

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 68/MP/2013**

Subject : Petition for revision of pooled lignite price on account of inclusion of Mine-II Expansion lignite cost for the period from 2010-11 to 2013-14.

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 Baudhani, Advocate, NLC  
Ms. Swagatika Sahoo, Advocate, NLC  
Shri K. Nambirajan, NLC  
Shri R. Mohan, NLC  
Shri S. Vallinayagam, Advocate, TANGEDCO  
Shri N. Sivanandan, TNEB

**Record of Proceedings**

Learned counsel for the petitioner submitted that the present petition has been filed for revision of pooled lignite prices for the period 2010-11 to 2013-14 on account of pooling the expenditure of Mine-II Expansion with the existing pooled expenditure of Mine- I Expansion, Mine- IA and Mine-II in line with Ministry of Coal guidelines dated 2.2.1998 wherein the basic principle enunciated by the High Power Board and approved by the Cabinet is that pricing of lignite on new projects need to be on the basis of pooled cost for the Corporation as a whole as in the case with other coal based projects with Mine-I excluded from such pooling. The guidelines further provides that "As and when projects like Mine-I Expansion and Mine-IA go into production, the price of lignite from these projects would also enter into the pooled price." Learned counsel for the petitioner submitted that as per the above directive pricing of lignite on new projects need to be on the basis of pooled cost for the petitioner company as a whole. Learned counsel submitted that Mine-II Expansion was commissioned and gone into production from 13.3.2010. Learned counsel requested the Commission to allow the petitioner to compute the pooled lignite price by taking into account the lignite price of Mine-II Expansion also. Learned counsel for the petitioner submitted that information called by the Commission has already been filed.

2. Learned counsel for TANGEDCO submitted that the petitioner is not liable for relief on the following grounds:

(a) Ministry of Coal in its letter dated 2.2.1998 has not given any concurrence for Mine-II Expansion, commissioning and entering into the pooled price. Since Mine- II Expansion and TPS-II Expansion are integrated projects, the cost of Mine- II Expansion need not be included in the lignite pooled cost till the commissioning of TPS-II Expansion.

(b) NLC may be directed to submit the quantum of production of lignite from the Mine-II Expansion from the date of inception and the details of quantum utilized in each of NLC Thermal Power Station..

(c) Since Mine-II and Mine-II Expansion has been shown as a single unit and the production of lignite is stated as 15 million MT/annum, the petitioner may be directed to furnish annual production of lignite from Mine-II and Mine-II Expansion separately along with GCV of lignite.

(d) The availability of the lignite for NLC Thermal station TPS-II (Stage I&II), TPS-I Expansion is increased by using the lignite from Mine- II Expansion only and hence the energy generated gets increased and this benefit shall be passed on to the end beneficiary, by keeping the Pooled Lignite price exclusive of Mine-II Expansion lignite price, until TS-II Expansion is commissioned.

(e) NLC may be directed to submit the details of increased plant load factor of operation with respect to TSA-II and also to furnish TP agreements executed between NLC and other generating company, who has purchased lignite.

3. In response to the Commission`s query regarding the outside sale of lignite, the representative of the petitioner submitted that only 2-3% is being sold to outside agencies.

4. The Commission directed the petitioner to submit the information on affidavit by 30.5.2014 regarding under which provision lignite from Mine-II Expansion is being sold to outside agencies. The Commission also directed the petitioner to furnish the information sought by the respondent latest by 30.5.2014 with an advance copy to the respondent, who may file its reply, if any, on or before 13.6.2014.

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

By order of the Commission  
Sd/-  
(T. Rout)  
Chief (Law)