

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

Coram:

1. Shri Ashok Basu, Chairperson
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. Karnataka Power Transmission Corp. Ltd., Bangalore
3. Kerala State Electricity Board, Thiruvananthapuram
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 R. Balasubramaniam, NLC
5. Shri. S. Sowmyanarayanan, Consultant, TNEB
6. Shri V.G. Pandit, KPTCL
7. Shri V. Bharatheesa Rao, KPTCL

**ORDER  
(DATE OF HEARING : 28.2.2006)**

One of the basic issues presently under consideration of the Commission in this petition is regarding determination of lignite transfer price for computation of energy charges. Ministry of Coal, by its order dated 30.1.2006 has laid down certain principles for determination of lignite transfer price. Based on these principles, the petitioner has worked out the transfer price, and an affidavit to this

effect was also filed. However, the detailed calculations in support of the transfer price arrived at by the petitioner were not disclosed to the respondents on the ground that these were to be treated as confidential, though these calculations were submitted to the Secretary of the Commission in a sealed cover. In view of the stand taken by the petitioner, we considered it appropriate to give an opportunity to the respondents to submit their own calculations on the transfer price for computation of energy charges. TNEB, Respondent No.1 has filed its calculations of the transfer price. It is seen that there are vast differences between the transfer price computed by the petitioner and that computed by TNEB. The representative of the petitioner has questioned the correctness of the calculations submitted by TNEB. He, however, in the interest of transparency, undertook to furnish the necessary details to the respondents

2. Accordingly, the petitioner is directed to submit the detailed calculations of the transfer price separately for each year during the tariff period, clearly bringing out the pricing parameters of the capital cost, gross block, additional capitalization, depreciation, net block, O&M expenses, power charges, income tax, etc. in the format given by TNEB along with all supporting documents and proper justification separately for each mine, duly reconciled with the balance sheet of the respective year. The calculations shall be supported by the following:

- (a) Justification for depreciation rate along with asset-wise depreciation calculations;

- (b) Year of capitalization of bucket wheel excavator of capacity 10 LT and its cost allocation to specific mine and increase in mine capacity, if any as a result thereof; and
- (c) Basis for power charges, income tax, FERV, interest rate for Working Capital.
3. The above information shall be filed by the petitioner latest by 20.4.2006 duly supported by affidavit with a copy to the respondents.
4. List this petition for further directions on 25<sup>th</sup> April 2006

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

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

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

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

New Delhi dated the 22<sup>nd</sup> March, 2006