

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

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

**Review Petition No. 76/2003  
In Petition No. 39/2001**

**In the matter of**

Application for amendment of order dated 23.7.2003 under Clause 2(d)(iv) of CERC (terms and conditions, Regulations 2001) dated 21.3.2001 on the issue of escalation factor for O&M expenses in the tariff for the period 1.4.2001 to 31.3.2004 in respect of Singrauli STPS.

**And in the matter of**

Uttar Pradesh Power Corporation Ltd	....	Petitioner
Vs		
National Thermal Power Corporation Ltd and others	....	Respondents

The following were present:

1. Shri D.D. Chopra, Advocate, UPPCL
2. Shri T.K. Srivastava, UPPCL
3. Shri Mahesh Chandra, DGM, UPPCL

**ORDER  
(DATE OF HEARING 2.12.2003)**

In this petition, the petitioner has sought review of O&M expenses approved by the Commission in its order dated 23.7.2003 in Petition No.39/2001, based on weighted average escalation rate as per WPI and CPI, in terms of the Commission's notification dated 26.3.2001 on terms and conditions for determination of tariff. The petition was listed for admission.

2. In accordance with the Commission's notification dated 26.3.2001 laying down terms and conditions for determination of tariff for the period from 1.4.2001 to 31.3.2004, operation and maintenance expenses for the stations in operation for five years or more in

the base year of 1999-2000 are derived on the basis of actual O&M expenses, excluding abnormal O&M expenses, if any, for the years 1995-1996 to 1999-2000 duly certified by the statutory auditors. The average of actual O&M expenses for the years 1995-1996 to 1999-2000 are considered as the O&M expenses for the years 1997-1998, which are escalated twice @ 10% per annum to arrive at base O&M expenses for the year 1999-2000. Thereafter the base O&M expenses for the year 1999-2000 are further escalated @ 6% per annum to arrive at permissible O&M expenses for the relevant year.

3. The tariff notification dated 26.3.2001 further provides that if the escalation factor computed from the observed data lies in the range of 4.8% to 7.2%, the variation shall be absorbed by the petitioner. In case of deviation beyond these limits, adjustment is to be made by applying actual escalation factor arrived at on the basis of weighted price index of WPI and CPI.

4. The petitioner has submitted that the Commission in its order dated 23.7.2003 had allowed escalation @ 6% per annum, to arrive at permissible O&M expenses for the relevant years of tariff period. However, the petitioner has submitted that the actual escalation according to the CPI and WPI is less than 4.8%, which, according to the petitioner, are 4.40%, 3.49% and 2.70% for the years 2000-2001, 2001-2002 and 2002-2003. Therefore, the petitioner seeks review of the order in terms of the Commission's notification dated 26.3.2001.

5. We heard Shri D.D. Chopra, Advocate for the petitioner. He stated that the expenses for the year 2003-2004 are based on estimation since the actual accounts for that year are not yet available.

6. We are satisfied that a *prima facie* case for review has been made. We direct that the petition be admitted for hearing. Further, the petitioner is directed to amend the petition based on actual audited accounts for the year 2003-2004 and file an amended petition, with advance copy to the respondents along with copy of this order by 30.4.2004. The respondents may file their replies within 4 weeks after receipt of the copy of the amended petition. The Commission will indicate the date of hearing after filing of amended petition and reply.

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

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

New Delhi dated the 11<sup>th</sup> December 2003