

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Ashok Basu, Chairman**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**

Petition No.1/2003

In the matter of

Petition for approval of tariff for power supplied from Talcher STPS Stage-II (4x500 MW)

And in the matter of

National Thermal Power Corporation Ltd. **Petitioner**

Vs

1. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
2. Tamil Nadu State Electricity Board, Chennai
3. Karnataka Power Transmission Corporation Ltd., Bangalore
4. Kerala State Electricity Board, Trivandrum
5. Electricity Department, Govt. of Pondicherry, Pondicherry ...**Respondents**

The following were present:

1. Shri V.B.K. Jain, GM(Comml.), NTPC
2. Shri M.S. Chawla, AGM(Comml.), NTPC
3. Shri Alka Saigal, Sr. Mgr (F), NTPC
4. Shri A.K. Juneja, NTPC
5. Shri Rachna Mehta, Mgr (Comml.), NTPC
6. Shri R. Datt, NTPC
7. Shri S. Sowmyanarayanan, TNEB
8. Shri B.S. Chandrashekar, KPTCL
9. Shri K. Gopalakrishnan, KSEB

ORDER
(DATE OF HEARING: 1.4.2004)

The amended petition has been filed for approval of final tariff for the power supplied from Unit I of Talcher Super Thermal Power Station (Talcher STPS) Stage II and provisional tariff for Unit I and Unit II of Talcher STPS Stage II for the period up to 31.3.2004 based on the terms and conditions of tariff contained in the Commission's notification dated 26.3.2001.

2. Talcher STPS Stage II comprises of 4 units of 500 MW each. The power generated from the station is to be supplied to the beneficiaries in the Southern Region, the respondents herein. The first unit of Talcher STPS Stage II was commissioned on 21.2.2003 and subsequently, declared under commercial operation from 1.8.2003. The second unit of Talcher STPS Stage II has been commissioned on 25.10.2003 and declared under commercial operation on 1.3.2004.

3. The Commission vide its order dated 17.7.2003 had allowed Rs.278.90 crore as annual fixed charges on provisional basis from the actual date of commercial operation of Unit I of Talcher STPS Stage II. The provisional annual fixed charges are subject to adjustment after determination of final tariff. In addition, the Commission had also approved the energy charges. The Commission in its order dated 6.11.2003, had also approved the tariff for supply of infirm power from Unit II @ 44.02 paise/kWh from the date of synchronisation.

4. Consequent to commercial operation of Unit II with effect from 1.3.2004, the petitioner has sought approval for the following tariff:

(a) Annual Fixed charges (Capacity Charges) @ Rs.287.18 crore per year from 1.8.2003 to 29.2.2004 and @ Rs.664.32 crore per year from 1.3.2004 to 31.3.2004.

(b) Energy charges @ 46.99 paise per kWh from 1.8.2003 to 29.2.2004 and @ Rs.45.39 paise per kWh from 1.3.2004 to 31.3.2004

5. In addition, the petitioner has sought billing of incentive at 0.5%, 0.55% and 0.65% additional return on equity for each percentage in incremental generation above 68.49%, above 75% and above 80.5% respectively based on the power purchase agreement signed between the petitioner and the respondents herein.

6. We heard the representatives of the parties.

7. Since the audited accounts up to the date of commercial operation of Unit II have not been filed, it is not possible to determine firm tariff in respect of Unit II. Petitioner has placed on record the audited accounts for the station as a whole including both Stage –I and Stage-II as on 1.8.2003, the date of commercial operation of Unit-I. However, actual capital expenditure on Unit-I can not be ascertained because the reconciliation of accounts between Stage-I and Stage-II as on 1.8.2003 has not been furnished. In the absence of the same, it is not possible to give firm tariff in respect of the Unit-I as well. Therefore, we are allowing provisional tariff both for Unit-I and Unit-II.

8. Without going into the details of capital cost, we allow Rs.564.67 crore as annual fixed charges on provisional basis for Unit I and Unit II with effect from 1.3.2004. So far as the annual fixed charges for Unit I are concerned, we do not

propose to revise them at this stage and the annual fixed charges of Rs.278.90 crore already approved by the Commission in its order dated 17.7.2003 shall hold provisionally. The revised annual fixed charges of Rs.564.67 crore being approved by us on provisional basis represent 85% of the annual fixed charges of Rs.664.32 crore claimed by the petitioner in the amended petition.

9. The petitioner has claimed the energy charges based on prices and GCV of coal and secondary fuel oil for the month of May, June and July 2003, with the operational and other parameters given hereunder.

Sl. No.	Parameters	During stabilisation period	Subsequent to stabilisation period
(i)	Rate of Energy Charge ex-bus (paise/kWh)	47.91	43.78
(ii)	Station heat rate (kCal/kWh)	2600.00	2500.00
(iii)	Secondary fuel oil consumption (ml/kWh)	5.00	3.50
(iv)	Auxiliary energy consumption (%)	8.50	8.00
(v)	Coal price (Rs./MT)	474.21	474.21
(vi)	GCV of Coal (kCal/kg)	3360.67	3360.67
(vii)	Fuel Oil price (Rs./KL)	15640.10	15640.10
(viii)	GCV of Fuel Oil (kCal/Lit)	9500.00	9500.00

10. The Commission in its order dated 17.7.2003 had allowed the energy charges for the power supplied from Unit I during stabilisation period and subsequent to stabilisation period @ 44.02 paise per kWh and 40.50 kWh respectively based on the following operational and other parameters:

Sl. No.	Parameters	During stabilisation period	Subsequent to stabilisation period
(i)	Station Heat Rate (kCal/kWh)	2600.00	2500.00
(ii)	Secondary fuel oil consumption (ml/kWh)	5.00	3.50

(iii)	Auxiliary energy consumption (%)	8.50	8.00
(iv)	Coal Price (Rs./MT)	458.12	458.12
(v)	GCV of Coal (kCal/kg)	3438.22	3438.22
(vi)	Fuel Oil Price (Rs./KL)	12542.71	12542.71
(vii)	GCV of Fuel Oil (kCal/Lit)	9509.00	9509.00

11. The Commission in its order dated 6.11.2003 had allowed the tariff for the infirm power supplied from Unit II, corresponding to energy charge of 44.02 paise per kWh on provisional basis based on the operational and other parameters noted above. Considering the price and GCV of coal and secondary fuel oil given in the table under paragraph 10 above the following energy charges are allowed as the base energy charges:

Description	Unit	Unit I		Unit I & II	Unit I & II
		From the date of Commercial Operation of Unit-I (1.8.2003) for Stabilisation period of 180 days i.e. up to 27.1.2004	Subsequent period, from 28.1.2004 to 29.2.2004	From Date of Commercial Operation of Unit II (1.3.2004) to 27.8.2004 (Stabilisation period 180 days of Unit II)	From 28.8.2004 to Date of Commercial Operation of Unit – III
Capacity	MW	500.00	500.00	1000	1000
Rate of Energy charge ex-bus per kWh sent	Paise/kWh	44.02	40.50	42.26	40.50

12. The base energy charges shall be further subjected to fuel price adjustment for variation in price and GCV of fuels. Though in the petition, the petitioner has sought approval of energy charges up to 31.3.2004, we have approved these charges for the subsequent period as well for the reason that there will be reduction of these charges from 28.8.2004 and we do not want the higher energy charges to continue beyond 27.8.2004.

13. So far as the petitioner's claim for incentive is concerned, this has to be regulated in accordance with the terms and conditions of tariff notified by the Commission from time to time.

14. The petitioner in the amended application has submitted that the audited accounts on the date of commercial operation of Unit II are likely to be available within 5-6 months after the date of its commercial operation. We direct that the revised petition for approval of tariff for Unit I and Unit II of Talcher STPS Stage II shall be filed by the petitioner, latest by 15.8.2004, based on the audited accounts as on the date of commercial operation of Unit II of Talcher STPS Stage II.

15. In the amended petition, the petitioner had indicated a gross block of Rs.3999.026 crore as on 31.7.2003, for the station as a whole, that is, including Talcher STPS Stage I and Stage II. The capital cost as on 31.3.2003 is stated to be Rs.2651.323 crore which could be for Talcher STPS Stage I which was already declared under commercial operation. Therefore, by applying the thumb rule, the capital cost of Unit I of STPS Stage II could be Rs.1347.703 crore (Rs.3999.026 crore – Rs.2651.323 crore), though, in the amended petition the petitioner has indicated the capital cost of Rs.1425.05 crore for Unit I. The representative of the petitioner clarified that gross block as on 31.3.2003 also includes capitalisation of certain assets of Talcher STPS Stage II. The petitioner is directed to furnish reconciliation of accounts between Stage I and Stage II separately, duly supported by affidavit, while filing the revised petition.

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 19th April, 2004

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN