

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 133/MP/2011**

**Subject:** Relaxation of Heat Rate norms of Assam Gas Based Power Project and Agartala Gas Turbine Project under Regulation 44 of the CERC (Terms and Condition of Tariff) Regulations, 2009.

**Date of hearing:** 15.12.2011

**Coram:** Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M. Deena Dayalan, Member

**Petitioner:** NEEPCO

**Respondents:** Assam Power Distribution Company Limited and others

**Parties present:** Shri M.G.Ramachandran, Advocate, NEEPCO  
Ms. Swapna Seshadri, Advocate, NEEPCO  
Shri Pradeep Kumar Singha, NEEPCO  
Shri N.Chakraborty, NEEPCO  
Shri A.N.Dev Choudhary, APDCL  
Shri K.Goswami, APDCL  
Shri Subhas Chakraborty, TSECL

**Record of Proceedings**

This petition has been filed by NEEPCO, for review of Heat Rate norms prescribed by the Commission in respect of Assam Gas Based Power Project (AGBPP) and Agartala Gas Turbine Project (AGTP) (hereinafter called 'the generating stations') and to relax the said Heat Rate norms with retrospective effect from 1.4.2009, in terms of Regulation 44 of the 2009 Tariff regulations.

2. The learned counsel for the petitioner submitted as under:

- (i) The landed cost of fuel gas comprising of price of fuel gas and transportation charges is recoverable from the beneficiaries based on the Normative Gross Station Heat Rate and the Normative Station Auxiliary Consumption as specified for the generating

stations under the 2009 Tariff regulations. The Normative Gross Station Heat Rate in respect of the generating stations have been specified under Regulation 26 ii) 9(e) of the 2009 Tariff Regulations.

- (ii) The petitioner could not recover the landed cost of fuel gas during the tariff period 2009-14 (upto March, 2011) on account of some inherent problem in the Normative Gross Station Heat Rates specified by the Commission for the generating stations, while finalizing the 2009 Tariff Regulations, based on the inadvertent mistake on the part of the petitioner in submitting the Weighted Average Net Calorific Value of fuel as the Weighted Average Gross Calorific Value of Fuel. Consequent upon this, the Heat Rates computed and submitted by the petitioner has been considered as the Gross Station Heat Rates for the generating stations.
  - (iii) The inadvertent mistake on the part of the petitioner in the submission of the operational parameters (i.e the Weighted Average Net Calorific Value of Fuel as the Weighted Average Gross Calorific Value of Fuel) has lead to the Commission specifying in the 2009 tariff Regulations, the Net Heat Rates as the Gross Station Heat Rates for the generating stations. This has resulted in huge under-recovery in landed fuel cost, even though the generating stations have been achieving better Station Heat Rates.
  - (iv) The petitioner may not be penalized for the inadvertent mistake as above and the actual Gross Station Heat Rates based on Gross Calorific Value for the generating stations as submitted in the petition may be considered and the said mistake which had crept while submitting the details of the Gross Calorific value of fuel may be corrected by the Commission in exercise of its power to relax under Regulation 44 of the 2009 Tariff regulations.
3. The representative of Respondent No.1, APDCL submitted as under:
- (i) The cause of under recovery was either due to idle running of the turbine without energy generation due to maintenance operation of the generator or open cycle operation of any or all units of this respondent.
  - (ii) The Commission had determined the norms for the period 2009-14 after prudence check of the information submitted by the petitioner and any under recovery may be due to inefficiency or bad performance of the petitioner.

- (iii) The Commission had already allowed higher Station Heat Rates for the generating stations of the petitioner in comparison to generating stations owned by other agencies.
- (iv) The Commission may not relax the normative Heat Rate norms based on the submissions of the petitioner as the petitioner should not be allowed to cover up its inefficiencies.

4. The representative of Respondent No.3, TSECL mainly submitted as under:

- (i) The submission of Weighted Average Net Calorific Values in place of the Weighted Average Gross Calorific Values, by the petitioner has no effect in specifying the Gross Station Heat Rates for the generating stations by the Commission while notifying the 2009 Tariff Regulations. The apprehension of the petitioner has also not been reflected in the Gross Calorific Value allowed in the tariff orders approved by the Commission for the period 2009-14 for the generating stations of the petitioner.
- (ii) The Gross Heat Rate as allowed under Regulation 26(ii)(e) of the 2009 Tariff Regulations are relaxed norms for the generating stations of the petitioner corresponding to manufacturers' guaranteed Heat Rates.
- (iii) The calculation adopted by the petitioner in deriving the Gross Heat Rate is in contravention of the 2009 Tariff Regulations and hence the petition is not maintainable.
- (v) The reply/written submissions filed may be considered while disposing of the petition.

5. The Commission after hearing the parties reserved its order on the petition.

Sd/  
(T. Rout)  
Joint Chief (Law)