

**Central Electricity Regulatory Commission
New Delhi**

RECORD OF PROCEEDINGS

Petition No. 274/2010 with I.A.No.11/2011

Subject: Petition for Capital cost approval and determination of generation tariff of the 2 x 525 MW generating units of Maithon Power Limited, for the period from 25.12.2010 for Unit 1 and 25.4.2011 for Unit 2, i.e., the anticipated date of commercial operation, upto 31.03.2014.

Date of Hearing: 24.5.2011

Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

Petitioner: Maithon Power Ltd, New Delhi

Respondents: NDPL, DVC, WBSEDCL, PSEB and TPTCL.

Parties present: Shri Amit Kapur, Advocate, MPL
Ms. Poonam Verma, Advocate, MPL
Ms. Sugandha Somani, Advocate, MPL
Shri Krishan Singh, Advocate, MPL
Shri A.Srivastava, TPTCL
Shri Padamjit Singh, PSPCL
Shri T.P.S.Bawa, PSPCL

This petition has been filed by the petitioner, Maithon Power Ltd, for approval of capital cost and determination of tariff of Maithon Right Bank Thermal Power Plant (2 x 525 MW) (hereinafter referred to as "the generating station") for the period from the anticipated date of commercial operation of Unit -I (25.12.2010) and Unit-II (25.4.2011) to 31.3.2014.

2. The Interlocutory Application (I.A. 11/2011) has been filed by the petitioner revising the date of commercial operation of Unit-I as 15.6.2011 and with a prayer for determination of provisional tariff for 150 MW of power being sold from Unit-I of the generating station to respondent No.2, DVC from 15.6.2011 to 31.3.2012, in terms of the Notification dated 2.5.2011 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (First Amendment) Regulations, 2011.

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

- (a) The expected date of commercial operation of Unit-I is 15.6.2011 and that of Unit-II is November 2011.
- (b) In terms of the prayer in the interlocutory application, the provisional tariff for the regulated capacity of 150 MW for Unit-I of the generating station and the mechanism for Fuel Price Adjustment to enable the petitioner to recover the variation in energy charges due to deviations in price and GCV of coal and secondary fuel oil may be approved by the Commission.
- (c) In terms of Section 79(1)(b) of the Electricity Act, 2003 this petition is maintainable since the generating station (not owned and/or controlled by the Central Govt.) has entered into a composite scheme for generation and sale of electricity in more than one State and is thus subject to the jurisdiction of the Commission. Part of the capacity of the generating station is to be sold to DVC which is engaged in the supply electricity to the States of West Bengal and Jharkhand.
- (d) The petition has been filed taking into consideration the orders of the Commission dated 29.3.2006 in (UJVNL-v-UPCL & ors) and 11.1.2010 (Torrent Power Ltd-v-MPPTCL & ors) which involves the interpretation of 'composite scheme' and maintaining 'inter-state' character.
- (e) The Power Purchase Agreement (PPA) with respondent No.1, NDPL was approved by the Delhi Electricity Regulatory Commission on 30.4.2009 subject to fixation of tariff by the Central Commission, which has been upheld by the Appellate Tribunal for Electricity in Appeal No. 106 & 107/2009 (BSES-v-DERC & ors).
- (f) The determination of tariff for supply of power from the generating station to the respondent, No.1 NDPL, with TPTCL as facilitator, based on the TPA dated 10.9.2009, falls within the jurisdiction of the Commission.
- (g) The Commission may approve the provisional tariff for 150 MW of power from Unit-I the generating station being sold to DVC with effect from 15.6.2011(COD) to 31.3.2012.

4. The representative of the respondent No.4, PSPCL (*erstwhile* PSEB) submitted as under:

- (a) The tariff for Unit-II of the generating station cannot be determined in terms of Regulation 5 of the 2009 Tariff regulations, since the expected COD of the said Unit (25.4.2011) was more than six months from the date of filing the petition.
- (b) The cost/GCV of Heavy Fuel Oil (HFO) which is the main secondary fuel should be considered instead of Light Diesel Oil (LDO).
- (c) Since the Railway system which is the part of the project (for transportation of coal) is still incomplete and delayed till 2013, the extra Return of Equity (RoE) of 0.5% should not be admitted. Moreover, the claim for extra RoE of 0.5% for additional capital expenditure which is to be incurred later is not justified.

- (d) The completion certificate/details of the total packages (13 nos) awarded for various components of the project is required to be submitted.
- (e) The Station Heat Rate should be based on contract specifications of Boiler/Turbine given to M/s BHEL rather than the adoption of limiting values contained in the 209 Tariff regulations specified by the Commission.
- (f) The Station Heat Rate of 2294 is higher in comparison to the SHR recommended by CEA for 500 MW units.
- (g) Since the quality of coal used in the project was better, the boiler efficiency should also be better than 85% (for worst coal) and 89% for (imported coal).
- (h) The result of the performance guarantee test after the date of commercial operation to establish the real values should be submitted by the petitioner to the Commission with copies to the respondents.
- (i) Being a pit head generating station, the actual coal storage capacity is for 8 days only, and hence the coal storage of 30 days may be considered for computation of working capital.
- (j) The above issues may be considered if provisional tariff is allowed for the generating station.

5. The Commission directed the petitioner to submit the following information/documents, on affidavit:

- (a) Due to change in the date of commercial operation of Unit-I to 15.6.2011, the relevant forms enclosed with the petition should be revised indicating the capital expenditure as on the expected date of commercial operation of the generating station.
- (b) Completion date as per the contract/agreement in respect of 16 packages awarded through ICB/DCB. If the completion date has expired, then the amount of Liquidated damages recovered/to be recovered as per the said contract/agreement to be furnished.
- (c) Turbine Cycle Heat Rate and boiler efficiency as guaranteed by the supplier in the contract /agreement along with the conditions of guarantee.
- (d) Heat Balance diagram furnished in the petition does not indicate the Turbine Cycle Heat Rate in numbers. Justification of the guaranteed Turbine Cycle Heat Rate in the heat balance diagram.
- (e) Coal cost & GCV and also main secondary fuel oil (HFO cost & GCV) for preceding three months from the expected /actual date of commercial operation of Unit-1.

(f) If different grades of coal are used, then the landed cost, GCV and the quantum of coal supplied should be furnished separately.

(g) Results of the performance guarantee test, if already done.

6. The petitioner is directed to submit the above information, with advance copy to the respondent, DVC by 28.6.2011 and the respondent to file its reply, with copy to the petitioner, on or before 7.7.2011. Rejoinder, if any by 14.7.2011.

7. Matter shall be listed for hearing on 21 .7.2011.

Sd/-
T.Rout
Joint Chief (Law)