

**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.5/2002**

**In the matter of**

Revised Tariff for Thermal Power Station II of NLC for the period from 2001-2002 to 2003-2004.

**And in the matter of**

Neyveli Lignite Corporation Ltd.

...**Petitioner**

Vs

1. Tamil Nadu Electricity Board, Chennai
2. Karnatka Power Transmission Corp. Ltd., Bangalore
3. Kerala State Electricity Board, Thiruvanthapuram
4. Pondicherry Electricity Deptt., Pondicherry
5. Transmission Corporation of Andhra Pradesh Ltd.,

Hyderabad.....**Respondents**

**The following were present**

1. Shri. K. Sekar, NLC
2. Shri R. Suresh, NLC
3. Shri A. Ganesan, NLC
4. Shri. S. Sowmyanarayanan, Consultant, TNEB
5. Shri V.G. Pandit, KPTCL

**ORDER  
(DATE OF HEARING : 21.6.2005)**

We have heard Shri K.Sekar and Shri R. Suresh for the petitioner and Shri S. Sowmyanarayanan for the first Respondent, TNEB.

2. This Commission in its order dated 3.5.2005, had directed the petitioner to file on affidavit in a sealed cover, the detailed methodology adopted, including

the computations in support of the transfer price for lignite considered in the proposal for tariff. The petitioner has since complied with the direction.

3. At the last hearing held on 21.4.2005, the representative of the petitioner had submitted that CMD would explain the parameters for fixing the transfer price of lignite to the respondents in a meeting to be convened shortly for this purpose. The outcome of the meeting was to be reported to the Commission. However, the meeting has not been called by CMD of the petitioner company.

4. Shri K Sekar, representative of the petitioner stated that the meeting would be convened by the CMD by 12.7.2005 to explain the parameters of fixation of lignite price to the respondents. The details of deliberations of the meeting shall be filed before the Commission on affidavit latest by 25.7.2005.

5. The petitioner has since filed the amended petition based on Net Fixed Assets approach, copy of which has been served on the respondents, who may file their replies latest by 25.7.2005, with a copy to the petitioner.

6. In addition, the petitioner shall also file the following details on affidavit latest by 25.7.2005:

- (i) Details of all the loans drawn so far for Stage-I and Stage-II, in the prescribed forms,
- (ii) Copy of sanction letter (s) of Government of India loans, along with terms and conditions of loans for Stage-I,

- (iii) Copy of sanction letter(s) of Government of India loans, along with terms and conditions of loans for Stage-II drawn after approved financial package up to date of commercial operation,
- (iv) Weighted average depreciation rate based on asset-wise depreciation rate on the capital cost as on 31.3.2001, separately for Stage-I and Stage-II,
- (v) Cumulative depreciation recovered in tariff up to 31.3.2001 along with year-wise depreciation duly supported by detailed calculations and BPSA,
- (vi) Reconciliation of accounts between power units and mines, amongst the generating stations and stages,
- (vii) The reconciliation of O&M expenses between power units & mines, and amongst the generating stations and stages separately, along with basis of allocation,
- (viii) Date of pay revision of the employees and year-wise allocation of pay revision arrears;
- (ix) Break-up of stores consumed in the respective years,
- (x) Details of Employee cost at corporate office and at the generating stations separately indicating incentive and ex gratia, etc. paid;
- (xi) Reasons for abnormal increase in repair and maintenance expenses observed hereunder:
  - (a) Stage-I : Repair & Maintenance expenses – increase of 56.35% in the year 1997-98 over those for the previous year and 22.7% in the year 1999-2000 over those for the year 1998-99,
  - (b) Stage-II: Repair & Maintenance expenses – increase of 56.15% in the year 1997-98 over those for the previous year and 23% in the year 1999-2000 over those for the year 1998-99.

7. Further, the details of capital cost for the period 1996-2001 along with additional capitalization furnished by the petitioner are not tallying with gross block as on 1.4.2001 given for the purposes of tariff determination. The figures of additional capitalization as furnished by the petitioner also vary as indicated below and shall be reconciled, by filing an affidavit by 25.7.2005.

(Rs. in crore)

	<b>Stage – I</b>		<b>Stage-II</b>	
Capital Cost as on date of commercial operation	480.81		1270.25	
Capital Cost as on 1995-96 (considered in the earlier BPSA)	583.35		1283.68	
	As per addendum to the petition			
Additional Capitalisation	Page 1	Page 2	Page 1	Page 3
1996-97	4.81	0.87	9.27	0.28
1997-98	22.01	6.21	19.33	0.65
1998-99	15.59	4.12	22.52	0.00
1999-2000	16.80	9.03	22.40	0.05
2000-01	12.87	18.00	17.16	0.00
	72.08	38.23	90.68	0.98
Capital Cost as on 31.3.2001	<b>610.43</b>	<b>576.58</b>	<b>1374.36</b>	<b>1284.66</b>
Gross Block as on 31.3.2001	<b>573.3</b>		<b>1177.95</b>	

8. List on 15.9.2005.

Sd/-  
**(A.H.JUNG)**  
**MEMBER**

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

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

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

New Delhi dated the 5<sup>th</sup> July, 2005