

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 74/GT/2017

Subject : Approval of tariff for Muzaffarpur Thermal Power Station (2x195 MW) for the period from COD of Unit-I (18.3.2017) to 31.3.2019.

Date of hearing : 11.10.2018

Coram : Shri P.K. Pujari, Chairperson
Dr. M.K. Iyer, Member

Petitioner : Kanti Bijlee Utpadan Nigam Limited

Respondent : BSP(H)CL & others

Parties present : Shri M.G.Ramachandran, Advocate, KBUNL
Ms. Poorva Saigal, Advocate, KBUNL
Shri Rahul Kinra, Advocate, BSPHCL
Shri R.B.Sharma, Advocate, BSPHCL
Shri Ashutosh Srivastava, Advocate, BSPHCL
Shri Raj Kumar Mehta, Advocate, GRIDCO
Ms. Himanshi Andley, Advocate, GRDICO
Shri Shankar Saran, NTPC
Shri Sukhjinder Singh, NTPC
Shri Abhinav Jindal, KBUNL

Record of Proceedings

Learned counsel for the petitioner mainly submitted as under:

- (a) The details of time overrun, the factors leading to the delay in the declaration of COD has been justified elaborately and the Commission may consider the same and condone the delay of 54 months in declaration of COD of Unit-I of the generating station.
- (b) The generating station was envisaged with unit capacity of 250 MW which was reconfigured to 195 MW, in view of Airport Authority of India restriction on stack height. Accordingly, revised cost as per new unit size and plant configuration was approved by the Board of directors on 6.3.2010. This cost in the Investment Approval is the current estimated cost and estimated completion cost.
- (c) The total capital cost, including IDC, FC, FERV and hedging cost upto the cut-off date is ₹4706.72 crore which is lesser than the RCE-II approved cost of ₹4778.65 crore.
- (d) The Commission may allow relaxation in unit heat rate under Power to relax and Power to remove difficulties and allow the petitioner normative heat rate equal to design heat rate as specified by the manufacturer with appropriate operating margin.
- (e) The Commission may allow relaxation in NAPAF as domestic coal supply from coal companies to linked mines under FSA entered into with the coal companies have been restricted to 65% of the ACQ.



(f) Since tariff determination is on cost plus basis, all taxes, duties, levy which is statutory in nature may be allowed.

2. The learned counsel for the respondent, GRIDCO referred to the replies filed and mainly submitted as under:

(a) The petitioner may be directed to submit the original investment approval along with the resolution of Board of Directors. The Commission may consider the original project cost for computation of tariff of the generating station.

(b) The grounds for delay furnished by the petitioner are solely attributable to the petitioner and hence the time overrun may not be condoned and the implication of cost overrun may not be passed on to the consumers.

(c) The Commission may limit the Guaranteed Design Gross Turbine Cycle Heat Rate and Design/ guaranteed Boiler Efficiency value to the figures specified under the 2014 Tariff Regulations in order to ascertain the GSHR.

(d) The Commission may consider the billed GCV of coal companies for computation of ECR in line with the FSA and the Commission's order dated 31.8.2017 in 14/RP/2017.

(e) The NAPAF of 85% may be allowed for recovery of fixed charges in terms of the 2014 Tariff Regulations.

(f) The O & M expenses may be allowed by considering the multiplying factor 0.9 as per proviso to Regulation 29(1) due to common facilities to both stages of the generating station.

(g) Replies filed by the Respondent may be considered.

3. The learned counsel for the Respondent, BSPHCL referred to the reply and submitted as under:

(a) There is huge escalation in cost of the project approved in 2010 as against the revised estimate cost in 2016 and the petitioner has failed to submit any cogent reason for such escalation in the cost. The cost approved by the Board of Directors does not preclude the Commission to conduct prudence check and verification of the claims made by the petitioner.

(b) The petitioner has failed to provide any cogent reason to substantiate its claims that the delay in COD of the project was not attributable to it and was beyond its control. Moreover, the reasons furnished for the delay are baseless and liable to be rejected.

(c) The relaxation of SHR sought by the petitioner is liable to be rejected since 2500 kCal/kWh as specified in the 2009 Tariff Regulations was ceiling norm for SHR.

(d) The Commission may limit the Guaranteed Design Gross Turbine Cycle Heat Rate and Design/ guaranteed Boiler Efficiency value to the figures specified under the 2014 Tariff Regulations.

(e) The petitioner cannot be allowed 83% availability in the absence of ACQ for declaring the minimum availability of 83%.

(f) There is no provision in the 2014 Tariff Regulations for recovery of statutory taxes, duties, levies etc in the monthly bills and the expenditure is in the nature of O & M



expenses. The RLDC fees and charges have to be first incurred by the petitioner and then passed onto the beneficiaries.

(g) Reply filed by the Respondent may be considered.

4. In response, the learned counsel for the petitioner clarified as under:

(a) The cost as approved by the Board of Directors on 6.3.2010 is only on account of reconfiguration to unit size from 250 MW to 195 MW.

(b) Detailed justification along with documents towards justification of time overrun of the project has been furnished and accordingly the delay in COD may be condoned.

(c) Proper justification for relaxation of NAPAF and SHR has been submitted and the Commission may accordingly grant the relief.

(d) The reduction of O & M expenses with 0.9 multiplying factor cannot be made applicable to the generating station since Stage- I of the generating station comprises of two units of 110 MW and Stage-II has two units of 195 MW.

(e) Since tariff of the project is determined on cost plus basis in terms of section 62 of the 2003 Act the Commission may allow the expenditure claimed, on prudence check. Since the total project cost incurred is lesser than the RCE-II approved cost, the submissions of the respondents may be rejected.

(f) Rejoinders filed by the Petitioner may be considered.

5. The Commission after hearing the parties reserved its order in the petition.

By order of the Commission

**Sd/-
(B. Sreekumar)
Dy. Chief (Law)**

