

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 108/GT/2020

Subject : Petition for revision of tariff of Palatana Combined Cycle Gas based Power Project (726.6 MW) of ONGC Tripura Power Company Limited for the period from 1.4.2014 to 31.3.2019 after truing up exercise.

Petition No. 109/GT/2020

Subject : Petition for approval of tariff of Combined Cycle Gas Based Power Palatana Project (726.6 MW) for the period 1.4.2019 to 31.3.2024.

Petitioner : ONGC Tripura Power Company Ltd

Respondent : Assam Power Distribution Company Ltd. (APDCL) and 6 Ors

Date of Hearing : **17.3.2021**

Coram : Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member
Shri Prakash S. Mhaske, Member (ex-officio)

Parties Present : Shri Parinay Deep Shah, Advocate, OTPC Ltd.
Ms Surabhi Pandey, Advocate, OTPC Ltd.
Mr. Sanil C.Namboodipirad, OTPC Ltd.
Shri Arup C.Sarmah, OTPC Ltd.
Shri Amit Dabbas, OTPC Ltd.
Shri Indrajit Tahbildar, Advocate, APDCL

Record of Proceedings

These Petitions were called out for virtual hearing.

2. During the hearing, the learned counsel for the Petitioner submitted that Petition No. 108/GT/2020 has been filed for revision of tariff of Palatana Combined Cycle Gas based Power Project (2 x 363.3 MW) (in short 'the generating station') for the 2014-19 tariff period, based on truing up exercise in terms of the 2014 Tariff Regulations and Petition No. 109/GT/2020 has been filed for determination of tariff of the generating station for the 2019-24 tariff period in terms of the 2019 Tariff Regulations. The learned counsel mainly submitted the following:

- (a) The Commission in its order dated 31.3.2017 in Petition No.129/GT/2015 had approved the additional capitalization of Rs.13038 lakh over a period of three years i.e. from 2015-16 to 2017-18 for Civil Works, which involved the construction of residential township for employees deployed in the station. All additional capitalisation works were expected to be capitalised by 31.3.2018. However, due to various factors beyond its control namely, additional time required for iterations and finalization of Pile design due to local site conditions, arrest of key officials of EPIL by CBI in March, 2017, excess



rainfall in the State of Tripura and unavailability of skilled contractor and manpower in the State, delay in rainwater harvesting system due to change in location, the work could be completed only on 31.3.2020, resulting in time overrun, which may be condoned. (APTEL judgment dated 27.4.2011 in Appeal No. 72/2010 was referred to).

- (b) Additional capitalization of the expenditure towards Online Transformer Monitoring system, hazardous waste storage building and implementation of GST on OSIP ERP system has been claimed in terms of Regulation 14(3) of the 2014 Tariff Regulations and the same may be allowed;
- (c) Liquidated damages has been recovered from M/s BHEL and accordingly, the same may be considered as discharge of liabilities;
- (d) In accordance with Regulation 26(7) of the 2014 Tariff Regulations and Regulation 61(I) of the 2019 Tariff Regulations, the project has been refinanced with a lower rate of interest. Accordingly, interest on loan has been calculated and the benefit of refinancing is passed on to the beneficiaries.
- (e) The generating station could achieve PAF in the range of 56.03% to 78.81% during the period 2014-19 as against the requirement of PAF of 85% as per the 2014 Tariff Regulations. This is due to the lower gas availability as the project does not have allocation of APM gas and is exclusively reliant on ONGC for supply of gas. Hence, the Commission may relax the PAF at actuals for the tariff period 2014-19, considering gas shortage as an uncontrollable factor.
- (f) The Commission had allowed Auxiliary Energy Consumption (AEC) of 3.50% due to operations of Gas Booster Compressors in its order dated 30.3.2017 in Petition No. 129/GT/2015. However, there is variation in AEC (3.6% to 5.81%) due to units/blocks running on partial load operation. Since the actual AEC is in line with the recommendations of CEA (based on actual PLF), the Commission, in exercise of its power under Regulation 54 of the 2014 Tariff Regulations relax the AEC norm for the generating station for 2014-19 tariff period. Similarly, the actual SHR may also be allowed. For the period 2019-24, the AEC, as recommended by CEA may be considered.
- (g) Unit-I of the generating station was out of operation due to rotor fault for about five months from 7.10.2019 resulting in loss in generation. Since Online Rotor Flux monitoring system can detect specific problems before failure occurs, the additional capitalisation towards installation of the same may be allowed in exercise of the powers to relax under Regulation 76 of the 2019 Tariff Regulations;
- (h) The additional capital expenditure envisaged towards the replacement of all sodium lights of the plant with LED lights during 2020-21 in terms of the Energy Conservation Guidelines of BEE, MOP, GOI may be allowed. Also, the additional capital expenditure envisaged towards the replacement of obsolete relays (30 series to 40 series) at the switchyard of the plant may be allowed.

3. On a specific query by the Commission as to why gas availability was low, despite ONGC being a major partner in the joint venture, the learned counsel for the Petitioner clarified that ONGC has been supplying gas to many parties, including the Petitioner, in an equitable manner.

4. The learned counsel for the Respondent, APDCL mainly submitted that the Commission in its previous tariff orders while relaxing PAF from 85% to 76% had clarified that the same



was a one-time dispensation. Hence, no further relaxation may be granted as prayed for by the Petitioner. He also submitted that the prayer for relaxation of AEC and SHR may not be considered. The learned counsel added that no detailed item-wise justification has been furnished in respect of the additional capitalisation claimed by the Petitioner. The learned counsel, however, submitted that the Respondent may be permitted to file detailed reply in the matter.

5. The Commission after hearing the parties directed the Petitioner to file additional information on the following, with advance copy to the Respondents, on or before **10.5.2021**:

For 2014-19 Tariff Period

- (a) Duly filled up Form 5 -Abstract of admitted capital cost for the existing projects;
- (b) Reconciliation of the figures mentioned in Form 13 - Calculation of Weighted Average Rate of Interest on actual loans, with the audited accounts of respective financial years;
- (c) Detailed information with specific sub-clauses of Regulation 14(3) of 2014 Tariff Regulations, in Form 9A, in respect of the additional capital expenditure beyond original scope of work along with detailed technical justification of the need to incur such additional capital expenditure beyond original scope of work, duly supported by documentary evidence and also why such additional capital expenditure was not envisaged under original scope of work;
- (d) A comparative table (detail breakup) indicating the actual O&M expenses incurred versus the normative O&M expenses allowed to the generating station for the 2014-19 tariff period
- (e) Documentary evidence with respect to the benefit of refinancing, including the rate of interest and cost of refinancing as claimed in the worksheet 'refinance benefit';
- (f) Form 18 - Liability Flow Statement' along with its reconciliation with the audited accounts;
- (g) Furnish treatment of the disallowed initial spares in Commission's order dated 30.3.2017, in Petition No. 129/GT/2015 amounting to ₹8949.33 lakh in the audited accounts and also furnish proof that the same is not being claimed as a part of additional capitalization in the truing-up petition for the 2014-19 tariff period;
- (h) Year-wise audited computation of actual water charges claimed for the 2014-19 tariff period, including the actual quantity of water consumed; rate (₹/M3) charged by the State authorities; Any other charges included in the water charges, in addition to the charges calculated based on the above; and Auditor certificate to the effect that such other charges above were booked under the head 'Water charges' during the period from 2014-19;
- (i) Audited statement with respect to the consumption of capital spares and its justification as per proviso to Regulation 29(2) of 2014 Tariff Regulations.

For 2019-24 Tariff Period

- (a) Linked Excel formats/sheets in respect of the revised additional capital expenditure and the revised formats.
- (b) Clarification along with revised forms in respect of the variation in the additional capital expenditure claimed in 2019-20 in different forms i.e [Table No.1 of petition (Rs 12210.41lakh), Form I(i) (Rs 11040.32 lakh), Form 9 (Rs 12271.58 lakh) and Form -10 (Rs 11040.32 lakh)];
- (c) Detailed justification (with reasons for de-capitalization at such an early stage of life of the plant) for de-capitalization against each of the additional capitalization claimed along with revised forms, wherever applicable;
- (d) Actual loan portfolio details in Form 13 of the additional submission dated 10.12.2020;
- (e) All relevant documents in support of the claim for sharing of benefits out of refinancing of loan (including interest rate, fees, if any, etc.;



(f) *In respect of the claim for additional capitalisation, (i) not within the original scope of work and after the cut of date, (ii) Reliability and System Strengthening and (iii) Procurement of Spare GTG rotor:*

- a. Management certificate/ approval for claim of additional capital expenditure;*
- b. Rationale and technical studies towards requirement of proposed works;*
- c. Total scheme cost and proposed time frame for implementation;*
- d. Funding details and necessary supporting documents*

6. The Respondents are directed to file their replies on or before 20.5.2021, with advance copy to the Petitioner, who may file its rejoinder, if any, by 27.5.2021. Pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted.

7. Subject to the above, order in these Petitions were reserved.

By order of the Commission

Sd/-
(B. Sreekumar)
Joint Chief (Law)

