

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 22/RP/2022

in

Petition 486/GT/2020

Coram:

**Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member**

Date of Order: 7th December, 2022

In the matter of

Petition for review of the Commission's order dated 21.4.2022 in Petition No. 486/GT/2020 relating to the determination of tariff for the period 2019-24 in respect of Korba STPS Stage-I&II (2100 MW).

And

In the matter of

NTPC Limited
NTPC Bhawan,
Core-7, Scope Complex,
7, Institutional Area, Lodhi Road,
New Delhi - 110 003

...Review Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Vidyut Nagar,
Jabalpur - 482 008
2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Bandra (East),
Mumbai - 400 051
3. Gujarat Urja Vikas Nigam Limited,
Vidyut Bhavan, Race Course,
Vadodara - 390 007
4. Chhattisgarh State Power Distribution Company Limited,
P.O. Sundar Nagar, Danganiya, Raipur – 492 013



5. Electricity Department of Goa,
Vidyut Bhawan, Panaji, Goa
6. DNH Power Distribution Corporation Limited,
UT of DNH, Silvassa – 396 230
7. Electricity Department,
Administration of Daman & Diu,
Daman - 396 210

...Respondents

Parties present:

Shri A. S Pandey, NTPC
Shri Vivek Kumar, NTPC
Shri Ravin Dubey, MPPMCL

ORDER

Petition No. 486/GT/2020 was filed by the Review Petitioner, NTPC Limited for the determination of tariff of Korba STPS Stage-I&II (2100 MW) (hereinafter referred as 'generating station') for the 2019-24 tariff period, in terms of the 2019 Tariff Regulations and the Commission vide its order dated 21.4.2022 had determined the tariff of the generating station for the said period. Aggrieved by the order dated 21.4.2022 ('the impugned order') in Petition No. 486/GT/2020, the Review Petitioner has filed this Review Petition seeking review on the ground that there are errors apparent on the face of record, limited to the following issues:

- A. *Review the Weighted Average GCV of coal allowed and reduction of the Weighted Average GCV of coal by 85 kCal/kg in terms of Regulation 43(2)(b) of 2019 Tariff Regulations.*
- B. *Review the Weighted Average price of coal allowed.*
- C. *Review the methodology for computing Weighted Average GCV of coal and Weighted Average price of coal and allow the same considering coal received during the specified three months as well as opening stock of coal.*



Hearing dated 12.8.2022

2. The Review Petition was heard on 'admission' through 'video conferencing' on 12.8.2022. The Review Petition was admitted on the issues raised in paragraph 1 above, vide interim order dated 12.9.2022, and notice was served on the Respondents. The Respondent, MPPMCL has filed its reply vide affidavit dated 30.9.2022 and the Review Petitioner has filed its rejoinder vide affidavit dated 6.10.2022 to the said reply.

Hearing dated 2.11.2022

3. The Review Petition was heard on 2.11.2022 and the Commission, after hearing the submissions of the Review Petitioner and the representative of the Respondent MPPMCL, reserved its order in the matter. Based on the submissions of the parties and the documents available on record, we proceed to examine the issues raised by the Review Petitioner in the subsequent paragraphs.

A. Review the Weighted Average GCV of coal allowed and reduction of the Weighted Average GCV of coal by 85 kCal/kg in terms of Regulation 43(2)(b) of 2019 Tariff Regulations.

4. The Commission in paragraph 52 of the impugned order dated 21.4.2022 had worked-out the cost of coal stock for 10 days and the cost of coal for 30 days considering the weighted average GCV of Coal as 3412.46 kCal/kg.

Submissions of the Review Petitioner

5. The Review Petitioner has submitted that the Commission, in its order dated 23.3.2022 in Petition No. 419/GT/2020 (determination of tariff of Korba-III for the period



2019-24), had allowed the weighted average GCV of Coal as 3327.49 kCal/kg (i.e. 3412.49 minus 85). It has also submitted that the adjustment of weighted average GCV of Coal by 85 kCal/kg as per Regulation 43(2)(b) of the 2019 Tariff Regulations has escaped the attention of the Commission in the impugned order dated 21.4.2022 and therefore, the same is an error apparent on the face of the order. Accordingly, the Review Petitioner has submitted that the review may be allowed on this ground.

Reply of the Respondent, MPPMCL

6. The Respondent, MPPMCL has submitted that the margin of 85 kCal/kg claimed by the Review Petitioner, on the average GCV may be disallowed. The Respondent has also submitted that the Review Petitioner, instead of reducing their gross inefficiency in handling of coal or offering any justification for average slippage of 400 kCal/kg in coal handling, when most of the consignment is through MGR, claims additional margin, which is not allowable. The Respondent has further submitted that slippage of GCV of coal is a major issue of concern which may be taken up by the Commission. The slippage of GCV is tabulated below:

Items	(kCal/kg)		
	October 2018	November 2018	December 2018
Weighted average GCV of coal as billed	4035	3897	3506
Weighted average GCV of coal as fired	3452	3523	3252
Loss in GCV	583	374	254

7. The Respondent MPPMCL has also stated that the Review Petitioner is paying for a GCV in the range of 4035 kCal/kg to 3506 kCal/kg to Coal India Limited, and loading the same on the beneficiaries and claiming a GCV of coal in the range of only 3523 kCal/kg to 3252 kCal/kg for calculation of energy charges. Thus, the Respondent has



submitted that there is sufficient margin (in the range of 583 to 254 kCal/kg) in GCV of coal available to the Review Petitioner. This, according to the Respondent, is highly unjustified to allow additional margin of 85 kCal/kg in GCV also. The Respondent has further submitted that the thermal generating company of the Review Petitioner is already enjoying the following margins in respect of its primary fuel coal:

- (i) Transit and handling losses @ 0.20% in case of pithead station and @ 0.80% in case of non-pithead station;*
- (ii) 85 kCal/kg on account of variation during storage at generating station and additionally the Petitioner is getting following margin which remains unaccounted for;*
- (iii) Difference in GCV of coal as billed by the coal company and GCV of coal on as received basis.*

8. The Respondent has also submitted that these margins are affecting in the reduction of average GCV of coal and resulting in higher energy charges and this issue needs to be addressed by the Commission judiciously to safeguard the interest of the crores of electricity consumers of the country. The Respondent has also requested that the Commission may invoke its 'Power to Relax' under Regulation 76 and 'Power to Remove difficulty' under Regulation 77 of the 2019 Tariff Regulations, to disallow the claims of the Petitioner. The Respondent has submitted that neither any extra margin in GCV nor transportation & handling loss is being allowed in respect of secondary fuel oil and on similar logic, no margin or transportation & handling losses, may be allowed in respect of coal, to ensure the optimum utilization of resources, efficiency, good performance as mandated under Section 61(c) of the Electricity Act, 2003. The Respondent has therefore requested that the Commission may take cognizance of this aspect of huge slippage of 400 kCal/kg in GCV of coal and to safeguard the interest of consumers as mandated in Section 61(d) of Electricity Act, 2003.



Rejoinder of the Review Petitioner

9. The Review Petitioner in its rejoinder, has clarified that the margin of 85 kCal/kg in GCV of coal claimed is in line with Regulation 43(2)(b) of the 2019 Tariff Regulations. The Review Petitioner has also submitted that it has demonstrated in detail that there is an error apparent in the figure of GCV of coal as allowed in the impugned order dated 21.4.2022. As regards the contention of the Respondent MPPMCL to disallow the margin of 85 kCal/kg in GCV of coal, the Review Petitioner has pointed out that CEA vide its letter dated 10.12.2018 had, based on technical grounds, recommended to the Commission, that a margin of 85-100 kCal/kg for pit head stations and 105-120 kCal/kg for non-pit head stations, may be allowed to the generators, as a loss of GCV measured at wagon top at unloading point, till the point of firing in the boiler. The Review Petitioner has further submitted that CEA had also recommended the transit loss of 0.8% for non-pit head plants and 0.2% for pit head plants and that the provisions for transit loss and margin in GCV of coal, as on received basis' under the 2019 Tariff Regulations are based on the technical recommendations of CEA.

10. As regards the contention of the Respondent regarding the difference in GCV of coal 'as billed' and GCV of coal 'as received' (at the unloading point), the Review Petitioner has submitted that GCV 'as billed' is GCV 'as per invoice' raised by coal company. It has further submitted that the GCV, as 'on received basis' at unloading point, i.e., at the generating station, is measured through sampling and testing by a third party, CSIR-CIMFR, an agency authorized by the Government of India, and is as per IS 436 (Part-1/ Section1)-1964, in line with Regulation 3(31) of the 2019 Tariff Regulations. The Review Petitioner has further submitted that till the unloading point at thermal



station, it has no reasonable control over the coal being transported through Indian Railways from mine end to Plant end and it is only after the coal is received at thermal station, that the Review Petitioner has control over the subsequent storage and handling of coal till the firing point. As detailed above, and considering the CEA recommendations, a margin of 85 kCal/kg on normative basis, as loss of GCV is allowed by the Commission as per the 2019 Tariff Regulations.

Analysis and Decision

11. We have examined the matter. The prayer of the Respondent MPPMCL to consider the aspects relating to the slippage in GCV of coal cannot be considered in the review petition. It is noticed from records that the Commission, while determining tariff of the generating station of the Review Petitioner in the impugned order dated 21.4.2022 for the 2019-24 tariff period, had inadvertently not adjusted the margin of 85 kCal/kg on account of variation during storage at generating station, in terms of Regulation 43(2)(b) of the 2019 Tariff Regulations, from the weighted average GCV of Coal (3412.46 kCal/kg). This, according to us, is an error apparent on the face of record, and review on this ground is allowed.

B. Review the Weighted Average price of coal allowed

12. The Commission in paragraph 52 of the impugned order dated 21.4.2022 had worked out the cost of coal stock for 10 days and the cost of coal for 30 days by considering the weighted average price of coal as Rs.1746.60/MT.



Submissions of the Review Petitioner

13. The Review Petitioner has submitted that the weighted average price of coal has been allowed as Rs.1746.60/MT in the impugned order dated 21.4.2022. The Review Petitioner has submitted that since the weighted average price of coal allowed in Commission's order dated 23.3.2022 in Petition No. 419/GT/2020 (tariff of Korba-III of the Review Petitioner for the 2019-24 tariff period) is Rs.1748.83/MT, there is an error apparent in the calculation of weighted average price of coal, since Form-15 for both Korba-III and Korba-I&II, as provided in their respective petitions are the same. Accordingly, the Review Petitioner has submitted that there is an error apparent on the face of record and review on this ground may be allowed.

Analysis and Decision

14. We have considered the matter. It is noticed from records that, in the impugned order dated 21.4.2022, the Commission while determining the tariff of the generating station for the period 2019-24, had inadvertently, not considered the correct quantity of coal for the months of October 2018, November 2018 and December 2018. On account of this, a variation, had occurred in the landed price of coal which was considered in the impugned order dated 21.4.2022, as compared to the order dated 23.3.2022 in Petition No. 419/GT/2020. This, according to us, is an error apparent on the face of record and review on this ground is allowed.



C. Review the methodology for computing Weighted Average GCV of coal and Weighted Average price of coal and allow the same considering coal received during the specified three months as well as opening stock of coal.

15. The Commission in paragraph 52 of the impugned order dated 21.4.2022 had worked out the cost of coal stock for 10 days and the cost of coal for 30 days by considering the methodology as per the 2019 Tariff Regulations.

Submissions of the Review Petitioner

16. The Review Petitioner has submitted that the Commission has apparently computed the weighted average GCV of coal and the weighted average price of coal, by considering the fuel received only during the specified three months (i.e., from October 2018 to December 2018), without considering the opening stock. It has also submitted that in terms of Regulation 40(2) of the 2019 Tariff Regulations, the GCV, price of fuel, etc., are to be computed as per Form-15 as prescribed in Annexure-I (Part I) to the 2019 Tariff Regulations. Accordingly, the Review Petitioner has submitted that the Commission may review the methodology considered in the impugned order dated 21.4.2022 for computation of the weighted average GCV of coal and the weighted average price of coal.

Analysis and Decision

17. We have examined the matter. In our view, the methodology followed for computing the weighted average GCV and the weighted average landed price of coal, in the impugned order dated 21.4.2022, is as per the provisions of the 2019 Tariff Regulations. The variation in the weighted average GCV and the weighted average landed price of coal, as noticed in the impugned order dated 21.4.2022, as compared to the order dated 23.3.2022 in Petition No. 419/GT/2020 is only on account of the



inadvertent error in considering the quantity of coal and adjustment of margin of 85 kCal/kg, as stated in the earlier paragraphs. Thus, we find no error apparent on the face of record and review on this ground is not allowed.

18. Consequent upon the review being allowed on issues (A) and (B) above, the tariff determined for the generating station for the period 2019-24, require correction and modification, as stated in the subsequent paragraphs:

Revision of tariff for the 2019-24 tariff period

19. As stated above, the Review Petition has been allowed only on the grounds of (A) *Weighted Average GCV of coal* allowed and adjustment of the *Weighted Average GCV of coal* by 85 kCal/kg in terms of Regulation 43(2)(b) of the 2019 Tariff Regulations and (B) *Review the Weighted Average price of coal* allowed. Based on this, and after rectification of the errors with regard to quantity of coal for the month of October, 2018 to December 2018, the tariff determined for this generating station for the period 2019-24 vide impugned order dated 21.4.2022, shall stand revised, as under:

Interest on Working Capital

Fuel Cost and Cost of Liquid stock for Working Capital

20. The fuel components approved vide paragraph 52 of the impugned order dated 21.4.2022 stands revised, based on the revised weighted average landed price of Rs.1748.83/MT and weighted average GCV as received of 3327.49 Kcal/Kg of coal as under:

	<i>(Rs. in lakh)</i>				
	2019-20	2020-21	2021-22	2022-23	2023-24
Cost of coal stock for 10 days	5395.52	5395.52	5395.52	5395.52	5395.52



	2019-20	2020-21	2021-22	2022-23	2023-24
Cost of coal for generation for 30 days	16186.56	16186.56	16186.56	16186.56	16186.56
Cost of secondary fuel oil for 2 months	496.09	494.74	494.74	494.74	496.09

b) Working Capital for Receivables

21. Receivables equivalent to 45 days of capacity charge and energy charges for the purpose of working capital, as approved vide paragraph 59 of the impugned order dated 21.4.2022, stands revised as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Variable Charges (45 days)	24642.28	24642.28	24642.28	24642.28	24642.28
Fixed Charges (45 days)	10258.12	10418.72	10597.54	10858.00	11093.85
Total	34900.39	35060.99	35239.81	35500.27	35736.13

22. Accordingly, Interest on working capital, as approved in paragraph 63 of the impugned order dated 21.4.2022 stands revised as under:

(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Working capital for coal cost stock in 10 days	5395.52	5395.52	5395.52	5395.52	5395.52
Working capital for coal cost expenses 30 days	16186.56	16186.56	16186.56	16186.56	16186.56
Working capital for cost of secondary oil for 2 months	496.09	494.74	494.74	494.74	496.09
Working capital for O & M expenses 1 month	5392.39	5554.44	5716.44	5885.19	6057.94
Working capital for Maintenance Spares (20% of O&M expenses)	12941.74	13330.65	13719.45	14124.45	14539.05
Working capital for Receivables for 45 days	34900.39	35060.99	35239.81	35500.27	35736.13
Total Working Capital	75312.70	76022.90	76752.52	77586.72	78411.28
Rate of Interest	12.05%	11.25%	10.50%	10.50%	10.50%
Total Interest on Working capital	9075.18	8552.58	8059.01	8146.61	8233.18

Annual Fixed Charges for the 2019-24 tariff period

23. Based on the above discussion, the annual fixed charges approved vide paragraph 64 of the impugned order dated 21.4.2022 stands revised as under:



(Rs. in lakh)

	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	341.67	0.00	0.00	0.00	0.00
Interest on Loan	5.56	0.00	0.00	0.00	0.00
Return on Equity	9301.56	9301.56	9301.56	9301.56	9301.56
O&M Expenses	64708.72	66653.24	68597.24	70622.24	72695.24
Interest on Working Capital	9075.18	8552.58	8059.01	8146.61	8233.18
Special allowance	19950.00	19950.00	19950.00	19950.00	19950.00
Total	103382.69	104457.38	105907.82	108020.41	110179.99

24. The difference between the tariff determined by this order and the tariff recovered by the Review Petitioner in terms of the impugned order dated 21.4.2022 in Petition No. 486/GT/2020, shall be adjusted in terms of Regulation 13(4) of the 2019 Tariff Regulations.

25. Review Petition No. 22/RP/2022 is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(I. S. Jha)
Member

