

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 452/MP/2019

Subject : Petition seeking approval for revision of Lignite Transfer Price of NLCIL Mines for the period 1.4.2014 to 31.3.2019 on account of truing up on additional capitalization for 2014-19, O&M expenses, Overburden Removal and consequent depreciation and Return on Equity as per Ministry of Coal guidelines dated 2.1.2015 on Fixation of Transfer Price of Lignite

Petitioner : NLC India Limited (NLCIL)

Respondents: Tamil Nadu Generation and Transmission Corporation Limited (TANGEDCO) and Ors.

Date of Hearing : 26.5.2020

Coram : Shri P. K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member

Parties present : Shri M. G. Ramachandran, Sr. Advocate, NLCIL
Ms. Anushree Bardhan, Advocate, NLCIL
Shri S. Vallinayagam, Advocate, TANGEDCO
Ms. Alamelu, TANGEDCO
Shri Ramalakshmi, TANGEDCO

Record of Proceedings

The matter was heard through video conferencing.

2. Learned senior counsel for the Petitioner submitted that the present Petition has been filed, *inter-alia*, seeking approval of revision in lignite transfer price of NLCIL Mines for the control period 2014-19 on account of truing-up on additional capitalization, O&M expenses, removal of overburden and consequent depreciation and return on equity as per Ministry of Coal Guidelines dated 2.1.2015 regarding fixation of transfer price of lignite. Learned senior counsel submitted that for the years 2016-17, 2017-18 and 2018-19, the base lignite price adopted by the Petitioner has been lower than base lignite price approved by the Commission for such periods. Learned senior counsel requested to issue notice to the Respondents.

3. Learned counsel for the Respondent, TANGEDCO accepted the notice and submitted that TANGEDCO has already filed its detailed reply to the Petition.



4. After hearing the learned senior counsel for the Petitioner and learned counsel for the Respondent, TANGEDCO, the Commission admitted the Petition and directed to issue notice to the Respondents.

5. The Commission directed the Petitioner to serve copy of the Petition on the Respondents immediately, if not already served. The Respondents were directed to file their reply by 12.6.2020 with advance copy to the Petitioner who may file its rejoinder, if any, by 26.6.2020.

6. The Commission directed the Petitioner to provide the following information/clarification by 24.6.2020:

(a) Break-up of the trued up lignite transfer price (stand alone and pooled) indicating each and every component included in the total lignite transfer price considered for each year for the period 2014-19.

(b) Details of actual additional capital expenditure incurred during the year 2014-19 along with reasons and justifications.

(c) Calculations for arriving at the trued up lignite transfer price in terms of the guidelines of Ministry of Coal. Whether any price adjustment has been carried out with respect to grade slippage and less removal of overburden in comparison to notified overburden removal.

(d) Component-wise comparison of earlier lignite transfer price allowed by the Commission with trued up price claimed in the instant Petition with reasons and justification for variation along with budgeted expenses included in previously allowed transfer price vis-a-vis actual expenses incurred for removal of overburden included in the trued up lignite transfer price.

(e) Stripping ratio achieved versus target stripping ratio for each year. Whether any penalty has been adjusted in lignite transfer price for not achieving the target stripping ratio.

7. The Commission directed that the due date of filing of reply, rejoinder and information/clarification should be strictly complied with.

8. The Petition shall be listed for hearing in due course for which separate notice will be issued.

By order of the Commission

**Sd/-
(T.D. Pant)
Deputy Chief (Law)**

