

lowest quoted bidder and lowest quoted rate etc.

16. The Respondent, MPPMCL has submitted that in view of the Notification of the Ministry of Environment, Forest and Climate Change (MoEF&CC) mandating 100% ash utilization, the claim for Ash Dyke/Lagoon under Regulation 14(3)(iv) of the 2014 Tariff Regulations is not maintainable. It has further submitted that the claim towards ash dyke packing machine under Regulation 14(3)(iv) of the 2014 Tariff Regulations is highly objectionable as it does not belong to the original scope of work.

17. The Respondent BRPL and Respondent BYPL have submitted that the Petitioner has not submitted complete information with proper justification for the actual capital expenditure incurred during 2014-19 tariff period for this work. The Respondents have also submitted the Petitioner should submit copy of the Letter of Award (LoA) indicating the scope of work and the timeline for completion of the said work. They have further submitted that since 100% ash utilization is to be achieved, there is no requirement to accommodate ash generated by the generating station.

18. In response, the Petitioner has submitted that it has furnished complete details of the said work in the petition and that it is obligated to achieve 100% fly ash utilization. It has also submitted that the 2014 Tariff Regulation allows additional capital expenditure on deferred work of Ash pond/Ash handling system which are within the original scope of work of the project, under Regulation 14(2)(3) of the 2014 Tariff Regulations. Moreover, ash dyke works are carried out from time to time during the period of operation of the units, for disposal of ash. The Petitioner has submitted that it is exploring all avenues to utilize 100% ash generated. However, there is always a time lag due to certain aspects between utilization and generation of ash and accordingly, the same needs to be disposed of safely. The Petitioner has further submitted that being a Public sector company being monitored by CVC, CAG and



other Governmental authorities, contracts are awarded following due procedure, as per the Central Government guidelines and policies, rules and regulations, as approved by the Board of the Petitioner Company.

19. We have considered the matter. It is observed that actual additional capital expenditure claimed for the 2014-19 tariff period for Ash Dyke related works primarily include the work for Ash Dyke-III A/B/C, Ash Dyke works-III D and construction of raising of Ash Dyke Lagoon-II. It is observed that in order dated 21.1.2017 in Petition No. 283/GT/2014, the Commission had allowed additional capital expenditure in respect of works for Ash Dyke-III A/B/C (original scope) for Rs.6300 lakh on projection basis. However, no expenditure for works towards Ash Dyke-III D, 3<sup>rd</sup> and 4<sup>th</sup> raising of Ash Dyke Lagoon-II was allowed in the said order. Further, it is noted that the Petitioner has claimed additional capital expenditure associated with Lagoon-II in Petition No. 294/GT/2020 related to truing up of tariff of Stage-I of Kahalgaon STPS for 2014-19 tariff period. In this background, we allow the total actual additional capital expenditure incurred for works related to Ash Dyke-III A/B/C for Rs.3451.31 lakh, including Ash bag Packaging machine, transferred to ash fund, Ash Handling system package Stage-II and Ash Water Recirculation System in terms of Regulation 14(3)(iv) of the 2014 Tariff Regulations, as summarised below:

*(Rs. in lakh)*

Sl. No.	Head of Work/ Equipment	Additional capital expenditure allowed					
		2014-15	2015-16	2016-17	2017-18	2018-19	Total
i	Second Raising of Ash Dyke Lagoon-III C	936.87	0.00	0.88	0.43	0.00	938.18
ii	3rd. Raising of Ash Dyke Lagoon-II	0.00	0.00	0.00	0.00	0.00	0.00
iii	Ash Bag Packing Machine	0.00	5.89	0.00	0.00	0.00	5.89
iv	Transferred to Ash Fund	0.00	(-) 42.00	0.00	0.00	0.00	(-) 42.00
v	Ash Dyke Pkg- Stage-II/7956 III A, B & C	0.00	8.01	0.00	0.00	0.00	8.01



Sl. No.	Head of Work/ Equipment	Additional capital expenditure allowed					
		2014-15	2015-16	2016-17	2017-18	2018-19	Total
	Starter						
vi	Ash Handling System Pkg. Stage-II (Unit-7)	0.00	0.05	0.00	0.00	0.00	0.05
vii	Ash Dyke Lagoon-III A/B 2nd Raising	0.00	10.65	8.38	0.00	0.00	19.03
vii	Ash Water Re-Circulation System	0.00	126.51	0.00	7.15	0.00	133.66
ix	Ash Dyke 3D (Starter Dyke)	0.00	0.00	0.00	0.00	0.00	0.00
x	RCC Culvert Box Near Lagoon-III D	0.00	0.00	0.00	0.00	0.00	0.00
xi	Third Raising of Ash Dyke Lagoon-III ABC	0.00	0.00	2214.78	74.46	99.25	2388.49
xii	Construction of 4th. Raising of Ash Dyke Lagoon-II	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>936.87</b>	<b>109.11</b>	<b>2224.04</b>	<b>82.04</b>	<b>99.25</b>	<b>3451.31</b>

**(b) WAGONS**

20. The Petitioner has submitted that it has procured 44 number of wagons for MGR system required at Hurra-C mines and additionally 46 numbers of wagons were procured to transport increased transportation of coal and these 90 wagons are being used in the existing system. Accordingly, the Petitioner has claimed actual additional capital expenditure of Rs.2125.17 lakh in 2014-19 tariff period towards wagons net of decapitalisation of wagons and cost adjustment under Regulations 14(3)(x) read with Regulations 54 of the 2014 Tariff Regulations. In justification of the claim for 44 wagons, the Petitioner has submitted that Commission vide its order dated 21.1.2017 in Petition No. 283/GT/2014 had granted liberty to the Petitioner to claim the additional expenditure for these works, at the time of truing-up of tariff of this generating station, as per actual status of the MGR system and Mines. The break-up details of the actual additional capital expenditure claimed by the Petitioner under this head is tabulated below:



(Rs. in lakh)

Head of Work / Equipment	Additional capital expenditure claimed					
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
BOBR Wagons-35 numbers	1661.55	0.00	0.00	0.00	0.00	1661.55
BOBR Wagons-46 numbers	0.00	0.00	1806.56	0.00	0.00	1806.56
BOBR Wagons-09 numbers	0.00	0.00	353.46	0.00	0.00	353.46
Decapitalization of Wagon	(-)124.55	0.00	(-) 185.37	0.00	(-)76.91	(-) 386.83
Cost adjustment (previous year adjustment of various packages)	0.00	0.00	(-) 1309.57	0.00	0.00	(-) 1309.57
Total	<b>1536.99</b>	<b>0.00</b>	<b>665.08</b>	<b>0.00</b>	<b>(-) 76.91</b>	<b>2125.17</b>

21. The Petitioner has submitted that it is envisaged that the additional capital expenditure towards development of MGR system for transportation of coal from linked mines of Hurra (C) may be required during the 2019-24 tariff period. It has also stated that in order to match with the development of ECL coal mines, the Petitioner has postponed the expenditure to the 2019-24 tariff period and same will be claimed during the 2019-24 tariff period.

22. The Respondent, GRIDCO has submitted that Petitioner has claimed additional capital expenditure towards purchase of 46 wagons in 2014-15 and 9 wagons in 2016-17, despite the same being disallowed in order dated 21.1.2017 in Petition No. 283/GT/2014. It has added that since the work pertaining to MGR and associated systems is not complete, the Petitioner's claim cannot be allowed. Also, claim for wagons under Regulation 14(3)(x) of the 2014 Tariff Regulations is not applicable as Wagons are intended for transportation of coal and are not a component of the generating station's fuel receiving system as per regulations. The Respondent, MPPMCL has submitted that the Petitioner's claim for additional capitalization of Rs.1661.55 lakh for BOBR wagons and de-capitalization of Rs.124.55 lakh under Regulation 14(3)(x) of the 2014



Tariff Regulations is objectionable as old wagons could not have become unserviceable in four years of service and no justification has been provided for this expenditure and substantiating the modification in fuel receiving system. The expenditure is unproductive since, in spite of incurring high expenditure for modification, there is no improvement in PLF of the generating station as it still remains in the range of 73% to 80% during the 2014-19 tariff period. The Respondent, UPPCL has prayed that the Commission may disallow the said claim in line with the decision in order dated 21.1.2017 in Petition No. 283/GT/2014. The Respondent TPDDL has submitted that capitalisation of wagons should be limited to the extent of the works completed. It has also submitted that the Petitioner has not furnished any document to justify the cost incurred on this count.

23. In response, the Petitioner has submitted that the original link mines of Kahalgaon Stage-II STPS are Hurra-C mines, but these could not be developed by ECL till date. It has submitted that based on the Petitioners request, additional coal linkage was allotted from other coal mines of ECL. It has further submitted that the PLF of the generating station has increased from 65% in 2010-11 to 73% in 2015-16, which has resulted in increased coal transportation, through existing MGR system requiring a greater number of wagons. Therefore, 44 numbers wagons procured for MGR system required at Hurra-C mines are being utilized in the existing MGR system. In addition, another 46 wagons have been procured for additional rakes required to transport increased quantity of coal. The Petitioner has further submitted that these wagons were ordered in advance, considering the lead time and since, the linked mines have not yet been developed, these wagons are being utilized in the existing MGR system for sourcing coal through other / alternate mines allocated to the Petitioner. The Petitioner has pointed out that the capitalization of these wagons has



enhanced the capability of existing coal transportation system and thus been able to handle the increased coal requirement due to increased PLF. It has stated that the additional capital expenditure of Rs.1661.55 lakh claimed in 2014-15 in the present petition, is towards procurement of 35 wagons, out of the 44 wagons, allowed in order dated 21.1.2017 in Petition No. 283/GT/2014 for which, liberty was granted to claim the same at the time of truing up of tariff. The balance 9 wagons for Rs.353.46 lakh, were also received and capitalized in 2016-17 and these wagons are also being used for transportation of coal from existing/ additional source of coal linkage. The Petitioner has also claimed an amount of Rs.1806.06 lakh towards procurement of additional 46 numbers wagons to meet the transportation of increased quantity of coal. In view of the same, the Petitioner has prayed to consider the additional capital expenditure, as the wagons are being used in operation of the power plant and to grant the liberty to claim balance work related to MGR system on completion and capitalization.

24. We have considered the matter. MGR related work is the deferred work under original scope of work of the project. The Commission in its order dated 21.1.2017 in Petition No. 283/GT/2014, had granted liberty to the Petitioner to approach the Commission for capitalization at the time of truing-up after completion of the works, which include MGR. The relevant portion of the order is extracted hereunder:

*“40. The petitioner has submitted that the work of development of mines has been deferred consciously to avoid preloading in tariff and as per latest status of development of mines, it is envisaged that MGR for Hurra C will be required by 2018-19 and accordingly capitalization of expenditure has been projected in the years 2017-18 and 2018-19. It is however noticed that in terms of the Commission’s order dated 22.1.2016 as quoted above, the petitioner has been granted liberty to approach the Commission after completion of the works, **which include MGR**. Since the work of MGR has not yet been completed, we are not inclined to consider the claim of the petitioner for additional capitalization under this head at this stage. However, the petitioner granted liberty to claim the same at the time of truing-up of tariff of this generating station as per actual status and the same will be considered in terms of the prevailing regulations. In view of this, the claim for capitalization of Rs 5940 lakh in 2017-18 and Rs.660.00 lakh in 2018-19 is not allowed.”*



25. The Commission in its order dated 26.9.2017 in Petition No. 13/RP/2017 (in Petition No.283/GT/2014) had also granted liberty to the Petitioner to approach the Commission for capitalization of MGR land, after completion of the works of MGR system, as under:

*“14.However, the Commission in the 2014-19 tariff order dated 21.1.2017 in petition No.283./GT/2014, while deliberating on the claim of petitioner for additional capitalization on MGR system (other than the cost of land) for MGR line under Regulation 14(1)(ii) (i.e. works deferred for execution within original scope & within in cut of date), granted liberty to the petitioner to claim the same at the time of truing up after completion of work. No such liberty was however, given for additional capitalization of MGR land which was also a part of the total MGR system. To this extent we find that there is an error apparent in the order dated 21.1.2017.*

*15. Accordingly, the petitioner is granted liberty to claim the expenditure of MGR Land since it forms part of the total MGR system at the time of truing-up of tariff of this generating station provided supplies from linked mines get started.”*

26. We notice from the submissions of the Petitioner that the additional capital expenditure claimed is envisaged for development of MGR system to transport the coal from linked mines of Hurra (C) during the 2019-24 tariff period, which has to match with the development of ECL coal mines. Considering the fact that the development of MGR system is envisaged only during the 2019-24 tariff period, in line with the decision of the Commission in order dated 21.01.2017 in Petition No. 283/GT/2014, we are not inclined to allow the additional capital expenditure claimed towards wagons, during 2014-19 period. However, the Petitioner is at liberty to approach the Commission after completion of the works of MGR system and development of linked mines.

27. However, we allow the de-capitalisation of wagons for (-) Rs.124.55 lakh in 2014-15, (-) Rs.94.46 lakh claimed as a part of capital cost [out of (-) Rs.185.37 lakh] in 2016-17, (excluding de-capitalization of wagons associated with Hurra-C mines), cost adjustment of (-) Rs.1309.57 lakh towards previous year adjustments of various packages in 2016-17 and de-capitalisation of wagons for (-) Rs.76.91 lakh claimed in



2018-19, in terms of Regulation 14(4) of the 2014 Tariff Regulations. Accordingly, the details of the actual additional capital expenditure allowed under the wagons are as follows:

(Rs. in lakh)

Head of Work/ Equipment	Additional capital expenditure allowed					
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
BOBR Wagons- 35 numbers	0.00	0.00	0.00	0.00	0.00	0.00
BOBR Wagons- 46 numbers	0.00	0.00	0.00	0.00	0.00	0.00
BOBR Wagons- 09 numbers	0.00	0.00	0.00	0.00	0.00	0.00
Decapitalization of Wagon	(-)124.55	0.00	(-) 94.46	0.00	(-)76.91	(-) 295.92
Cost adjustment (previous year adjustment of various packages)	0.00	0.00	(-)1309.57	0.00	0.00	(-) 1309.57
<b>Total</b>	<b>(-) 124.55</b>	<b>0.00</b>	<b>(-) 1404.03</b>	<b>0.00</b>	<b>(-) 76.91</b>	<b>(-) 1605.49</b>

**b) Safety and security related works**

28. The Petitioner has claimed total actual additional capital expenditure of Rs.23.18 lakh in respect of the following works, under Regulation 14(3)(iii) of the 2014 Tariff Regulations:

(Rs. in lakh)

Head of Work/ Equipment	Additional Capital Expenditure Claimed					
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
CCTV for Plant / Ash Dyke Security	4.68	0.00	0.00	0.00	0.00	4.68
Construction of Boundary wall TTS	6.53	0.86	0.00	0.00	0.00	7.39
Construction of gate complex at Kahalgaon	11.11	0.00	0.00	0.00	0.00	11.11
<b>Total</b>	<b>22.32</b>	<b>0.86</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>23.18</b>

29. In justification of the same, the Petitioner has submitted that the said expenditure is for improving the safety and security of the Plant equipment's in line with the recommendations dated 24.12.2014 of the National Security Guard (NSG) in the





Project. It has also submitted that the installation of CCTV cameras is very helpful in monitoring the locations which are unmanned. The Petitioner has added that the installation of cameras in cable galleries are for keeping a watch and detecting fire at an initial stage and for monitoring any movement inside cable gallery. Also, the construction of boundary wall TTS and construction of gate complex at Kahalgaon has ensured the movement of authorised persons only into the Plant premises. The Petitioner has submitted that as these equipment's/ works are for the safety and security of the plant, the Commission may allow the claim under Regulation 14(3)(iii) of the 2014 Tariff Regulations.

30. The Respondent, MPPMCL has submitted that the recommendations of the NSG posted in the generating station of the Petitioner do not fall within the ambit of a statutory government agency. It has also stated that such minor claim should be covered under routine O&M expenses and should not be part of additional capital expenditure.

31. In response, the Petitioner has submitted that the expenditure was incurred for improving the safety and security of the plant equipment's, in line with the recommendations of the NSG for the generating station.

32. Considering the submission of the parties and keeping in view that the NSG recommendation dated 24.12.2014 are for safety and security of the plant, we allow the claim of the Petitioner for CCTV for Plant / Ash Dyke Security of Rs.4.68 lakh in 2014-15 in terms of Regulation 14(3)(iii) of the 2014 Tariff Regulations.

33. However, as regards the claim for Construction of boundary wall TTS and Construction of gate complex at Kahalgaon, we are of view that these items which form part of the original scope of works are required to be claimed prior to the cut-off date. Further, Regulation 14(3)(iii) of the 2014 Tariff Regulations mandates additional



capitalisation of this asset/work based on advice or direction from appropriate government agency or statutory authority responsible for national security / internal security. In this regard, the Petitioner relied on NSG recommendation dated 24.12.2014, which mention only the work of CCTV, but not the work of boundary wall TTS and for Construction of gate complex. Further, this expenditure pertains to township related works. Therefore, the same are not allowed in terms of Regulation 14(3)(iii) of the 2014 Tariff Regulations. Accordingly, the details of additional capital expenditure allowed under this head are below:

*(Rs. in lakh)*

Head of Work / Equipment	Additional Capital Expenditure allowed					
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
CCTV for Plant / Ash Dyke Security	4.68	0.00	0.00	0.00	0.00	4.68
Construction of Boundary Wall TTS	0.00	0.00	0.00	0.00	0.00	0.00
Construction of Gate Complex at Kahalgaon	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>4.68</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4.68</b>

**c) Civil works**

34. The Petitioner has claimed total actual additional capital expenditure of Rs.114.63 lakh in 2014-19 tariff period in respect of Civil Works under Regulation 14(3)(v), Regulation 14(3)(vi) read with Regulation 54 of the 2014 Tariff Regulations as follows and has prayed to condone the delayed capitalisation of the expenditures:

*(Rs. in lakh)*

Sl. No.	Head of Work / Equipment	Additional capital expenditure claimed					
		2014-15	2015-16	2016-17	2017-18	2018-19	Total
a	Offsite Civil Work- Stage-II	0.00	0.00	0.00	0.00	0.00	0.00
b	Supply of Storm Water Pumping Pkg- Stage-II	0.00	0.00	40.14	0.00	0.00	40.14
c	Entire Balance Civil Works of Main Plant & SG Area	0.00	0.00	16.20	0.00	0.00	16.20
d	Balance Work of Roads, Drain, Bridges, Culverts etc.	33.54	7.94	0.00	0.00	0.00	41.48

