

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 288/GT/2020**

Subject : Petition for revision of tariff of Dadri Gas Power Station (829.78 MW) for the 2014-19 Tariff Period after truing up exercise.

**Petition No. 400/GT/2020**

Subject : Petition for approval of tariff of Dadri Gas Power Station (829.78 MW) for the 2019-24 Tariff Period

Petitioner : NTPC Ltd

Respondent : UPPCL and 10 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 Venkatesh, Advocate, NTPC  
Shri Vikas Maini, Advocate, NTPC  
Shri Suhael Buttan, Advocate, NTPC  
Shri Abhishek Nangia, Advocate, NTPC  
Shri S.P. Kesarwani, NTPC  
Shri Manish Garg, UPPCL  
Shri Anupam Varma, Advocate, BRPL  
Shri Rahul Kinra, Advocate, BRPL  
Shri Aditya Gupta, Advocate, BRPL  
Ms. Shivali Rawat, Advocate, BRPL  
Ms. Megha Bajpeyi, BRPL  
Shri Anand Shrivastava, Advocate, TPDDL  
Shri Anurag Bansal, TPDDL  
Ms. Shefali Sobti, TPDDL

**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. 288/GT/2020 has been filed for revision of tariff of Dadri Gas Power Station (829.78 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. 400/GT/2020 has been filed by Petitioner for determination of tariff of the generating station for the 2019-24 tariff period in terms of the 2019 Tariff Regulations. He also



submitted that rejoinder in response to the reply filed by the Respondent UPPCL has been filed. Accordingly, the learned counsel for the Petitioner submitted that the Commission may determine the tariff as prayed for by the Petitioner.

3. The representative of the Respondent, UPPCL submitted the following:

- (a) As regards increase in O&M expenditure on account of implementation of pay revision, in terms of the observation in the SOR (Statement of Objects and Reasons) to the 2014 Tariff Regulations, the Petitioner is required to show that the norms of O&M expenditure are inadequate/ insufficient and only then the balance amount may be considered for reimbursement. The Petitioner has not furnished any details to substantiate that the norms of O&M expenditure as provided in the 2014 Tariff Regulations are inadequate after factoring the pay revision. Hence, the claim for additional O&M expenses on account of pay revision is not maintainable;
- (b) The Petitioner has not furnished any details with regard to the total impact of GST claimed for the period 2017-19;
- (c) As regards the effective tax rate, the Petitioner may be directed to submit the detailed calculation duly certified by Auditor;
- (d) As regards additional capitalisation towards phasing out of Halon fire fighting system, R&M of electrical system, replacement of PGB coolers, the de-capitalization earlier considered by the Commission was 26.67% of the value of new asset. The same may be considered in the present case;
- (e) There is increase in expenditure incurred on R&M of station C&I against the approved expenditure of Rs. 2500.56 lakh. The contract was awarded on 30.9.2015 but the same was not brought to the notice of the Commission prior to the disposal of Petition No. 308/GT/2014 by order dated 27.1.2017. Accordingly, the claim of the petition may be limited to the amount approved by the Commission on prudence check;
- (f) The expenditure towards installation of LED based light fittings as replacement of incandescent bulbs is covered under O&M expenses and cannot be passed on to the beneficiaries;

4. In response to the above, the learned counsel for the Petitioner submitted the following:

- (a) The O&M expense norms under the 2014 Tariff Regulations were based on the actual O&M expenses incurred for the period 2008-13 and, therefore, the norms could not factor the impact of the increase in employee cost due to salary and wage revision with effect from 1.1.2017 (for employees of the Petitioner) and 1.1.2016 (for CISF personnel). Since the recommendations of the 7<sup>th</sup> Pay Commission (for CISF personnel) and Office Memorandum of Department of Public Enterprises dated 3.8.2017 (for employees of the Petitioner) leading to wage revision is a subsequent development during the 2014-19 tariff period and is not attributable to the Petitioner, the Commission may, in exercise of its power under Regulation 54 (Power to Relax) and Regulation 55 (Power to Remove Difficulty) of the 2014 Tariff Regulations and in terms of paragraph 29.26 of SOR of the 2014 Tariff Regulations, allow the impact of pay revision in the O&M expenses. In case the impact of pay



revision is considered based on the actual O&M expenses incurred, then the plants which are efficient would only derive partial benefit of wage revision. The Petitioner, therefore, is entitled for recovery of additional expenses incurred on account of pay revision of employees and CISF staff of the project [Judgment of APTEL dated 4.4.2007 in Appeal No. 251 of 2006 (REL vs MERC & ors) was referred to];

- (b) The promulgation of GST is a change in law event and squarely falls within the purview of the Regulation 3(9) read with Regulation 14(3) of the 2014 Tariff Regulations. The amount claimed by the Petitioner is only on account of the differential in the rate of tax for taxable services;
- (c) For computation of ROE, the Petitioner has grossed up the base rate with effective tax rate applicable at the end of every financial year. The Petitioner is paying Minimum Alternate Tax (MAT) for 2014-19 and has grossed up ROE in line with Regulation 25(2) of the 2014 Tariff Regulations;
- (d) The estimated de-capitalization @26.67% of value of new asset was an adhoc decision and was arrived at by the Commission as the original value of the asset for the purpose of computing de-capitalization was not provided by the Petitioner. However, the Petitioner in this petition has furnished the original value of the asset in terms of Regulation 14(4) of the 2014 Tariff Regulations and, therefore, de-capitalization as sought for, may be granted;
- (e) The additional capital expenditure claimed earlier on C&I package during 2009-14 was based on the estimated value which was allowed in the order dated 14.6.2012 in Petition No. 224/2009. The expenditure claimed on C&I package in the instant truing-up petition is based on the actual expenditure incurred by the Petitioner during the period 2014-19 in terms of Regulation 8 of the 2014 Tariff Regulations;
- (f) The expenditure towards renovation of generator and transformer protection relays has been claimed on actual basis in terms of Regulation 14(3) of the 2014 Tariff Regulations, which contemplates that any expenditure can be claimed on projected or incurred basis;
- (g) The expenditure claimed towards installation of LED based light fittings is in order to comply with directions of MOP, GOI, which mandated the replacement of old bulbs with LED bulbs in all NTPC buildings including compound/ street lighting occupied by NTPC. Since the expenditure incurred is in compliance of a change in law event, the same may be allowed under Regulation 14(3)(ii) of the 2014 Tariff Regulations. Also, when a specific provision of change in law is envisaged in the regulations, the general provision such as O&M cannot be resorted to, as contended by the Respondent, UPPCL;

5. The learned counsel for the Respondents, BRPL and TPDDL prayed for grant of time to file their replies in the matter.

6. 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 19.4.2021:



**For 2014-19 Tariff Period**

- (a) *Justification with documentary evidence in support of the value of de-capitalization of old asset related to the additional capitalization of 'Phasing out of Halon Fire Fighting System'.*
- (b) *Documentary evidence in support of the actual expenditure related to the R&M of electrical system along with documentary evidence for the value of de-capitalization;*
- (c) *Documentary evidence in support of the actual expenditure related to PGB coolers and to justify with reasons for not indicating and/or adjusting any value of de-capitalization;*
- (d) *Justification for not including the additional capitalization and related de-capitalization towards the renovation of generator and transformer protection relays in Petition No. 308/GT/2014. Also, provide documentary evidence to justify the actual expenditure for the same along with associated de-capitalization.*
- (e) *Justification with documentary evidence for the actual expenditure related to CCTV and Continuous Stack Emission Monitoring System (CSEMS);*
- (f) *In respect of new additional capitalization claim for Solar PV System for 24V DC, furnish the following:*
  - (i) *Justification as to how the additional capitalization is necessary for efficient operation of the plant;*
  - (ii) *Justification for the additional capitalization and de-capitalization, if any, along with technical justification, duly supported by documentary evidence*
- (g) *Documentary evidence in support of the actual expenditure related to LED lights. Also, to justify the benefits in terms of savings that would accrue to the beneficiaries on this count;*
- (h) *Repayment schedule of all loans required for the purpose of reconciliation of refinancing of loans. Specify the period over which the benefits of prepayment has been claimed in respect of each of such loans;*
- (i) *There is variation in the rate of Return on Equity as per Form-3 and as per Form-1(II). Clarification of the same along with revised forms, as applicable;*
- (j) *The year-wise audited computation of actual water charges claimed for the 2014-19 tariff period, including the following:*
  - (i) *Documentary evidence for water allocation / contracted;*
  - (ii) *Detailed basis/calculation for actual quantity of water consumed for the 2014-19 period;*
  - (iii) *Basis for rate (₹/M<sup>3</sup>) charged by the State authorities;*



- (iv) Any other charges (such as watch and ward charges) included in the Water charges in addition to the charges calculated based on the (i) & (ii) above;
- (v) Auditor certificate to the effect that such other charges as in (iv) above were booked under the head 'Water charges' during the period from 2014-19;
- (vi) Reconciliation statement of water charges claimed in the petition with the audited Financial Statement.
- (k) Detailed documentary evidence justifying the additional impact amount of ₹210.79 lakh during the 2014-19 period and auditor certified statement in respect of claim made under the head 'impact of GST', along with detailed working;
- (l) The detailed break-up of the actual O&M expenses for the tariff period 2014-19 under various sub-heads (as per **Annexure- A**) after including the claimed wage revision impact for employees of the Petitioner and employees of KV/DAV/CISF. (To be provided in both MS Excel and PDF format);
- (m) The similar break up of actual O&M expenses including wage revision impact for Corporate Centre/other offices (as per **Annexure- B**) shall be provided for the tariff period 2014-19 along with the allocation of the total O&M expenses to various stations under construction, operational stations along with basis of allocating such expenditure. (To be provided in both MS Excel and PDF format);
- (n) Audited statement as regards consumption of capital spares along with justification as per proviso to Regulation 29 (2) of 2014 Tariff Regulations;
- (o) Audited statement of reconciliation between the un-discharged liability as per Form 16 and as per books;
- (p) Auditor certified, Form-9C, Form 9C-A and Annexure IA;
- (q) For R&M of C&I system, CEA approved cost was Rs.24 Crore, Awarded cost was Rs. 85.54 Crore and claimed expenditure in the Instant petition is Rs.180 Crore, Petitioner shall furnish the following:
- (i) Reasons for not approaching CEA when expenditure claimed is 750% higher than the approved cost;
- (ii) Furnish the work order placed to OEM with complete details such as scope of work, cost with bifurcation, whether cost was fixed or escalable;
- (iii) Reasons with bifurcation for such a high increase in completion cost from awarded cost.

### **For 2019-24 Tariff Period**

- (a) Basis for projected security expenses during 2019-24 tariff period;
- (b) Detailed bifurcation of the expenses claimed under 'Others' in Form-15. The petitioner shall certify that expenses claimed under the 'others' pertain to



current months only and specify the amount carried forward from previous period, if any;

(c) Quantity of stock and quantity of fuel procured during the month to be furnished separately in Form-15;

7. The Respondents are directed to file their replies on or before 4.5.2021, with advance copy to the Petitioner, who may file its rejoinder, if any, by 11.5.2021. Pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted.

8. Subject to the above, order in the Petitions was reserved.

**By order of the Commission**

**Sd/-**

**(B. Sreekumar)**  
**Joint Chief (Law)**



| Details of actual O&M expenses (Common for Hydro /Thermal Generating Station) |   |         |         |         |         |         |
|---|---|---------|---------|---------|---------|---------|
| Sl. No.   | Items   | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 1   | Consumption of stores & spares                  |         |         |         |         |         |
| 2   | Repair & Maintenance                            |         |         |         |         |         |
| 3   | Insurance                                       |         |         |         |         |         |
| 4   | Security  |         |         |         |         |         |
| 5   | Water Charges                                   |         |         |         |         |         |
| 6   | Administrative Expenses                         |         |         |         |         |         |
| 6.1   | Rent  |         |         |         |         |         |
| 6.2   | Electricity charges                             |         |         |         |         |         |
| 6.3   | Travelling & Conveyance                         |         |         |         |         |         |
| 6.4   | Communication Expenses                          |         |         |         |         |         |
| 6.5   | Advertising                                     |         |         |         |         |         |
| 6.6   | Foundation Laying & Inauguration                |         |         |         |         |         |
| 6.7   | Donation  |         |         |         |         |         |
| 6.8   | Entertainment                                   |         |         |         |         |         |
| 6.9   | Filing fee                                      |         |         |         |         |         |
|   | <b>Subtotal (Administrative Expenses)</b>       |         |         |         |         |         |
| 7.0   | Employee Cost                                   |         |         |         |         |         |
| 7.1.1   | Salaries, Wages & Allowances                    |         |         |         |         |         |
| 7.1.2   | Pension   |         |         |         |         |         |
| 7.1.3   | Gratuity  |         |         |         |         |         |
| 7.1.4   | Provident Fund                                  |         |         |         |         |         |
| 7.1.5   | Leave Encashment                                |         |         |         |         |         |
|   |   |         |         |         |         |         |
| 7.2   | Staff welfare expenses                          |         |         |         |         |         |
| 7.2.1   | -Medical expenses on superannuated employees    |         |         |         |         |         |
| 7.2.2   | -Medical expenses on regular employees & others |         |         |         |         |         |
| 7.2.3   | -Uniform/ Livries & safety equipment            |         |         |         |         |         |
| 7.2.4   | -Canteen expenses                               |         |         |         |         |         |
| 7.2.5   | -Other staff welfare expenses                   |         |         |         |         |         |
|   | Subtotal (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 Expenses                           |         |         |         |         |         |
| 11  | Corporate Office expenses allocation            |         |         |         |         |         |
| 12  | Others  |         |         |         |         |         |
| 12.1  | Rates & Taxes                                   |         |         |         |         |         |
| 12.2  | Water cess                                      |         |         |         |         |         |
| 12.3  | Training & recruitment expenses                 |         |         |         |         |         |



| Details of actual O&M expenses (Common for Hydro /Thermal Generating Station) |  |         |         |         |         |         |
|---|--|---------|---------|---------|---------|---------|
| Sl. No.   | Items  | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
| 12.4  | Tender Expenses  |         |         |         |         |         |
| 12.5  | Guest house expenses                                   |         |         |         |         |         |
| 12.6  | Education expenses                                     |         |         |         |         |         |
| 12.7  | Community Development Expenses                         |         |         |         |         |         |
| 12.8  | Ash utilisation expenses                               |         |         |         |         |         |
| 12.9  | Books & Periodicals                                    |         |         |         |         |         |
| 12.10   | Professional Charges                                   |         |         |         |         |         |
| 12.11   | Legal expenses   |         |         |         |         |         |
| 12.12   | EDP Hire & other charges                               |         |         |         |         |         |
| 12.13   | Printing & Stationery                                  |         |         |         |         |         |
| 12.14   | RLDC Fee & Charges                                     |         |         |         |         |         |
| 12.15   | Brokerage & Commission                                 |         |         |         |         |         |
| 12.16   | Bank charges   |         |         |         |         |         |
| 12.17   | Claims/advances written off                            |         |         |         |         |         |
| 12.18   | Hiring of vehicle                                      |         |         |         |         |         |
| 12.19   | Payment to auditors                                    |         |         |         |         |         |
| 12.20   | Misc. Expenses   |         |         |         |         |         |
|   | (Break-up Of Misc.)                                    |         |         |         |         |         |
| 12.20.1   | -Horticulture  |         |         |         |         |         |
| 12.20.2   | -Transport- Vehicle Running exp.                       |         |         |         |         |         |
| 12.20.3   | -Hire charges & Operating Exp - Construction Equipment |         |         |         |         |         |
| 12.20.4   | -Tree Plantation exp.                                  |         |         |         |         |         |
| 12.20.5   | -R&D expenses  |         |         |         |         |         |
| 12.20.6   | Other Vehicles   |         |         |         |         |         |
| 12.20.7   | Consumptn-HSD/LDO-(Ind/Imp)-DG Set                     |         |         |         |         |         |
| 12.20.8   | Exp/ Inc frm Inv Diff                                  |         |         |         |         |         |
| 12.20.9   | Loss on sale of Investments                            |         |         |         |         |         |
| 12.20.10  | Operating exp of diesel generating sets                |         |         |         |         |         |
| 12.20.11  | Furnishing Expenses                                    |         |         |         |         |         |
| 12.20.12  | Subscription to Trade and Other Assocn.                |         |         |         |         |         |
| 12.20.13  | Hire Charges - Helicopter/Aircraft                     |         |         |         |         |         |
| 12.20.14  | Visa & Entry Permit Charges - Overseas                 |         |         |         |         |         |
| 12.20.15  | FX Monitoring Terminal Expenses                        |         |         |         |         |         |
| 12.20.16  | Works/Conf.(Excl train R&D CENPEEP)Earlier Non FBT     |         |         |         |         |         |
| 12.20.17  | Workshop/Conf. Exp (train R&D CENPEEP) Earlier FBT     |         |         |         |         |         |
| 12.20.18  | Hire charges - Office equipment                        |         |         |         |         |         |
| 12.20.19  | Payment for health club etc.                           |         |         |         |         |         |
| 12.20.20  | Gifts liable for Fringe Benefit Tax                    |         |         |         |         |         |
| 12.20.21  | Festival expenses liable Earlier (FBT)                 |         |         |         |         |         |
| 12.20.22  | Miscellaneous Expenses                                 |         |         |         |         |         |
| 12.20.23  | Rounding Off Difference                                |         |         |         |         |         |
| 12.20.24  | Regional Power Committee                               |         |         |         |         |         |





| <b>Details of actual O&amp;M expenses (Common for Hydro /Thermal Generating Station)</b> |                                 |                |                |                |                |                |
|--|---------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sl. No.</b>   | <b>Items</b>                    | <b>2014-15</b> | <b>2015-16</b> | <b>2016-17</b> | <b>2017-18</b> | <b>2018-19</b> |
|  | Expenses                        |                |                |                |                |                |
| 12.20.25   | Misc Exp. trf to CSR and IEDC   |                |                |                |                |                |
| 12.20.26   | Specify other sub head, if any. |                |                |                |                |                |
|  | <b>Sub Total (Others)</b>       |                |                |                |                |                |
| <b>13</b>  | <b>(Total 1 to 12)</b>          |                |                |                |                |                |
| 14   | Revenue / Recoveries            |                |                |                |                |                |
| 15   | Net Expenses                    |                |                |                |                |                |
|  | <b>Total O&amp;M Cost</b>       |                |                |                |                |                |



| DETAILS OF CORPORATE CENTRE EXPENSES ALLOCATED TO VARIOUS OPERATING STATIONS |  |         |         |         |         |                            |
|--|--|---------|---------|---------|---------|----------------------------|
|  |  |         |         |         |         | <i>Amount in Rs. Lakhs</i> |
|  | <b>PARTICULARS/YEAR</b>  | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19                    |
|  | Total Expenses of CC & RHQs-(A)  |         |         |         |         |                            |
|  | Transferred to Construction Projects -(B)                              |         |         |         |         |                            |
|  | Transferred to any other business activity - (C)                       |         |         |         |         |                            |
|  | Expenses related to stations under operation<br><b>(D)=(A)-(B)-(C)</b> |         |         |         |         |                            |
|  | <b>Head Wise Details of D</b>  |         |         |         |         |                            |
| 1  | <b>Employee Expenses</b>   |         |         |         |         |                            |
| A  | Salaries, Wages and Allowance  |         |         |         |         |                            |
| B  | Staff Welfare Expenses   |         |         |         |         |                            |
| C  | Productivity Linked Incentive  |         |         |         |         |                            |
| D  | Expenditure on VRS   |         |         |         |         |                            |
| E  | Ex-Gratia  |         |         |         |         |                            |
| 2  | <b>Administrative Expenses</b>   |         |         |         |         |                            |
| A  | Repair and maintenance   |         |         |         |         |                            |
| B  | Training and Recruitment   |         |         |         |         |                            |
| C  | Communication  |         |         |         |         |                            |
| D  | Travelling and Conveyance  |         |         |         |         |                            |
| E  | Rent   |         |         |         |         |                            |
| F  | Others -Break Up as per details given below:                           |         |         |         |         |                            |
| f-1  | Advertisement and publicity  |         |         |         |         |                            |
| f-2  | Books & Periodicals  |         |         |         |         |                            |
| f-3  | EDP Hire and other charges   |         |         |         |         |                            |
| f-4  | Education expenses   |         |         |         |         |                            |
| f-5  | Ent. and hospitality   |         |         |         |         |                            |
| f-6  | Fin Expenses-Ind AS  |         |         |         |         |                            |
| f-7  | Guest house expenses   |         |         |         |         |                            |
| f-8  | Hiring of Vehicles   |         |         |         |         |                            |
| f-9  | Insurance  |         |         |         |         |                            |
| f-10   | Legal Expenses   |         |         |         |         |                            |
| f-11   | Miscellaneous Expenses   |         |         |         |         |                            |
| f-12   | Community develp. Exp.   |         |         |         |         |                            |
| f-13   | Others.  |         |         |         |         |                            |
| f-14   | Payment to auditors  |         |         |         |         |                            |
| f-15   | Power Charges  |         |         |         |         |                            |
| f-16   | Printing and Stationery  |         |         |         |         |                            |
| f-17   | Prof chg & cons fees   |         |         |         |         |                            |
| f-18   | R&D EXPS   |         |         |         |         |                            |
| f-19   | Rates and taxes  |         |         |         |         |                            |
| f-20   | Tender expenses  |         |         |         |         |                            |
| f-21   | Trpt Veh running Exp.  |         |         |         |         |                            |
| f-22   | Water charges  |         |         |         |         |                            |
| f-23   | Workshop & Conf. Exp.  |         |         |         |         |                            |
|  | <b>Sub Total (Administrative Expenses)</b>                             |         |         |         |         |                            |
| 3  | Security   |         |         |         |         |                            |
| 4  | Donations  |         |         |         |         |                            |
| 5  | Provisions   |         |         |         |         |                            |
| 6  | Depreciation   |         |         |         |         |                            |
| 7  | Prior period expenses  |         |         |         |         |                            |



|   |                                   |  |  |  |  |  |
|---|-----------------------------------|--|--|--|--|--|
| 8   | Total Expenses from 1-7           |  |  |  |  |  |
|   | Less Recoveries (if any)          |  |  |  |  |  |
| 9   | Expenses related to Operation - D |  |  |  |  |  |
| <b>ALLOCATION TO OPERATIONAL STATIONS</b> |                                   |  |  |  |  |  |
| S.<br>No                                  | Name of The Unit/Station          |  |  |  |  |  |
|   | <b>Operational Station (1)</b>    |  |  |  |  |  |
|   | <b>Operational Station (2)</b>    |  |  |  |  |  |

