

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 567/GT/2020

Subject : Petition for revision of tariff for the 2014-19 tariff period after truing up exercise in respect of Durgapur Thermal Power Station Units 3 and 4 (350 MW) and determination of tariff for the 2019-24 tariff period in respect of Durgapur Thermal Power Station Units 3 and 4 (210 MW)

Petitioner : Damodar Valley Corporation

Respondents : WBSEDCL and anr

Date of Hearing: **30.11.2021**

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

Parties present : Shri M.G. Ramachandran, Senior Advocate, DVC
Ms Anushree Bardhan, Advocate, DVC
Ms. Srishti Khindaria, Advocate, DVC
Shri Ravi Nair, Advocate, DVC
Shri Manik Rakshit, DVC
Shri Subrata Ghosal, DVC
Shri Subrata Ganguly, DVC
Shri Samit Mandal, DVC
Shri A R Sinha, DVC
Shri Rajiv Yadav, Advocate, DVPCA

Record of Proceedings

The Petition was called out for virtual hearing.

2. During the hearing, the learned Senior counsel for the Petitioner circulated a note of arguments and made detailed oral submissions in the matter. At the request of the learned Senior counsel, the Commission permitted the Petitioner to place on record the note of arguments, if not done earlier.
3. The learned counsel appearing for objector, Damodar Valley Power Consumer Association (DVPCA), submitted that the objections filed in the matter may be considered.
4. The Petitioner is directed to submit the following additional information, after serving copy to the Respondents and the Objector, on or before 23.12.2021:



A. For the 2014-19 Tariff Period:

- i. *On account of decommissioning of Unit 3 on 10.3.2016, an amount of Rs 11717.15 lakh in 2015-16 has been de-capitalized. However, some of the components associated with Units 1, 2, & 4 has also been considered as part of it. Hence, the reasons for considering the components associated with other units along with the detailed component wise break up under main heading “10. Decommissioning of DTPS unit – 3” including “008 P & M Ext DTPS (1,2, 3) (0111083101)” claimed for Rs. 64.93 Cr; “Turbo generator & accessories (011080230008)” claimed for Rs.8.93 Cr; “008/06 Turbo generator & Accs. DTPS (0111083108)” claimed for Rs. 6.94 Cr. etc. Including the year of put to use of each of the component;*
- ii. *The rationale behind the claim of several additional capital expenditure items and capital spares for more than once, in the same year, as well as for different years of the 2014-19 tariff period, with details in respect of each instance, along with the year wise, unit-wise capital spares procured and consumed during the 2014-19 tariff period;*
- iii. *The year-wise segregation of common office expenses in respect of the generating stations and other activities, including subsidiary activities, for the 2014-19 tariff period along with auditor’s certificate;*
- iv) *Detailed justification for the additional capital expenditure claimed towards land & land rights (Rs. 1129.62 lakhs), Building (Rs. 165,39 lakhs), Other assets in offices (Direction, Central, other etc.).*
- v) *The OEM / technical committee report for requirement of dry fly ash collecting system and replacement of various assets associated with turbine, boiler, switchyard etc., due to obsolescence and reasons for continuing to claim such substantial additional capital expenditure, in the wake of decommissioning of Unit 3 on 10.3.2016;*
- vi) *Detailed justification for claiming Special Allowance as well as additional capital expenditure and capital spares in contravention of the provisions of Regulation 28 of the 2014 Tariff Regulations;*
- vii) *In reference to reduction in rate of interest on loan availed from REC w.e.f. 28.03.2017 from 11.09% to 10.15%, the details of the benefits arrived on this account during the 2014-19 tariff period and the details of benefits shared with beneficiaries. In case the benefits on this account were not shared, the reasons thereof;*
- viii) *Audited financial statements for the 2014-19 tariff period with station-wise reconciliation;*
- ix) *Details of the month-wise coal stock for the 2014-19 tariff period along with documents justifying the quantity & landed cost of domestic coal and Fuel Oil purchased;*



- x) Copy of all loans mentioned in Form 13, raised and utilized in capital expenditure (Plant-wise/ Unit-wise and DVC as a whole) for the period 2014-19, duly reconciled with audited accounts and certified by Auditor along with documentary proof of interest rates for the period 2014-19;
- xi) Details such as, the name of financial institution, account number, linkage of bond to the specific generating station, account statement showing contribution balances for sinking fund maintained under escrow mechanism as per audited accounts;
- xii) Allocation/reconciliation statement of sinking fund (Plant-wise/ Unit-wise) for the period 2014-19, duly reconciled with the audited accounts and certified by the Auditor;
- xiii) Flow of un-discharged liabilities from the actual expenditure with effect from approved capital cost as on 31.3.2014;
- xiv) Reconciliation of the figures mentioned in Form 13 (i.e. Calculation of Weighted Average Rate of Interest on actual loans), with the audited accounts of the respective financial years.

B) For the 2019-24 Tariff Period:

- i) Basis of projection of security expenses, share of common office expenditure, expenses due to mega insurance and expenditure for subsidiary activity for the period 2019-24;
- ii) Detailed justification for claiming Special Allowance as well as additional capital expenditure, in contravention of the provisions of Regulation 28 of the 2019 Tariff Regulations;
- iii) Approval of the competent authority for the additional capital expenditure proposed to be incurred during this tariff period and a note on the procedure adopted for approval of such proposals;
- iv) Any other information / documents as considered necessary in support of the various claims for the 2014-19 and 2019-24 tariff periods.

5. The Respondents and the Objector are directed to file their replies/ objections by 3.1.2022, with advance copy to the Petitioner, who may file its rejoinder/ response, if any, by 10.1.2022. Pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted.

6. Subject to the above, the order in the Petition is reserved.

By order of the Commission

Sd/-
B. Sreekumar
Joint Chief (Law)

