

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 221/GT/2013

Subject: Revision of annual fixed charges of SUGEN Power Plant (1147.5 MW) from COD to 31.3.2014 on account of variation in additional capital expenditure incurred during the years 2009-10 and 2010-11.

Date of Hearing: **6.3.2014**

Coram: Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A.K.Singhal, Member

Petitioner: Torrent Power Ltd., Ahmedabad

Respondents: Torrent Power Ltd (Ahmedabad & Surat Distribution), PTC and MPPMCL

Parties Present: Shri Sanjay Dalal, TPL
Shri Jayesh Desai, TPL
Shri A.K.Ghosh, TPL
Shri Vinod Khanna,
Shri R.S.Negi
Shri Ravin Dubey, Advocate, MPPMCL
Shri Ajasra Gupta, MPPMCL

RECORD OF PROCEEDINGS

The petitioner, Torrent Power Ltd (TPL) has filed this petition for revision of tariff of SUGEN Power Plant (1147.5 MW) from COD to 31.3.2014 in accordance with Regulation 6(1) of the 2009 Tariff Regulations ('the 2009 Tariff Regulations')

2. During the hearing, the representative of the petitioner submitted as under:
- (a) This petition has been filed for revision of annual fixed charges on (i) variation in the additional capital expenditure of ₹1381.37 lakh and (ii) increase in interest on loan due to change in the weighted average rate of interest towards reset of interest rate on certain lenders.
- (b) The actual additional capital expenditure incurred up to the cut-off date of 31.3.2011 is ₹13250.65 lakh and is within the original scope of work. The reason for variation in additional capital expenditure is that while the projection was based on 2008-09 price level, the actual implementation took place during 2010-11 when the costs have gone up substantially.
- (c) The notional IDC of ₹697.57 lakh calculated on normative loan may be considered as part of the capital cost in terms of Regulation 12(3) read with Regulation 12(1) of the 2009 Tariff Regulations. On consideration of the actual additional capital expenditure and the notional IDC, the capital cost of the

project is ₹301676.32 lakh, which translates to ₹2.62 crore/MW, which is one of the lowest among the other plants in the country.

(d) The Commission may revise the interest on loan on and from the date on which the revision of the rate of interest by lenders is effected and to that extent, relaxation of Regulation 16(5) may be considered in terms of Regulation 44 of the 2009 Tariff Regulations.

(e) Time to file rejoinder to the reply filed by the respondent, MPPMCL may be granted.

3. The learned counsel for the respondent, MPPMCL submitted as under:

(a) Audited Financial Statements for the years 2009-10, 2010-11 and 2011-12 has not been submitted by the petitioner.

(b) Some of the tariff filing forms (as detailed in the reply) filed by the petitioner has not been properly filled up and contain wrong calculations.

(c) There is no provision for consideration of 'Notional IDC' under the 2009 Tariff Regulations.

(d) The total IDC, FC, FERV and Hedging cost has been increased from the approved cost ₹194 crore to ₹443 crore . Also, the total cost of Civil works has increased to ₹527 crore. No justification has been submitted by the petitioner for the said increase.

(e) As against the relaxed O&M norms allowed to the generating station, the actual O&M expenses incurred is lower and hence the petitioner has earned net gain of ₹214.26 crore during the period from July, 2009 to March, 2013. The petitioner may be directed to reimburse the excess O&M cost recovered along with interest.

(f) Reply filed may be considered while revising the tariff of the generating station.

4. In response, the representative of the petitioner clarified as under:

(a) The audited financial statements for the years 2009-10, 2010-11 and 2011-12 have been provided under Annexure-A of the petition. However, a copy of the same has been provided to the respondent, MPPMCL.

(b) The details in Form-1 for 2009-10 on unit-wise basis (as per petition dated 12.12.2012) and on consolidated basis (as per supplementary submission dated 16.9.2013) for the generating station has been submitted. Also, the calculations of annual fixed charges for 2009-10 has been made as per details contained in the order dated 11.1.2010 in Petition No. 109/2009.

(c) The actual project cost of ₹3009.57 crore for determination of tariff does not include notional IDC of ₹6.97 crore.

(d) The submission of the respondent, MPPMCL that there is increase in the various heads of capital cost is incorrect since the project is funded by rupee loan. Moreover, the petitioner has deducted ₹276.29 crore as LD received from contractor for delay in COD.

(f) The surplus of O&M cost is not a gain to the petitioner as some portion of O&M expenditure arising from misalignment in Unit-30 of the plant will be potentially incurred in future which is estimated to cost ₹1000 lakh. Also, significant costs associated with major inspection are deferred on account of the current situation with respect to gas availability. Moreover, proper maintenance contracts for equipments which involve substantial amounts, estimated at ₹5800 lakh per annum, will be required over the balance life of the LTSA contract on an equalized basis. The beneficiaries of the generating station have been benefitted substantially in savings in energy cost due to a lower SHR of 1853.88 kal/kWh for advanced class turbine against the SHR of 2040-2100 for other class of machines.

(g) Tariff of the generating station as prayed for may be allowed.

5. The Commission after hearing the parties directed the petitioner to submit the following information on affidavit, on or before 19.3.2014, with advance copy to the respondents;

- (i) Reconciliation statement of the additional capital expenditure during 2009-10, 2010-11, 2011-12 & 2012-13 with books of accounts, duly audited.
- (ii) Details of the EOH cost included in the additional capital expenditure of ₹1022.00 lakh claimed during 2010-11, and
- (iii) Reasons for actual O&M expenses being lesser than the O&M expenses approved by the Commission, with proper justification, if any.

6. The respondents shall file their reply, with advance copy to the petitioner, by 26.3.2014. Rejoinder, if any, by petitioner on or before 31.3.2014. Subject to this, order in the petition was reserved.

By order of the Commission

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