

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 277/GT/2014

Subject : Approval of tariff for Vallur Thermal Power Project (3X500 MW) for the period 2014-19.

Date of hearing : **16.2.2016**

Coram : Shri Gireesh. B. Pradhan, Chairperson
Shri A.K.Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K Iyer, Member

Petitioner : NTECL

Respondents : APTRANSCO & 14 Others

Parties present : Shri M. G. Ramachandran, Advocate, NTECL
Ms. Poorva Saigal, Advocate, NTECL
Shri Nishant Gupta, NTECL
Ms. Patanjali Dixit, NTECL
Shri Rohit Chahabra, NTECL
Shri S. Vallinayagam, Advocate, TANGEDCO

Record of Proceedings

During the hearing, the learned counsel for the petitioner submitted the delay in commercial operation of Unit-III is on account of failure of CW pump due to which trial operations could not be completed. He further stated that the vibration in turbine increased the problem which was reviewed and rectified thereby leading to delay in synchronization. In addition, the learned counsel while pointing out that the generating station is using sea water and not paying any water charges, and submitted that the petitioner may be given liberty to claim the water charges under O&M expenses if so charged in future. He also submitted that additional information as sought by the Commission and rejoinder to the replies of respondents has been filed and copies served on respondents. Accordingly, he prayed tariff may be allowed as claimed in the petition.

2. In response the learned counsel for the respondent, TANGEDCO mainly submitted as under:

- (i) The delay on account of inefficiency for execution of the project is on the part of the petitioner and hence the beneficiaries may not be burdened with the escalated project cost.
- (ii) The claim of the petitioner for O&M expenses is in excess to the norms specified for 500 MW units under the provisions of the 2014 Tariff regulations. Moreover, the claim of the petitioner for inclusion of water charges in O&M expenses is not as per the 2014 Tariff Regulations and may not be permitted.
- (iii) The additional capital expenditure claimed by the petitioner is beyond the cut-off date and is not covered under the provisions of the Regulation 14 (1) of the 2014 Tariff Regulations.



- (iv) IDC may be restricted till the scheduled COD of the project in terms of the 2014 Tariff Regulations.
- (v) The GCV of coal on fired basis may not be considered as the same is in deviation of the 2014 Tariff Regulations.
- (vi) Reply filed in the matter may be considered.

3. In response, the learned counsel for the petitioner clarified that the justification for the delay on account of natural calamities, etc. has already been submitted. The claim of additional O&M cost for desalination plant on account of chemicals required for production of RO water from sea water and procurement of various filters and membranes required for periodical replacements etc. he further clarified that the actual water charges and capital spares may be allowed in line with the 2014 Tariff Regulations as and when the same arise in future.

4. The Commission after hearing the parties, directed the petitioner to submit additional information, on affidavit, with advance copy to the respondents, on or before 23.3.2016, as under:

- (i) Delay in COD of Unit-III in a tabular form giving the activity delayed, number of days delayed, reasons for delay along with supporting documents.
- (ii) Clarification as to whether there was any overlapping of time overrun, if any due to common activities of Unit-III w.r.t Unit-I & Unit-II.
- (iii) Implication of time overrun on cost of Plant and Machinery under different packages separately and also the increase in IDC & IEDC from scheduled COD to actual COD of Unit-III.
- (iv) The basis of according investment approval of ₹555278.00 lakh for Unit-I & II (Phase-I) and ₹308677.90 lakh for Unit-III (Phase-II) totaling to ₹863955.70 lakh along with extracts of estimated costs under different scope of work approved by the Board.
- (v) Reasons for higher hard cost of the project amounting to ₹5.75 crore/MW up to the cut off date (i.e. 31.3.2018) including the projected additional capital expenditure of ₹993.07 crore as compared to the benchmark capital cost of ₹4.48 Cr/MW for the first 3 units specified by the Commission.
- (vi) Break-up of anticipated capital cost, the capital expenditure actually incurred as on COD and projected expenditure after COD till the cut-off date on the items of special features such as (a) Desalination plant, (b) Cross country coal conveyer, (c) Bridge over the creek for coal conveyer & water pipelines, and (d) Gas insulated switchyard.
- (vii) Source from where coal is being procured, the method of pricing of coal by the coal supplier (whether at mine end or at receiving end at port) and the details of external Coal handling system from ship to generating station.
- (viii) Copy of Coal Supply Agreement(s) with coal supplier(s).
- (ix) Actual Auxiliary Power Consumption from COD of Unit-II to 31.3.2014, from 1.4.2014 to 25.2.2015 and from COD of Unit-III to 31.1.2016.
- (x) Actual O&M expenses incurred from COD of Unit-II to 31.3.2014, from 1.4.2014 to 25.2.2015 and from COD of Unit-III to 31.1.2016.
- (xi) Soft Copy of Form 13A (formula based) of the Interest/ IDC/ Notional IDC calculations and details of IEDC.



- (xii) Tax audit report duly certified by Auditor.
- (xiii) Balance sheets P & L account as on 31.3.2014 (COD) and 31.3.2015 along with the schedules.
- (xiv) Detailed calculations (editable) of FERV claimed vide Form-5 B amounting to ₹235.62 lakh for Unit-III.
- (xv) Reconciliation of IEDC as per Form 5B and IEDC as per Form 13D.
- (xvi) Balance Sheet since first infusion of funds i.e. 2003-04 to 2014-15 with all schedules/notes.
- (xvii) As different rates have been applied for different draws for REC Loan for calculation of Interest on Loan, clarification for the same along with documents shall be furnished.
- (xviii) Details regarding unrecovered depreciation.

5. The respondents shall file their replies, if any by 7.4.2016 with copy to the petitioner who shall file its rejoinder, if any, by 14.4.2016. No extension of time shall be granted for any reason whatsoever. In case the additional information/ reply/ rejoinder is not filed within the said date, the matter shall be decided as per the available records.

6. Subject to the above orders in the petition were reserved by the Commission.

By Order of the Commission

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

