

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 65/MP/2013

- Subject : Increase in O&M Expenses on account of wage revision and other pay hikes to employees (Executive and Workmen) of NLC Mines linked to NLC's power stations, Pay revision to CISF personnel posted in NLC mines-Recovery from the beneficiaries of NLC stations.
- Date of hearing : 13.5.2014
- Coram : Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A.K. Singhal, Member
- Petitioner : Neyveli Lignite Corporation Limited
- Respondent : Tamil Nadu Generation and Distribution Corporation Limited and others.
- Parties present : Ms. Anushree Bardhan, Advocate, NLC
Ms. Swagatika Sahoo, Advocate, NLC
Shri K. Nambirajan, NLC
Shri R. Mohan, NLC
Shri Ravi Shankar, NLC
Shri S. Vallinayagam, Advocate, TANGEDCO
Shri N. Sivanandan, TNEB

Record of Proceedings

Learned counsel for the petitioner submitted that the Commission issued tariff orders for NLC's power stations for the tariff period 2004-09 by adopting the lignite transfer price computed based on the guidelines issued by Ministry of Coal dated 30.6.2006. Learned counsel further submitted that while fixing the O&M escalation norm of 8% for the tariff period 2004-09 for fixation of the lignite transfer price, the Ministry of Coal has not taken into account additional expenditure incurred to NLC on account of sixth pay revision which came into effect from 1.1.2006. Further 50% of dearness allowance was merged with basic pay and arrears paid to all employees.

2. Learned counsel for the petitioner submitted that the Commission needs to consider increased O&M expenses of NLC mines due to wage revision of employees and CISF personnel in the similar lines as allowed by the Commission in respect to employees and CISF personnel deployed in thermal stations of NLC.

3. The representative of the TANGEDCO submitted as under:

(a) NLC has claimed the wage revision arrears from 1.1.2007 to 31.3.2009 based on the wages as on 31.12.2006 and pay hike to CISF from 1.1.2006 to 31.3.2009 based on the pay as on 31.12.2005 which amounts to ₹ 282.23 crore.

(b) The escalation/additional normative O & M expenses allowed during 2006-07 to 2008-09 as compared to the normative O & M of 2005-06 adds to ₹ 721.33 crore. After adjustment of the claimed amount of wage revision and pay hike, NLC has an excess escalation amount of ₹ 441.10 crore.

(c) The Ministry of Coal has provided an escalation factor of 8% per annum after taking all the factors into consideration for O&M expenses of the mines during 2004-09. O&M expenses of the mines were recovered from the distribution companies on normative basis. Therefore, O & M expenses cannot be claimed on actual basis.

(d) Since CERC Regulations are not applicable to mines and O & M escalation (8%) factors are determined by Ministry of Coal, CERC has no jurisdiction to determine O & M expenses of mines on actual basis.

4. In response to the Commission's query regarding maintainability of the petition, learned counsel for the petitioner submitted that Ministry of Coal needs to be approached only in the first instance but for determining the energy charges the Commission only has the jurisdiction. Learned counsel for the petitioner further submitted that Ministry of Coal, while allowing 8% escalation for O & M expenses of mines, considered that the nature of mines is such that the equipments and the kind of the work undertaken, the escalation factor is more than what is allowed for thermal power plants. Further, while deciding the escalation factor, the wage revision was not taken into consideration.

5. The Commission directed the petitioner to file rejoinder to the reply of TANGEDCO on or before 30.5.2014 with an advance copy to the petitioner.

6. Subject to above, the Commission reserved order in the petition.

By order of the Commission

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