

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.160/GT/2012

Date of hearing: **26.7.2012**

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

Subject: Determination of tariff of Udupi Thermal Power Station (2 x 600 MW) for the period from 11.11.2010 to 31.3.2014 (Unit-I) and from 1.4.2012 to 31.3.2014 for Unit-II.

Petitioner: Udupi Power Corporation Ltd (UPCL)

Respondents: PCKL, BESCO, MESCOM, CESCO, HESCO, GESCO and PSPCL.

Parties present: Shri J.J. Bhatt, Senior Advocate, UPCL
Shri L. Vishwanathan, Advocate, UPCL
Shri Narendra Naik, Advocate, UPCL
Shri R.A.Mulla, UPCL
Shri Parthasarathy, UPCL
Shri Soumya Narayanan, UPCL
Shri Murali, UPCL
Shri Padamjit Singh, PSPCL
Shri T.P.S.Bawa, PSPCL
Shri Rohit Rao, Advocate for Objector

RECORD OF PROCEEDINGS

This petition has been filed by the petitioner, UPCL for determination of tariff of Udupi Thermal Power Station (2 x 600 MW) (hereinafter referred to as "the generating station") for the period from 11.11.2010 to 31.3.2014 for Unit-I and from 1.4.2012 to 31.3.2014 for Unit-II, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations").

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

- (a) The date of commercial operation of Unit-I of the generating station is 11.11.2010 and Unit-II would be declared under commercial operation based on availability of the 400 kV transmission line for evacuation of power.

- (b) Power Purchase Agreement (PPA) for 90% of the total capacity has been entered into with the distribution companies of Karnataka on 26.12.2005 and the balance 10% capacity of power is to be supplied to Punjab State Power Corporation Ltd, based on the PPA entered into on 29.9.2006.
- (c) The State Government of Karnataka had approved the enhancement of the capacity of the generating station from 1015 MW to 1200 MW and has allowed the increase in the capital cost of the project to ₹58300 lakh, excluding IDC, based on the recommendations of the Justice Gururajan Committee, subject to the final orders of the Commission.
- (d) The Commission may consider the grant of provisional /interim tariff for Unit-I of the generating station in terms of Regulation 5(4) of the 2009 Tariff Regulations, considering the claims of the petitioner at actuals, towards IDC and FC, debt equity ratio of 75.64:24.36 and interest on loans at 13.5%.
- (e) Since the Gross Station Heat Rate (GSHR) of 2333kCal/kWh decided by Justice Gururajan Committee is inadequate for running the generating station, the Commission may consider the GSHR of 2400 kCal/kWh for the purpose of tariff.

3. The learned counsel on behalf of the objectors M/s Janajagrithi Samithi opposed the prayer of the petitioner and submitted that the 'in-principle approval' of the capital cost by order of the Commission dated 25.10.2005 in Petition No. 40/2005 shall only form the basis for applying prudence check on the actual capital expenditure claimed by the petitioner. He however submitted that since the petitioner is at present claiming provisional tariff, the Commission may allow the objectors to file reply on the same within three days.

4. The representative of the respondent, PSPCL submitted as under:

- (a) The petitioner is to supply 10% of the total capacity of power to Punjab State Power Corporation Ltd, based on the PPA entered into on 29.9.2006.
- (b) The Commission by its order dated 25.10.2005 in Petition No. 40/2005 has 'in-principle' approved the capital cost of ₹4299.19 crore for a capacity of 1015 MW, based on the supply of main BTG equipment from M/s BHEL. However, on account of re-bidding and with the supply of Chinese equipments by M/s Dong Fang, the capital cost of BTG must be lower than the capital cost approved earlier. The Commission may consider these aspects while determining tariff of the generating station.
- (c) As regards GSHR and Auxiliary consumption, the norms specified by the Commission under the 2009 Tariff Regulations may be considered.

5. The Commission accepted the prayer of the learned counsel for the objector and granted time till 6.8.2012 to file its reply to the prayer of the petitioner for grant of provisional tariff, with advance copy to the petitioner. The petitioner shall file its rejoinder, if any, to the said reply on or before 9.8.2012.

6. The staff of the Commission was directed to process the petition for grant of provisional tariff for Unit-I of the generating station, after considering the reply/rejoinder, if any, filed within the dates as mentioned above.

7. The hearing of the petition will be notified in due course.

By order of the Commission

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