

**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. 13/2005

In the matter of

Approval of provisional tariff for power supplied from Ramagundam Super Thermal Power Station, Stage-III.

And in the matter of

National Thermal Power Corporation Ltd.

...**Petitioner**

Vs

1. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
2. Tamil Nadu Electricity Board, Chennai
3. Karnataka Power Transmission Corporation Ltd, Bangalore
4. Kerala State Electricity Board, Thiruvananthapuram
5. Electricity Department, Govt. of Pondicherry, Pondicherry....**Respondents**

The following were present

1. Ms. Pranav Kapoor, NTPC
2. Shri V.B.K. Jain, GM, NTPC
3. Shri I.J. Kapoor, GM, NTPC
4. Shri A.K. Juneja, DGM, NTPC
5. Ms. Alka Saigal, Sr. Manager, NTPC
6. Shri Manoj Mathur, DGM, NTPC
7. Shri C.S. Srinivas, NTPC
8. Shri A. Ravindra, NTPC
9. Shri R. Datt, NTPC
10. Shri K. Gopalakrishnan, KSEB
11. Shri R. Balachandran, KSEB
12. Shri V.G. Pandit, CA, KPTCL

**ORDER
(DATE OF HEARING : 26.4.2005)**

This petition is filed for approval of provisional tariff for Ramagundam Super Thermal Power Station Stage – III (500 MW) (hereinafter referred to as “the

generating station”) from 1.3.2005, the expected date of commercial operation of Unit I, in accordance with clause 5(3) (i) of the terms and conditions of tariff notified by the Commission in the official gazette on 29.3.2004.

2. The investment approval for the generating station was accorded by the Board of Directors of the petitioner company in its meeting held on 16.5.2001 at a cost of Rs.1780.99 crore. The generating station has been declared under commercial operation with effect from 25.3.2005. Accordingly, the petitioner is entitled to claim provisional capacity charges and energy charges from this date and not from 1.3.2005 as claimed in the petition. The petitioner has claimed the provisional annual capacity charges as under:

2004-05	Rs.254.43 crore
2005-06	Rs.247.52 crore

3. In addition, the petitioner has claimed energy charges of 118.72 paise/kWh during the stabilisation period and 109.92 paise/kWh after the stabilisation period. The energy charges claimed are based on operational norms specified by the Commission in the terms and conditions notified on 29.3.2004. The price and GCV of coal and oil considered for computation of energy charges by the petitioner are those for the months of September to November 2004. The specific details of the operational norms, etc, considered for computation of energy charges by the petitioner are extracted hereunder:

Description	Unit	During stabilisation period	After stabilisation period
Gross Station Heat	kCal/kWh	2550.00	2450
Sp. Fuel Oil	ml/kWh	4.50	2
Aux. Energy Consumption	%	8.00	7.5
Weighted Average GCV of Oil	KCal/l	9854.20	9854.20
Weighted Average GCV of Coal	kCal/Kg	3250.00	3250.00
Weighted Average Price of Oil	Rs./KL	17993.47	17993.47
Weighted Average Price of Coal	Rs./MT	1311.61	1311.61
Rate of Energy Charge ex-bus per kWh Sent	Paise/kWh	118.72	109.92

4. It has been submitted by the petitioner that the completion cost of the generating station, as on the date of commercial operation, is anticipated to be Rs.1450 crore, though the petitioner has claimed the provisional capacity charges based on expenditure of Rs.1322.16 crore as on 30.9.2004, as certified by the auditors. The respondents have prayed that 60% to 85% of the provisional capacity charges claimed by the petitioner should be approved.

5. We do not find any justification in the contention in the point made by the respondents. Though the final audited accounts are not yet available, the capital cost is likely to add up to Rs.1450 crore as submitted by the petitioner. The petitioner's claim of tariff is based on audited expenditure of Rs.1322.16 crore. Therefore, the provisional tariff based on capital expenditure is to be considered. We are not considering the matter of fixation of tariff on merits of the issues raised by parties at this stage since the proposal relates to approval of provisional tariff. However, we find that there is possibility of some reduction in tariff claimed, on account of reduction in Advance Against Depreciation due to change in terms and conditions of loan, moratorium period, etc. On consideration of totality of circumstances, we feel that the ends of justice will be met if the petitioner is provisionally allowed 95% of the annual

provisional capacity charges claimed in the present petition. Accordingly, the provisional annual capacity charges allowed shall be as under:

2004-05 Rs.241.71 crore

2004-06 Rs.235.14 crore

6. The price of GCV of coal indicated by the petitioner are based on supplies from the linked coal mine SCEL Korba, which are yet to commence. The petitioner has submitted that it is presently meeting its requirements of coal from the Western Coalfields Limited, though the necessary details in this regard have not been furnished. However, since the energy charges being approved are provisional and further subject to fuel price adjustment, the energy charges of 118.72 paise/kWh during stabilisation period and 109.92 paise/kWh after stabilisation period as claimed are approved. The energy charges shall be subject to fuel price adjustment on month-to-month basis as per the formula given below:

$$\mathbf{FPA = A + B}$$

Where,

FPA – Fuel price Adjustment for a month in Paise/kWh Sent out

A – Fuel price adjustment for Secondary Fuel oil in Paise/kWh sent out

B – Fuel price adjustment for Coal in Paise/kWh sent out

And,

$$A = \frac{10 \times (SFC_n)}{(100 - AC_n)} \left\{ (P_{om}) - (P_{os}) \right\}$$

$$B = \frac{10}{(100 - AC_n)} \left[(SHR_n) \left\{ (P_{cm}/K_{cm}) - (P_{cs}/K_{cs}) \right\} - (SFC_n) \left\{ (k_{om} \times P_{cm}/K_{cm}) - (k_{os} \times P_{cs}/K_{cs}) \right\} \right]$$

Where,

SFC_n – Normative Specific Fuel Oil consumption in l/kWh

SHR_n – Normative Gross Station Heat Rate in kCal/kWh

AC_n – Normative Auxiliary Consumption in percentage

P_{om} – Weighted Average price of fuel oil as per PSL for the month in Rs./KL.

K_{om} – Weighted average GCV of fuel oils fired at boiler front for the month in Kcal/Liter

P_{os} – Base value of price of fuel oils as taken for determination of base energy charge in tariff order in Rs. / KL.

K_{os} – Base value of gross calorific value of fuel oils as taken for determination of base energy charge in tariff order in Kcal/Litre

P_{cm} – Weighted average price of coal as per PSL for the month at the power station in Rs. / MT.

K_{cm} – Weighted average gross calorific value of coal fired at boiler front for the month in Kcal/Kg

P_{cs} – Base value of price of coal as taken for determination of base energy charge in tariff order in Rs. /MT

K_{cs} – Base value of gross calorific value of coal as taken determination of base energy charge in tariff order in kcal/Kg

7. The provisional annual capacity charges and energy charges approved above shall be adjusted retrospectively when final tariff is approved by the Commission for which an appropriate application shall be made by the petitioner within three months

after finalisation of audited accounts as on the date of commercial operation, that is, 25.3.2005.

8. The petitioner has paid court fee of Rs.25 lakh as applicable to the petitions for determination of tariff. In the present case, only the provisional tariff has been allowed without undertaking the detailed exercise of tariff determination. Therefore, we direct that the present petition be treated as a miscellaneous petition for which court fee of Rs.1 lakh is chargeable. The balance of court fee of Rs.24 lakh shall be adjusted against the petition for final determination of tariff, to be filed in accordance with our direction in the preceding para.

9. With the above directions, the present petition stands disposed of.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 10th May 2005