

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 577/GT/2020

Subject : Petition for truing up of annual fixed charges for 2014-19 tariff period and for determination of tariff for the 2019-24 tariff period in respect of Unit-1,2 & 3 of Mejia Thermal Power Station (3x210 MW)

Petitioner : Damodar Valley Corporation

Respondents : WBSEDCL & others

Date of Hearing : **24.6.2022**

Coram : 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 Manik Rakshit, Representative, DVC
Shri Subrata Ghosal, Representative, DVC
Shri Samit Mandal, Representative, DVC
Shri Arnab Kr. Sinha, Representative, DVC
Shri Rajiv Yadav, Advocate, DVPCA

Record of Proceedings

The order in the present petition was reserved on 25.5.2021. However, the order could not be issued prior to the Chairperson Shri P. K. Pujari demitting office. Accordingly, the matter is listed for hearing today, through video conferencing.

2. The learned Senior counsel of the Petitioner submitted that pleadings have been completed in the matter. He also submitted that in case any clarification/additional information is required, the Petitioner will furnish the same.
3. The learned counsel of the Respondent, DVPCA submitted that the submissions filed by DVPCA in Petition No.575/GT/2020 may be taken into consideration, while determining the tariff of all the generating stations of the Petitioner.
4. The Commission directed the Petitioner to furnish additional information on the following, on or before 14.7.2022, after serving copy to the Respondent/Objector.



For 2014-19 Tariff Period

- (i) *The Petitioner is claiming Compensation Allowance under Regulation 17 of the 2014 Tariff Regulations and also claiming a number of additional capital expenditure items which are of minor, O&M, tools and tackles, spares in nature. The Petitioner is directed to substantiate as to why these additional capital expenditure items are required to be considered against the provisions of Regulation 17 of the 2014 Tariff Regulations and submit an undertaking that the claimed expenditures are not met out of the Compensation allowance;*
- (ii) *The Petitioner is claiming a number of additional capital expenditure items which appear to relate to all the 8 units of the MTPS or other than unit 1 – 3 also. The Petitioner is directed to furnish the basis along with details of apportionment of all such additional capital expenditure claimed;*
- (iii) **Interest on Loan:** *Justify why following Bonds and Loan for T&D are forming part of computation of weighted average interest on loan of the generating station:*
- i. *Loan - 5 DVC Bonds (For T&D) - fully repaid on 26.02.2017*
 - ii. *Loan - 6 REC Loan (For T&D)*
- (iv) *Proper documentary evidence in support of following additional capital expenditure:*
- a. *Full and final settlement in respect of detailing, fabrication, despatch and erection of structured steel work of MTPS Unit-1,2,3 power house, mill bay and switchyard amounting to Rs. 155.44 lakh. Also submit the reasons for such an inordinate delay in payment and why this amount had not shown in the undischarged liabilities;*
 - b. **Differential Pressure (DP) level measurement system of Coal Mills:** *Supporting documents to substantiate the claim towards Differential Pressure (DP) level measurement system of Coal Mills as replacement of existing DP panel, which was out of service, under the relevant Regulations;*
 - c. **Battery banks:** *Battery banks has been claimed under various heads namely, Plant and Machinery (Rs. 111.21 lakh); Sub-station (Rs. 431.17 lakh) and Capital Spares (Rs. 365.87 lakh), stating that the existing battery banks are 20 years' old and the OEM had recommended the replacement of the same. However, the documents (e-mail correspondences) furnished do not justify the claim that the expenditure incurred is towards assets which are replaced due to obsolescence;*
 - d. **Installation of 220 kV lightning arrestors:** *The total additional capital expenditure for Rs. 17.71 lakh during 2015-17 (Rs. 15.84 lakh in 2015-16 and Rs. 1.88 lakh in 2016-17) has been claimed for Installation of 220 kV lightning arrestors due to the asset being old and its performance deteriorating. However, no documentary evidence has been furnished to substantiate the same.*



- e. **Procurement and installation of SF6 Circuit Breaker:** The additional capital expenditure of Rs. 106.62 lakh has been claimed for Procurement and installation of SF6 Circuit Breaker stating that the Commission in order dated 31.8.2016 in Petition No. 347/GT/2014 had approved this item. However, it is observed that the Commission had allowed the additional capitalisation for Retro fitting of VCB only and not for SF6 circuit breaker. The Petitioner shall justify the same and also furnish the voltage details;
- f. **Procurement and installation of UPS System:** The additional capital expenditure for Rs. 17.68 lakh has been claimed for Procurement and installation of UPS system of MTPS Unit-1 in 2017-18. Though the claim is on account of the existing assets being replaced on becoming obsolete, no justification has been furnished with documentary evidence;
- g. **Procurement of Numerical Distance Protection Relay:** The additional capital expenditure for Rs. 30.18 lakh has been claimed for Procurement of Numerical distance protection relay in 2018-19 in addition to retrofitting of numerical relays under the head 'Plant & Machinery'. Clarification along with reasons for claiming numerical distance protection relay apart from the retrofitting of numerical relays under Plant & Machinery;
- (v) **Capital Spares:** It is noticed that the list of capital spares comprises of items, which otherwise, also claimed as part of additional capital expenditure such as battery banks and it is not clear as to which form part of tariff and which do not form part of tariff. Further, the Petitioner has not submitted anything to substantiate that the capital spares have not been funded through compensatory allowance. The Petitioner is directed to substantiate the same and furnish the quantity, date of put to use, justification and decapitalisation details against each of the capital spares claimed;
- (vi) **Common Office Expenditure:** Submit item-wise justification for each of the additional capital expenditure item (including for decapitalisation) of the Common Office Expenditure and submit documentary evidence for prudence check;
- (vii) In respect of water charges, the year wise segregated quantity of water used for industrial purpose and domestic purpose separately.
- (viii) The audited bidding details, selection of transporters, distance up to which ash transported, SOR of respective state, expenditure on ash transportation and end user certificate.

For 2019-24 Tariff Period

- (i) Special Allowance under Regulation 28 of the 2019 Tariff Regulations on completion of 25 years for unit 1 w.e.f. 01.04.2021 and for unit – 2 w.e.f. 01.04.2023 and also various additional capital expenditure for the MTPS unit 1 – 3. In this regard, the segregated apportionment of each claimed additional capital expenditure to the unit 1, 2, and 3 during 2019-24 tariff period shall be furnished;



- (ii) *The Petitioner is claiming a number of additional capital expenditure items which appears to pertain to all the 8 units of the MTPS or other than unit 1 – 3 also. The Petitioner is directed to furnish basis and details of apportionment of all such Additional Capital Expenditures claimed.*
- (iii) *Furnish proper documentary evidence in support of following additional capital expenditure:*
- a. **Upgradation of Coal Feeder control:** *No documentary evidence submitted with regard to the obsolescence of static feeder control system of Unit I & Unit-II;*
 - b. **Upgradation of C&I BOP System of MTPS Unit-3:** *It is observed that the communication from OEM, referred to by the Petitioner, pertains to obsolescence of C&I system for SG and TG of Unit-3 and it does not cover the obsolescence of C&I system associated with BOP. Further, the communication with OEM (18.4.2008 and 12.5.2009) relates back to a period exceeding 10 years. The Petitioner is directed to provide proper justification with documentary evidence to substantiate their claim.*
 - c. **Upgradation of PLC system of DM plant, Upgradation of UPS System of Unit 2 & 3; Retrofit of GRP Numerical Relays; 220 kV SF6 Breakers; 48 V battery charges:** *The Petitioner has provided either email communication print out, Wikipedia web pages which cannot be considered as sufficient documentary evidence for prudence check. The Petitioner is directed to provide proper justification with documentary evidence to substantiate their claims;*
 - d. **Ash Dyke raising work in phased manner, Replacement of Ash Slurry Disposal Pipe of 200NB size due to raise in dyke height:** *Details w.r.t existing and envisaged capacity of ash dyke, ash produced and utilised in last five years along with projections for 2019-24 tariff period;*

5. The Respondents shall file their replies by 22.7.2022, with advance copy to the Petitioner, who may file its rejoinder, if any, by 29.7.2022. Pleadings shall be completed by the parties within the due dates mentioned and no extension of time shall be granted.

6. The Commission after hearing the parties, reserved its order in the matter.

By order of the Commission

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

