

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Ashok Basu, Chairman**
- 2. Shri K.N. Sinha, Member**
- 3. Shri Bhanu Bhushan, Member**
- 4. Shri A.H. Jung, Member**

Petition No.66/2005

In the matter of

Tariff for sale of electricity by Damodar Valley Corporation and the Inter-State Transmission of Electricity

And in the matter of

Damodar Valley Corporation

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Petitioner

Vs

1. Department of Energy, Govt. of West Bengal, Kolkata
2. Department of Energy, Govt. of Jharkhand, Ranchi
3. West Bengal State Electricity Board, Kolkata
4. Jharkhand State Electricity Board, Ranchi
5. Ministry of Power, New Delhi

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Respondents

The following were present:

1. Shri M.G. Ramachandran, Advocate, DVC
2. Shri R.K. Dasgupta, DVC
3. Shri K.V. Balakrishnan, Advocate, DVC
4. Shri A.K. Ghosh, Adviser, DVC
5. Shri R. Jain, Adviser, DVC
6. Shri Anshuman Ashok, DVC
7. Shri Adhiraj Sen, DVC
8. Shri S. Peshadi, DVC
9. Shri K. Ganesan, DVC
10. Ms Kumud L. Das, Advocate, JSEB

**ORDER
(DATE OF HEARING: 14.6.2005)**

Heard Shri M.G. Ramachandran, Advocate for the petitioner. The copy of the petition be supplied to the respondents latest by 20.6.2005 who may

file their reply by 20.7.2005 with an advance copy to the petitioner. The petitioner may file its rejoinder, if any, by 31.7.2005.

2. Learned Counsel for the petitioner has submitted that the notices shall be published by 17.6.2005 to invite objections/suggestions from general public within 30 days from the date of publication. Let the notices be published as stated.

3. Meanwhile, the petitioner shall furnish the following information duly supported by affidavit latest by 20.7.2005, with copy to the respondents:

- (a) Principles and methodologies adopted for computation of tariff up to 2003-04, with detailed computations for the last 2 tariff settings to bring out the charges under different functional activities like generation, transmission, distribution etc. along with cost elements like O&M, interest on loan, interest on working capital, return on investment, etc;
- (b) Whether NFA or GFA approach was followed for computation of tariff for the period prior to 1.4.2004;
- (c) Details of investment in different functional areas of the petitioner; and in case of generation projects, the details should be furnished station-wise;
- (d) Gross value of non-performing assets included in the capital cost for tariff computation;
- (e) Reasons for not including return on equity in the tariff applicable up to 31.3.2004;
- (f) Co-relation between existing O&M charges in 2003-04 with actual O&M charges indicated for 1998-99 to 2002-03;

- (g) Justification for inclusion of certain elements like proportional share of direction and other offices, general overhead charges, operating expenses of subsidiary activities, and expenses on fuel in O&M, along with break-up;
- (h) Operation and maintenance requirements in each functional activity separately, giving details under the relevant heads;
- (i) Viability of R&M on old vintage machines and whether these machines can be replaced by new machines;
- (j) Extension in life from a reference date coupled with the realistic improvement in operational parameters like station heat rate, specific fuel oil consumption and auxiliary energy consumption consequent to R&M;
- (k) Quarterly operational data relating to availability or machine availability, PLF, station heat rate, auxiliary energy consumption, and specific fuel oil consumption for 1999-2000 to 2003-04 along with reasons for low performance parameters for the generating stations;
- (l) Station-wise gross block as on 31.3.2004, excluding non-operating and non-core assets;
- (m) Date of commercial operation of each project (generation and transmission);
- (n) Capital expenditure as on the date of commercial operation and sources of financing, that is, gross loan, equity for each generation and transmission project;
- (o) Sanction letter of the competent authority in regard to project financing, including sources of financing;

- (p) Loan details for each project from the date of commercial operation to 31.3.2004 (Schedule of drawal and repayment, Moratorium period, repayment period, date of interest and basis of apportionment of loans to various projects);
- (q) Basis for allocation/apportionment of common costs to various core and non-core activities;
- (r) Cumulative depreciation for each project as on 31.3.2004 and asset-wise depreciation rate calculation as on 31.3.2004 for each project based on the Commission's guidelines;
- (s) Actual generation at each hydro generating station during the previous 10 years;
- (t) Operational data of Annual Plant Availability Factor of each hydro generating station for the previous 5 years;
- (u) In case of O&M expenses for hydro generating stations justification for:
 - (i) very high administrative expenses during the year 2001-02,
 - (ii) very high number employees at each station, and
 - (iii) inclusion of proportionate direct share of dams, operating expenses of subsidiary activities, share of general overhead charges for direct scheme,
- (v) Extent of utilization of Transmission and Distribution system by furnishing maximum power flow occurred on each ICT in monthly basis during last 5 years.

4. The matter shall be reviewed on 25.7.2005 to decide further action in the present petition.

5. The petitioner shall continue to charge the tariff as applicable on 31.3.2004 on provisional basis, till further order, which shall be subject to the tariff that may be finally determined.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 21st June 2005