.50
Weighted Average GCV of Oil	KCal/l	9650.00
Weighted Average GCV of Coal	KCal/Kg	3773.00
Weighted Average Price of Oil	Rs./KL	20747.33
Weighted Average Price of Coal	Rs./MT	1166.93
Rate of Energy Charge from Sec. Fuel Oil	Paise/kWh	4.15
Heat contributed from SFO	KCal/kWh	19.30
Heat contributed from Coal	KCal/kWh	2430.70
Specific Coal Consumption	Kg/kWh	0.64
Rate of Energy Charge from Coal	Paise/kWh	75.18
Rate of Energy Charge ex-bus per kWh sent	Paise/kWh	85.76

10. The above provisional energy charges shall be subject to Fuel Price Adjustment for variation in GCV and prices of fuels on month to month basis and also the final tariff to be approved. It is mentioned that to arrive at the price of secondary fuel oil for a particular month for the purpose of application of FPA, the weighted average price (in case of more than one type of secondary fuel oil) shall be computed on "as consumed basis" and not on "as procured basis" during that month. The price so calculated shall be applied to the normative secondary fuel oil consumption.

11. While seeking approval for final tariff, the petitioner shall furnish the details called for vide order dated 21.9.2005 in Petition No.83/2005.

12. With the above, the petition stands disposed of. The petitioner has paid the initial filing fee of Rs.20,000/-. The balance of the Court fee of Rs. 80,000/- shall be deposited by the petitioner within two weeks of this order.

Sd/-
(A. H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRPERSON

New Delhi, dated 6th June, 2006