

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 192/GT/2020

Subject : Petition for revision of tariff of Bhilai Expansion Power Plant (500 MW) for the period 2014-19 after truing up exercise.

Petition No. 396/GT/2020

Subject : Petition for approval of tariff of Bhilai Expansion Power Plant (500 MW) for the period 2019-24.

Petitioner : NTPC SAIL Power Company Limited

Respondents : DNH Power Distribution Corporation Ltd & 3 others

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 : Ms. Poorva Saigal, Advocate, NTPC SAIL
Ms. Tanya Sareen, Advocate, NTPC SAIL
Shri Nirnay Gupta, Advocate, CSPDCL

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. 192/GT/2020 has been filed for revision of tariff of Bhilai Expansion Power Plant (500 MW) ('the generating station') for the 2014-19 tariff period after truing up exercise in terms of the 2014 Tariff Regulations and Petition No. 396/GT/2020 has been filed for determination of tariff of the generating station for the period 2019-24 in terms of the 2019 Tariff Regulations. The learned counsel also submitted that the Petitioner has claimed additional O&M expenses on account of the increase in employee cost as a result of implementation of pay revision of employees with effect from 1.1.2017 in terms of the recommendations of the Government of India communicated vide Office Memorandum of DPE dated 3.8.2017 and that of Central Industrial Security Force (CISF) with effect from 1.1.2016. The Petitioner requested that the Commission may allow the same in exercise of 'Power to relax' and 'Power to remove difficulties' of the 2014 Tariff Regulations. In this regard, the learned counsel relied on the judgment of APTEL dated 24.3.2015 in appeal No 55/2013 & batch (BYPL v CERC & ors). She further submitted that the Commission may allow the financial burden due to GST in tariff as additional O&M expenses, in order to restore the Petitioner to the same economic condition as prior to implementation of GST. The learned counsel submitted that since the installation of FGDs in the generating station in terms of the MOEFCC notification dated 7.12.2015 is under process, the Petitioner may be granted liberty to approach the Commission by way of a separate application, after expenditure for the same is capitalized. Accordingly,



the learned counsel for the Petitioner prayed that the reliefs prayed for may be granted and tariff of the generating station may be determined for the 2014-19 and 2019-24 tariff periods respectively.

3. The learned counsel for the Respondent, CSPDCL submitted that CSPDCL has filed reply in the matter, but no rejoinder has been filed by the Petitioner. The learned counsel for the Petitioner, however, pointed out that copy of reply has not been served on the Petitioner. The Commission accordingly directed the Respondent, CSPDCL to serve copy of reply on the Petitioner, if not served earlier.

4. The Commission directed the Petitioner to submit the following additional information, with an advance copy to the Respondents, on or before **10.5.2021**:

For 2014-19 tariff period

- (i) Audited Financial Statement for the years 2014-15, 2015-16, 2016-17 and 2017-18;
- (ii) Auditor certified statement showing reconciliation of gross block as per IND-AS as on 1.4.2016, 1.4.2017, 1.4.2018 and 31.3.2019 with the gross block as per IGAAP;
- (iii) The gross block addition out of CWIP for 2015-16 mentioned in Form-9E is ₹347.68 lakh but the corresponding liability addition is ₹18881.24 lakh. The reason for such variation shall be clarified along with modification of necessary tariff forms, if any;
- (iv) The liabilities addition as indicated in Form-9E for the period 2014-19 varies with Form-18. Further, the summation of liabilities addition indicated in Form-9A and Form-9D varies with liabilities addition mentioned in Form-18. The reason for such variations shall be clarified /reconciled along with modification of necessary tariff forms, if any;
- (v) Reason for considering un-discharged liabilities corresponding to reversal of liability in Form-9D for the years 2014-15, 2015-16 and 2018-19 as "nil" along with modification of necessary tariff forms, if any;
- (vi) In Form-9Bi for the year 2015-16 and 2017-18, the value of the asset de-capitalised as per Note-2 of Balance Sheet varies with the value of asset de-capitalised as per IGAAP. The reason for such variations shall be clarified /reconciled along with modification of necessary tariff forms, if any;
- (vii) Reconciliation statement of assets de-capitalised mentioned in Form-9E with that in Form-9A, Form-9D and Form-9Bi for the years 2015-16, 2016-17 and 2017-18 along with modification of necessary tariff forms, if any;
- (viii) In Form-9D for the period 2014-19 most of the de-capitalisation of MBOA/ spares is mentioned as "not the part of capital cost", however in Form-9Bi these de-capitalisation is stated as "part of capital cost". This inconsistency needs to be clarified along with modification of necessary tariff forms, if any;
- (ix) Following further details of inter unit transfer of assets claimed in Form-9D for 2014-15:
 - (a) Name of transferring station;
 - (b) Original value of asset capitalised;
 - (c) Depreciation charged upto date of transfer of asset;
- (x) The water charges stated in Form-3A for the year 2016-17 is ₹1873.16 lakh as against the expenditure of ₹2188.29 lakh mentioned in the books of accounts. The reason for the said variation shall be clarified /reconciled;
- (xi) Reconciliation of capital spares consumed stated in Form-3A with the Audited Financial Statement of respective years;



- (xii) Documentary evidence in respect of interest rates considered for UBI-II loan in Form-13;
- (xiii) Documentary evidence supporting MAT rate being considered as effective tax rate for the period 2014-19;
- (xiv) The Petitioner's response against clarification sought regarding 'Un-discharged liability included in column 3' of ₹0.59 lakh for De-capitalization of spares, not part of capital cost' for 2017-18 vis-à-vis 'Nil' amount mentioned against 'Accrual basis' i.e., column 3 in Form-9D is not clear. Further, clarification shall be furnished;
- (xv) Revised Form-13 as stated in submission dated 16.12.2020 along with Form-13A and Form-13B;
- (xvi) Detail of additional capital expenditure claimed towards 'Fire Safety System' under Regulation 14(3)(iii) of the 2014 Tariff Regulations (i.e. need for higher safety & security), for 2014-15 and documentary evidence necessitating such expenditure;
- (xvii) The circular of the Corporate Vigilance Department furnished in support of claim for NABL accreditation of Lab for the years 2015-17 pertains to NTPC stations. Justification towards applicability of the same to the Petitioner;
- (xviii) As per the document submitted in support of additional capital expenditure claim towards 'rain water harvesting system' for 2018-19, the funds for the same shall be provided by the Central Government. Further, the submitted document is copy of a Bill i.e., 'The Rain Water (Harvesting and Storage) Bill, 2016 and not a MoEF&CC notification as stated in justification in the petition. Clarification for claiming the expenditure under this head shall be furnished along with copy of the relevant notification;
- (xix) Justification for incurring excess additional capitalization (on accrual basis) in respect of assets/works like Bomb Calorimeter, CEMS/EQMS, Civil Construction (Township) and Walkway for inspection of wagons than those approved in Commission's order dated 2.8.2016 in Petition No. 257/GT/2014;
- (xx) The un-discharged liabilities corresponding to capitalization of Bomb Calorimeter of ₹34.23 lakh for the year 2018-19 is ₹34.47 lakh. The reason for said variation along with modification of necessary tariff forms, if any;
- (xxi) Reasons for the additional capitalization claimed towards CEMS/EQMS for the year 2015-16 under Regulation 14(3)(iii) of the 2014 Tariff Regulations (i.e. need for higher safety & security) and for 2018-19 under Regulation 14(3)(ii) of the 2014 Tariff Regulations (i.e. change in law);
- (xxii) Reasons for claiming additional capitalization towards Lab Instruments for NABL Certification for 2015-16 under Regulation 14(3)(iii) of the 2014 Tariff Regulations (i.e. need for higher safety & security) and for 2016-17 under Regulation 14(3)(ii) of the 2014 Tariff Regulations (i.e. change in law);
- (xxiii) In respect of additional capitalization towards RCC Approach Road Ramp at Ash Dyke for 2017-18, clarification that such expenditure was neither envisaged in original scope of work nor was necessary in the absence of MOEF&CC notification, dated 25.1.2016, mandating 100 percent utilization of ash;
- (xxiv) In respect of additional capitalization towards Host for Loco Shed, High Mast for emergency stack yard and LPG Cylinder Shed for the year 2016-17, 2017-18 and 2018-19, respectively clarification for not incurring the same within the cut-off date;
- (xxv) As regards the impact of wage revision and GST claimed, the Petitioner shall furnish the following:
 - (a) Detailed break-up of the actual O&M expenses incurred during the 2014-19 tariff period (including any arrears paid after 31.3.2019 towards wage revision) in the format enclosed as **Annexure-A**;



(b) A comparative table indicating the actual O&M expenditure incurred versus the normative O&M allowed to the generating station.

For 2019-24 tariff period

- (i) Reasons for the deviation in opening Equity base (in present petition) and closing equity base (in Petition No. 192 /GT/2020);
- (ii) Estimated de-capitalization towards claim for Dozer model BD 155, CIO2 System, Foam Tender and HMI Up-gradation of Max DNA DCS;
- (iii) Relevant provision of the regulations under which the additional capital expenditure claim of ₹11.00 lakh and ₹34.47 lakh towards “Construction of concrete paving for wagon inspection at MGR” and “Bomb Calorimeter” for the year 2019-20 has been claimed;
- (iv) In respect of additional capitalization towards Compressor for Ash Evacuation System for the year 2020-21, clarification whether such expenditure was neither envisaged in original scope of work nor was necessary in the absence of MOEF&CC notification, dated 25.1.2016, mandating 100 per cent utilization of ash;
- (v) As per the documentary evidence furnished towards CISF–Fire Fighting Equipment’s & System the estimated cost of rescue equipment’s is only ₹16.32 lakh. However, the Petitioner has claimed ₹23.90 lakh under this head for the period 2020-22. The reason for such variation shall be submitted.

5. The Respondents are directed to file their replies, on or before **21.5.2021**, with advance copy to the Petitioner, who shall file its rejoinder if any, by **28.5.2021**. The parties shall ensure the completion of pleadings within the due date mentioned and no extension of time shall be granted. Subject to this, the order in these Petitions were reserved.

By order of the Commission

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



Annexure-A

DETAILS OF OPERATION AND MAINTENANCE EXPENSES						
(To be filled for each of the Thermal /Hydro Generating Station)						
Name of the Company:						
Name of the Power Station						
						(Rs. In Lakhs)
Sl.No.	ITEM	2012-13	2013-14	2014-15	2015-16	2016-17
1	2	3	4	5	6	7
(A)	Breakup of O&M expenses :					
1	Consumption of Stores and Spares					
2	Repair and Maintenance					
3	Insurance					
4	Security (normal)					
4.1	Additional Security if any on the advice of Govt. Agency/ Statutory Authority					
5	Water Charges					
6	Administrative Expenses :					
6.1	- Rent					
6.2	- Electricity Charges					
6.3	- Traveling and conveyance					
6.4	- Communication expenses					
6.5	- Advertising					
6.6	- Foundation laying and inauguration					
6.7	- Donations					
6.8	- Entertainment					
6.9	-Filing Fees					
	Sub-Total (Administrative Expenses)					
7	Employee Cost					
7.1	-Salaries, wages and allowances					
7.2	-Staff welfare expenses					
7.3	-Productivity linked incentive					
7.4	- Expenditure on VRS					
7.5	-Ex-gratia					
7.6	-Performance related pay (PRP)					
	Sub-Total (Employee Cost)					
8	Loss of store					
9	Provisions					
10	Prior Period Adjustment , if any					
11	Corporate office expenses allocation					
12	- Others (Specify items)					
14	Total (1 to 12)					
14	Revenue/ Recoveries, if any					
15	Net Expenses					
16	Capital spares consumed not included in (A) (1) above and not claimed /allowed by Commission for					
Notes:						
	I. The details of Corporate Expenses and the methodology of allocation of corporate expenses to various functional activities and allocation of Corporate expenses pertaining to power generation/transmission system to each operating stations/ transmission region/system and stations/transmission region/system under construction should be clearly specified in ANNEXURE-VIII as provided here separately.					
	II. An annual increase in O&M expenses under a given head in excess of 10% percent should be explained.					
	III. The data should be based on audited balance sheets, duly reconciled and certified.					
	IV. Employee cost should be excluding arrears paid for pay hike/prior period adjustment /payment					
	IV. Details of arrears, if any, pertaining to period prior to the year 2008-09 should be mentioned separately.					
	V. No. of employees opting for VRS during each year should be indicated.					
	VI. Details of abnormal expenses, if any, shall be furnished separately.					



	VII Break-up of staff welfare expenses should be furnished
	VIII Details of Consumptive Water requirement, contracted quantum and actual water consumed with source, rate etc. should be furnished year-wise for Thermal Power Stations
	IX. Details of capital spares consumed each year which were not claimed/allowed in the tariff should be furnished giving item wise unit price and quantity consumed.
	X. Salaries and staff welfare expenses shall be provided into different heads such as pension, gratuity, provident fund, leave encashment. Also provides provision for revision in wage allowance.

