

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 565/GT/2020**

**Coram:**

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

**Date of Order: 27<sup>th</sup> April, 2023**

**In the matter of**

Petition for truing up tariff for the period 2014-19 in respect of Chandrapura Thermal Power Station, Unit Nos. I to III (390 MW) and for determination of tariff for the period 2019-24 in respect of Chandrapura Thermal Power Station, Unit No. III (130 MW)

**And**

**In the matter of**

Damodar Valley Corporation,  
DVC Towers, VIP Road,  
Kolkata-700054

**...Petitioner**

Vs

1. West Bengal State Electricity Distribution Company Limited  
Block 'DJ' Sector-11, Salt Lake City, Kolkata – 700 091

2. Jharkhand Bijli Vitran Nigam Limited  
Engineering Building, HEC, Dhurwa, Ranchi- 834 004

**...Respondents**

3. Damodar Valley Power Consumers Association,  
9, A J C Bose Road, 4th Floor, Kolkata – 700017

**....Objector**

**Parties Present:**

Shri M. G. Ramachandran, Senior Advocate, DVC  
Ms. Anushree Bardhan, Advocate, DVC  
Shri Srikanta Pandit, Representative, DVC  
Shri Subrata Ghosal, Representative, DVC  
Shri Samit Mandal, Representative, DVC  
Shri Rajiv Yadav, Advocate, DVPCA

**ORDER**

This petition has been filed by the Petitioner, Damodar Valley Corporation for truing-up of tariff of Chandrapura TPS, Unit Nos. I to III (3 x 130 MW) (in short 'the



generating station') for the period 2014-19, in terms of Regulation 8(1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (in short 'the 2014 Tariff Regulations') and for determination of tariff of the generating station, Unit No. III for the period 2019-24, in accordance with the provisions of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short 'the 2019 Tariff Regulations').

2. The Petitioner is a statutory body established by the Central Government under the Damodar Valley Corporation Act, 1948 (hereinafter referred to as the 'DVC Act') for the development of the Damodar Valley, with three participating Governments, namely, the Central Government, the Government of West Bengal and the Government of Jharkhand. The generating station is a non-pit head station with an installed capacity of 390 MW, comprises of three units of 130 MW each. The dates of commercial operation of the units of the generating station are as under:

	<b>Actual COD</b>
Unit – I	October, 1964
Unit – II	May, 1965
Unit – III	July, 1968

### **Background**

3. Petition No. 66/2005 was filed by the Petitioner for approval of the revenue requirements and for determining the tariff for electricity related activities, that is, the generation, transmission and distribution of electricity, undertaken by it for the period from 1.4.2004 to 31.3.2009. The Commission by its order dated 3.10.2006 had determined tariff in respect of the generating stations and inter-state transmission systems of the Petitioner, after allowing a special dispensation to the Petitioner to continue with the prevailing tariff till 31.3.2006. Against the Commission's order dated 3.10.2006, the Petitioner filed Appeal No. 273/2006 before the Appellate Tribunal for Electricity (hereinafter referred to as 'APTEL') on various issues. Similarly, appeals were



also filed before APTEL by some of the objectors/ consumers, namely, Maithon Alloys Ltd. and others (Appeal No. 271/2006), Bhaskhar Shrachi Alloys Ltd. and others (Appeal No. 272/2006), State of Jharkhand (Appeal No. 275/2006) and the West Bengal State Electricity Regulatory Commission (Appeal No. 8/2007) challenging the order of the Commission dated 3.10.2006 on various grounds. APTEL by its judgment dated 23.11.2007 disposed of the said appeals ('Appeal Nos. 273/2006 & batch') as under:

*"113. In view of the above, the subject Appeal No. 273 of 2006 against the impugned order of Central Commission passed on October 3, 2006 is allowed to the extent described in this judgment and we remand the matter to Central Commission for denovo consideration of the tariff order dated October 3, 2006 in terms of our findings and observations made hereinabove and according to the law. Appeal No. 271, 272 and 275 of 2006 and No. 08 of 2007 are also disposed of, accordingly."*

4. Against the above judgment dated 23.11.2007, some of the parties namely, the Central Commission (Civil Appeal No.4289/2008), the West Bengal State Electricity Regulatory Commission (Civil Appeal No.804/2008), M/s Bhaskar Shrachi Alloys Ltd & Ors (Civil Appeal No 971-973/2008), the State of Jharkhand (Civil Appeal No.4504-4508/2008) and the State of West Bengal (Civil Appeal No.1914/2008) filed Civil Appeals before the Hon'ble Supreme Court. Thereafter, in terms of the directions contained in the judgment of APTEL dated 23.11.2007 in Appeal No. 273/2006 and other connected appeals, for a denovo consideration of the order dated 3.10.2006, the Petition No. 66/2005 (with I.A. Nos.19/2009 and 23/2009) was heard by the Commission and tariff of the generation and inter-state transmission systems of the Petitioner for the 2006-09 tariff period was re-determined by order dated 6.8.2009, subject to the final outcome of the said Civil Appeals pending before the Hon'ble Supreme Court. Against the Commission's order dated 6.8.2009, the Petitioner had filed appeal (Appeal No.146/2009) before APTEL on various issues. However, APTEL by its judgment dated 10.5.2010, rejected the prayers of the Petitioner and upheld the order of the Commission dated 6.8.2009. Against the judgment of APTEL dated 10.5.2010, the



Petitioner filed appeal (Civil Appeal No.4881/2010) before the Hon'ble Supreme Court and the Hon'ble Court by interim order dated 9.7.2010 stayed the directions of APTEL for refund of excess amount billed, until further orders. However, on 17.8.2010 the Hon'ble Court had passed interim order in the said appeal. During the pendency of these appeals, the Commission, in terms of the judgment of APTEL, while notifying the 2014 Tariff Regulations, applicable for the period 2014-19, incorporated Regulation 53, containing special provisions related to the generating stations of the Petitioner. Accordingly, the tariff of the generating stations of the Petitioner for the period 2014-19, was determined by this Commission, subject to the final decision of the Hon'ble Supreme Court, in the said civil appeals. Similar provisions were made by the Commission under Regulation 72, while notifying the 2019 Tariff Regulations, applicable for the period 2019-24.

5. Meanwhile, the Hon'ble Supreme Court vide its common judgment dated 23.7.2018 in Civil Appeal No(s) 971-973/2008 (along with C.A Nos. 1914/2008, C.A No. 4504-4508/2008 and C.A No. 4289/2008) had dismissed all the Civil Appeals, thereby affirming the judgment of APTEL dated 23.11.2007 in Appeal Nos. 273/2006 & batch. Further, vide judgment dated 3.12.2018, the Hon'ble Supreme Court had dismissed the Civil Appeal No. 4881/2010 filed by the Petitioner, against the judgment of APTEL dated 10.5.2010. In this background and in terms of the special provisions under the 2014 Tariff Regulations and the 2019 Tariff Regulations, the tariff of the generating station of the Petitioner, is trued-up for the period 2014-19 and determined for the period 2019-24, as stated in the subsequent paragraphs.

#### **Truing-up of tariff for the period 2014-19**

6. The Commission vide its order dated 23.9.2016 in Petition No. 349/GT/2014, had



approved the capital cost and the annual fixed charges of the generating station for the period 2014-19, as under:

**Capital cost allowed**

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost (A)	33907.06	33982.06	34320.85	34534.01	34595.02
Add: Net Additional Capital Expenditure allowed (B)	75.00	338.79	213.16	61.00	9.72
Closing Capital Cost (C) = (A) + (B)	33982.06	34320.85	34534.01	34595.02	34604.73
Average Capital Cost (D) = (A+C) / 2	33944.56	34151.45	34427.43	34564.52	34599.87

**Annual fixed charges allowed**

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	124.47	203.48	259.03	126.07	32.08
Interest on loan	0.00	2.44	2.44	0.00	0.00
Return on Equity	2311.81	2321.43	2334.26	2340.64	2342.27
Interest on Working Capital	3858.46	3923.37	3975.08	4033.91	4097.47
O&M Expenses	13993.20	14874.60	15810.60	16805.10	17862.00
<b>Sub-Total (A)</b>	<b>20287.94</b>	<b>21325.32</b>	<b>22381.41</b>	<b>23305.72</b>	<b>24333.83</b>
<b>Additional Claims Allowed</b>					
Share of Common Office Expenses	61.68	56.81	53.06	53.01	52.39
Additional O&M on account of Ash Evacuation, Mega Insurance, CISF Security and Share of subsidiary activities	0.00	0.00	0.00	0.00	0.00
Share of Pension & Gratuity Contribution	0.00	0.00	0.00	0.00	0.00
<b>Sub-Total (B)</b>	<b>61.68</b>	<b>56.81</b>	<b>53.06</b>	<b>53.01</b>	<b>52.39</b>
<b>Total Annual Fixed Charges (C = A+B)</b>	<b>20349.62</b>	<b>21382.13</b>	<b>22434.48</b>	<b>23358.72</b>	<b>24386.22</b>

**Present Petition**

7. Regulation 8(1) of the 2014 Tariff Regulations provides as follows:

*“8. Truing up*

*(1) The Commission shall carry out truing up exercise along with the Tariff petition filed for the next Tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2019, as admitted by the Commission after prudence check at the time of truing up.*

*Provided that the generating company or the transmission licensee, as the case may be, shall make an application for interim truing up of capital expenditure including additional capital expenditure in FY 2016-17.”*

8. In terms of the above Regulations, the Petitioner has filed the present petition for truing-up of tariff of the generating station, for the period 2014-19, and has claimed the



capital cost (in Form 1(l) of the petition) and the annual fixed charges as under:

**Capital Cost claimed**

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Opening Capital Cost (A)	33907.10	33950.39	34015.02	24323.62	14664.61
Add: Addition during the year / period (B)	44.58	66.24	16.40	50.90	-
Less: De-capitalisation during the year / period (C)	1.29	1.62	9707.80	9709.90	-
Less: Reversal during the year / period (D)	-	-	-	-	-
Less: Undischarged liabilities (E)	-	-	-	-	-
Add: Discharges during the year / period (F)	-	-	-	-	-
<b>Closing Capital Cost (G)=(A+B-C-D-E+F)</b>	<b>33950.39</b>	<b>34015.02</b>	<b>24323.62</b>	<b>14664.61</b>	<b>14664.61</b>
Average Capital Cost (H)=(A+G/2)	33928.75	33982.70	29169.32	19494.11	14664.61

**Annual fixed charges claimed**

(Rs in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	106.63	49.73	-	-	91.10
Interest on loan	0.04	0.08	0.05	-	-
Return on Equity	2923.95	2941.30	2656.75	2084.79	1804.04
Interest on Working Capital	4025.14	4152.58	3913.04	1925.58	1449.71
O&M Expenses	13993.20	14874.60	14698.80	7458.70	5954.00
Water Charges	-	537.53	209.35	46.02	-
Special Allowance	2925.00	3110.74	3075.63	1561.57	1247.25
<b>Sub-total (A)</b>	<b>23973.96</b>	<b>25666.56</b>	<b>24553.62</b>	<b>13076.66</b>	<b>10546.10</b>
Capital Spares	69.77	41.85	12.84	50.06	22.40
Impact of Pay Revision due to recommendation of 7th Pay Commission	-	-	440.39	264.62	139.99
Impact of GST as "Change in Law"	-	-	-	39.88	55.36
Interest & Contribution on Sinking Fund (As per section 40, Part IV of DVC Act)	1084.50	1164.16	1242.56	-	-
Share of P&G contribution	578.63	1485.87	1518.09	1640.79	232.84
Share of Common Office Expenditure	75.97	71.09	56.18	29.04	23.34
Expenses due to Ash evacuation, Mega insurance, CISF expenditure & Expenditure for Subsidiary activity	1913.26	2169.26	2294.16	1173.01	819.45
<b>Sub-total (B)</b>	<b>3722.13</b>	<b>4932.33</b>	<b>5564.22</b>	<b>3197.41</b>	<b>1293.37</b>
<b>Total annual fixed charges claimed (A+B)</b>	<b>27696.08</b>	<b>30598.79</b>	<b>30117.84</b>	<b>16274.07</b>	<b>11839.47</b>



9. The petition was heard on 10.8.2021, through video conferencing and the Commission, after directing the Petitioner to submit certain additional information, reserved its order in the petition. In response to the directions of the Commission, the Petitioner vide affidavit dated 1.9.2021, has filed the additional information after serving copies to the Respondents. The Objector, Damodar Valley Power Consumers Association (DVPCA), has filed its reply vide affidavit dated 19.4.2021 and the Petitioner has filed its rejoinder to the same, vide affidavit dated 3.12.2021, wherein the Petitioner has revised the annual fixed charges for the control period 2014-19 on account of correction in values of GCV of coal and share of P&G contribution. However, as the order in the petition could not be issued prior to the then Chairperson Shri P.K Pujari demitting office, the Petition was re-listed and heard on 10.8.2022 and the Commission, after directing the Petitioner to submit certain additional information, reserved its order in the petition. In response, the Petitioner vide affidavit dated 9.9.2022, filed the additional information after serving copy to the Respondents/Objector. Taking into consideration the submissions of the parties and the documents available on record, we proceed to examine the claims of the Petitioner in this petition, on prudence check, as stated in the subsequent paragraphs.

### **Capital Cost**

10. Regulation 9(3) of the 2014 Tariff Regulations provides as follows:

*“9. Capital Cost:*

*(3) The Capital cost of an existing project shall include the following:*

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014.*
  - (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulation 14; and*
  - (c) expenditure on account of renovation and modernisation as admitted by this Commission in accordance with Regulation 15.*
- xxx...”*

11. The Commission vide its order dated 29.7.2016 in Petition No. 470/GT/2014, had



allowed the capital cost of Rs. 33907.10 lakh, as on 31.3.2014. It is also noted that the Commission vide order dated 23.9.2016 in Petition No. 349/GT/2014, had also allowed Rs. 33907.10 lakh, which was inadvertently considered as Rs. 33907.06 lakh in the tariff computations. Accordingly, the capital cost of Rs. 33907.10 lakh has been considered as the opening capital cost as on 1.4.2014, in accordance with Regulation 9(3)(a) of the 2014 Tariff Regulations.

### **Additional Capital Expenditure**

12. Regulation 14 of the 2014 Tariff Regulations, provides as under:

*“14. Additional Capitalization and De-capitalization:*

*(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) Un-discharged liabilities recognized to be payable at a future date;*

*(ii) Works deferred for execution;*

*(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;*

*(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and*

*(v) Change in law or compliance of any existing law:*

*Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”*

*(2) The capital expenditure incurred or projected to be incurred in respect of the new project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*

*(ii) Change in law or compliance of any existing law;*

*(iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and*

*(iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.*

*(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:*





- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;
- (ii) Change in law or compliance of any existing law;
- (iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;
- (iv) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;
- (vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;
- (vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal / lignite based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;
- (viii) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;
- (ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and
- (x) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialization of coal supply corresponding to full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station:

Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2014:

Provided further that any capital expenditure other than that of the nature specified above in (i) to (iv) in case of coal / lignite based station shall be met out of compensation allowance:

Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.”



13. The details of additional capital expenditure allowed by order dated 23.9.2016 in Petition No. 349/GT/2014 is summarized below:

<i>(Rs. in lakh)</i>				
S. No.	Head of Works/ Equipment	Additional Capital expenditure allowed	De-capitalization	Net Additional Capital expenditure allowed
<b>2014-15</b>				
1	LP Heater -4 Tube set assembly-(1 nos.)	35.00	1.46	33.54
2	Procurement Erection Commissioning 220 kV/132 kV/33 kV/CT/PT 0.2 Class	25.00	1.44	23.56
3	Procurement, Erection and Commissioning of	19.00	1.10	17.90
	<b>Total</b>	<b>79.00</b>	<b>4.00</b>	<b>75.00</b>
<b>2015-16</b>				
1	Vibro Feeders for Coal Handling Plant	20.00	0.57	19.43
2	Procurement, Erection and Commissioning of 145 kV, outdoor SF6 Gas circuit breakers	38.00	2.10	35.90
3	Procurement, Erection Commissioning 220 kV/ 132 kV/ 33 kV/CT/PT 0.2 Class	300.00	16.54	283.46
	<b>Total</b>	<b>358.00</b>	<b>19.21</b>	<b>338.79</b>
<b>2016-17</b>				
1	Procurement, Erection and Commissioning 220 kV/ 132 kV/ 33 kV/ CT/ PT 0.2 Class.	175.00	9.21	165.79
2	Procurement, Erection and commissioning of 145 kV, outdoor SF6 Gas Circuit breakers	50.00	2.63	47.37
	<b>Total</b>	<b>225.00</b>	<b>11.84</b>	<b>213.16</b>
<b>2017-18</b>				
1	Vibro Feeders for Coal Handling Plant Accessories	10.00	0.29	9.72
2	Procurement, erection and commissioning of 145 kV, outdoor SF6 Gas Circuit breakers	54.00	2.71	51.29
	<b>Total</b>	<b>64.00</b>	<b>3.00</b>	<b>61.00</b>
<b>2018-19</b>				
1	Vibro Feeders for Coal Handling Plant	10.00	0.29	9.72
	<b>Total</b>	<b>10.00</b>	<b>0.29</b>	<b>9.72</b>
	<b>Total allowed</b>	<b>736.00</b>	<b>38.33</b>	<b>697.67</b>

14. The Petitioner, in Form-9A of the petition, has claimed actual additional capital expenditure incurred for the period 2014-19. The Petitioner has submitted that Interest During Construction (IDC) and undischarged liabilities, were maintained on a consolidated year to year basis, but not item wise, and therefore, the additional capital expenditure claimed for each item is on accrual basis. Accordingly, the additional capital



expenditure claimed by the Petitioner for the period 2014-19, is as under:

<i>(Rs. in lakh)</i>						
	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Buildings	21.07	-	-	-	-	21.07
Power House Plant & Machinery	19.71	12.04	18.24	-	-	49.99
Sub Station Equipment	-	10.34	-	0.50	-	10.84
Other Assets	3.81	43.85	(-)1.84	50.40	-	96.22
<b>Total Additional Capitalisation (A)</b>	<b>44.58</b>	<b>66.24</b>	<b>16.40</b>	<b>50.90</b>	-	<b>178.12</b>
Less: Decapitalisation during the year / period (B)	1.29	1.62	9707.80/	9709.90	-	19420.61
Less: Reversal during the year / period (C)	-	-	-	-	-	-
Less: Undischarged liabilities (D)	-	-	-	-	-	-
Add: Discharges during the year / period (E)	-	-	-	-	-	-
<b>Net additional capitalisation claimed including discharge of liability (F=A-B-C-D+E)</b>	<b>43.29</b>	<b>64.63</b>	<b>(-)9691.40</b>	<b>(-)9659.01</b>	-	<b>(-)19242.49</b>

15. In the present petition, the Petitioner, in addition to above additional capital expenditure, has also claimed Special allowance for the generating station. Considering the above, we now examine the item-wise actual additional capital expenditure claimed by the Petitioner for the period 2014-19, as under:

### **Building**

16. The additional capital expenditure claimed under the heading 'Building' is as under:

<i>(Rs. in lakh)</i>						
Building	Regulations	2014-15	2015-16	2016-17	2017-18	2018-19
Boundary wall around (A-I) CE residence	14(3) (iii), 54 & 55	4.75	-	-	-	-
Construction for 2 nos. additional class room in Central School	14(3) (vii), 54 & 55	16.31	-	-	-	-
<b>Total</b>		<b>21.07</b>	-	-	-	-

### ***Boundary wall around (A-I) CE residence***

17. The Petitioner has claimed additional capital expenditure for Rs. 4.75 lakh in 2014-



15, towards the Construction of Boundary wall around (A-I) CE residence under Regulation 14(3)(iii) read with Regulation 54/Regulation 55 of the 2014 Tariff Regulations. In justification of the same, the Petitioner has submitted that it was incurred to ensure safety and security of the residential quarters of the Chief Engineer.

18. We have considered the matter. Though the Petitioner has claimed the additional capital expenditure towards Buildings, i.e for the construction of boundary wall under Regulations 14(3)(iii) read with Regulation 54 of the 2014 Tariff Regulations, it has not submitted any documents to substantiate the claim under the Regulations or justified the exercise of the power to relax of the said regulations. In our view, the expenditure claimed by the Petitioner, is in the nature of O&M expenses and not related to plant operation. Based on this, the additional capital expenditure claimed by the Petitioner is **not allowed**.

***Construction for 2 nos. additional class room in Central School***

19. The Petitioner has claimed additional capital expenditure for Rs. 16.31 lakh in 2014-15, towards Construction of 2 nos. additional class room in central school, under Regulations 14(3)(vii) read with Regulation 54/Regulation 55 of the 2014 Tariff Regulations. In justification of the same, the Petitioner has submitted that the expenditure has been made to extend educational facilities to the increasing wards of DVC employees and with the aim to facilitate ease of living for Petitioner's employees, so as to ensure enhanced productivity.

20. We have considered the matter. Regulation 14(3)(vii) of the 2014 Tariff Regulations provides for consideration of additional capital expenditure for stations, other than thermal power generating stations. Since the generating station of the Petitioner is a coal based thermal station, the claim for additional capitalisation cannot



fall within the scope of Regulation 14(3)(vii) of the 2014 Tariff Regulations. In our view, the claim of the Petitioner pertains to other than plant operation. Thus, we find no merit to allow the claim of the Petitioner by invoking the provisions of Regulations 54 and or Regulation 55 of the 2014 Tariff Regulations. In view of this, the claim of the Petitioner is **not allowed**.

**Power House Plant & Machinery**

21. The item-wise additional capital expenditure claimed by the Petitioner under this head under Regulation 14(3)(vii) read with Regulation 54/Regulation 55 of the 2014 Tariff Regulations, is tabulated below:

*(Rs. in lakh)*

<b>Power House Plant &amp; Machinery</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Total</b>
Power Supply Module, CCD Camera, Bullet Camera, Television & RJ6 Cable	2.12	-	-	-	-	<b>2.12</b>
Portable Flue Gas Analyser	3.37	-	-	-	-	<b>3.37</b>
Pitot Tube	0.28	-	-	-	-	<b>0.28</b>
1.1 kV Cable	13.08	-	-	-	-	<b>13.08</b>
Digital Clamp Tester	0.30	-	-	-	-	<b>0.30</b>
Digital Multimeter	0.52	-	-	-	-	<b>0.52</b>
Television	0.04	-	-	-	-	<b>0.04</b>
SF6 Gas Circuit Breaker with Accessories	-	21.96	-	-	-	<b>21.96</b>
Hand Driven Generator Type Insulation Tester	-	0.06	-	-	-	<b>0.06</b>
Vertical Sump Pump with Motor	-	5.25	-	-	-	<b>5.25</b>
Weighing Machine (Rectification Entry)	-	(-)15.22	-	-	-	<b>(-) 15.22</b>
On Line Digital Non-Contact Type Tachometer	-	-	1.76	-	-	<b>1.76</b>
Automatic traffic barrier system	-	-	3.85	-	-	<b>3.85</b>
RFID system for the weighbridge at ash pond area	-	-	11.55	-	-	<b>11.55</b>
Valve Actuator Assembly	-	-	1.08	-	-	<b>1.08</b>
<b>Total</b>	<b>19.71</b>	<b>12.04</b>	<b>18.24</b>	<b>-</b>	<b>-</b>	<b>49.99</b>



### ***SF6 Gas Circuit Breaker with Accessories***

22. The Petitioner has claimed additional capital expenditure for Rs. 21.96 lakh in 2015-16, towards 'Procurement of SF6 Gas Circuit Breaker with accessories' to replace the existing SF6 circuit breaker, under Regulation 14(3)(vii) read with Regulation 54 and Regulation 55 of the 2014 Tariff Regulations. In justification of the same, the Petitioner has submitted that the existing breakers had longer operating time, the new breaker has faster operating time and would lead to faster clearing of faults and hence better system stability. The Petitioner has also submitted that the OEM of the installed breakers, M/S BHEL, had stopped giving spares supports thereby making this procurement essential and provided the relevant correspondence with M/S BHEL. The Petitioner has further submitted that the additional capital expenditure for this asset, has been approved by order dated 23.9.2016 in Petition No. 349/GT/2014. The Petitioner has added that it has considered Rs. 1.62 lakh towards decapitalization of old assets in 2015-16.

23. The matter has been considered. It is observed that the Commission in its order dated 23.9.2016 in Petition No. 349/GT/2014 had, in exercise of its power under Regulation 54 of the 2014 Tariff Regulations, and as a special case, allowed the additional capital expenditure for 145 kV outdoor SF6 Gas Circuit Breakers during 2014-15, 2015-16, 2016-17 and 2017-18, under Regulation 14(3)(vii) of the 2014 Tariff Regulations, subject to the Petitioner submitting the OEM / technical committee report for replacement of these assets due to obsolescence at the time of truing up of tariff. As regards the claim towards the Procurement, Erection and Commissioning of 145 kV outdoor SF6 Gas Circuit Breaker in 2018-19, the Commission had not allowed the same, since no justification was provided by the Petitioner for the number of circuit



breakers to be replaced. However, liberty was granted to the Petitioner to approach the Commission with proper justification and relevant documents for the same at the time of truing-up of tariff. The relevant portion of the order is extracted below:

*“18. We have examined the additional capital expenditure claimed by the petitioner under Regulation 54 and 55 of the 2014 Tariff Regulations. The petitioner has claimed projected additional capital expenditure for this generating station after the cut-off date on the ground that these are essential for efficient operation and sustenance of operation of the generating station. Regulation 14(3)(vii) of the 2014 Tariff Regulations provides for consideration of expenditure due to any additional work which has become necessary for successful and efficient plant operation for generating station other than coal/lignite based stations. In other words, the additional capital expenditure which are necessary for efficient operation of the generating station is applicable for hydro generating stations. the said Regulation provides that the claim is required to be substantiated with the technical justification duly supported by documentary evidence like test results/ technical report warranting the replacement of the assets due to obsolescence. In the present case, the petitioner has claimed projected additional capital expenditure as replacement of the old assets due to obsolescence as the same is necessary for the generating station. However it has not submitted any document like technical report etc. substantiating the need for replacement of the asset. As regards the capitalization towards LP heater tubeset assembly and procurement, erection and commissioning of 145 kV outdoor SF6 Gas Circuit Breakers, it is observed that these assets for which the replacement has been sought, has been commissioned during the year 1968 and has completed more than 45 years of service. As regards to Vibro feeders for coal handling plant, .it is observed that the said asset had been commissioned during the year 1964 and had completed more than 50 years of service. Considering the fact that these assets have completed more than 45 years of service and their replacement is necessary for efficient operation of the generating station, we are inclined to allow the capitalization of expenditure by relaxing the Regulation 14(3)(vii) of the 2014 Tariff Regulations, in exercise of its Power to relax under Regulation 54 of the 2014 Tariff Regulations as a special case. Accordingly, the petitioners claim for additional capital expenditure for LP heater #4 tubeset assembly for the year 2014-15, 145 kV outdoor SF6 Gas Circuit Breakers for the years 2014-15, 2015-16, 2016-17 & 2017-18 and Vibro feeders for coal handling plant for the years 2015-16, 2017-18 & 2018-19 is allowed. However, allowed expenditure above is subject to the petitioner submitting the OEM/technical committee report for replacement of these assets due to obsolescence at the time of truing up in terms of Regulation 8 of the 2014 Tariff Regulations.*

*19. As regards the procurement of one ATR during 2014-15, it is noticed that the asset has been taken out of service in September, 2012 and the petitioner has proposed to procure the same during 2014-15. The petitioner has not submitted any justification/clarification as to how he asset has become unserviceable and what arrangement was made by it during the interregnum period till replacement sought. In the absence of any justification and documents substantiating the projected additional capital expenditure, we are not inclined to grant relaxation to the prayers of the petitioner. Hence the projected additional capital expenditure is not allowed. In respect of additional capital expenditure for procurement, erection and commissioning of 145 kV outdoor SF6 Gas Circuit Breaker during 2018-19, the same is not allowed as no justification for number of circuit breakers to be replaced has been submitted. In this background, we are not inclined to allow capitalization of the said asset in exercise of Power to Relax. However, the petitioner is granted liberty to approach the Commission with proper justification and relevant documents in respect of these assets (145 kV outdoor SF6 Gas*



*Circuit Breaker and ATR) for the said years at the time of truing-up in terms of Regulation 8 of the 2014 Tariff Regulations.”*

24. In line with the above decision, the additional capital expenditure claimed for SF6 Gas Circuit Breaker with accessories amounting to Rs. 21.96 lakh is **allowed** under Regulation 14(3)(vii) of the 2014 Tariff Regulations, in exercise of the powers under Regulation 54 of 2014 Tariff Regulations. In view of this, the decapitalization amount of Rs. 1.62 lakh as claimed by the Petitioner in 2015-16 is also allowed.

***Weighing Machine (Rectification Entry)***

25. The Petitioner has claimed an additional capital expenditure of (-) Rs. 15.22 lakh for the above item, in 2015-16 as Rectification entry i.e. amount transferred to Ledger code. As the claim of the Petitioner is only a rectification entry, the same is **allowed**.

26. Besides the additional capital expenditure as discussed above, the Petitioner has also claimed few other additional capital expenditure items under the head ‘Power House Plant & Machinery’. The list of the items and the Regulations under which it is claimed along with the summary of the justification furnished by the Petitioner is provided as under:

*(Rs. in lakh)*

<b>Assets/ Works</b>	<b>2014 Tariff Regulations</b>	<b>Amount claimed</b>	<b>Summary of justification provided by the Petitioner</b>
<b>2014-15</b>			
Power Supply Module, CCD Camera, Bullet Camera, Television & RJ6 Cable	14 (3) (vii), 54 & 55	2.12	This expenditure is towards procurement of Power Supply Module, CCD Camera, Bullet Camera, Television & RJ6 Cable to replace the existing and old equipment's with the aim to achieve enhanced reliability of flame indication as well as to ensure enhanced operational reliability and unit stability.
Portable Flue Gas Analyser	14 (3) (vii), 54 & 55	3.37	Portable Flue Gas Analyser is used for measurement of Oxygen, Carbon Dioxide and Carbon Monoxide in flue gas path i.e. APH inlet, APH outlet, ESP inlet, ESP outlet, ID Fan inlet. It helps in minimizing the losses as well as optimizing the auxiliary power consumption of the boiler fans. This is also necessary to meet the energy consumption target under PAT Cycle 1&2.





<b>Assets/ Works</b>	<b>2014 Tariff Regulations</b>	<b>Amount claimed</b>	<b>Summary of justification provided by the Petitioner</b>
Pitot Tube	14 (3) (vii), 54 & 55	0.28	Pitot Tube is used for air flow measurement in coal pipes and flue gas path i.e. APH inlet, APH outlet, ESP inlet, ESP outlet, ID Fan inlet. It helps in assessing the air flow distribution at all four corners and all elevations of the boiler and in minimizing the losses as well as optimizing the auxiliary power consumption of the boiler fans. This is also necessary to meet the energy consumption target under PAT Cycle 1&2.
1.1 kV Cable	14 (3) (vii), 54 & 55	13.08	The Cable was procured to replace damaged LT incoming power supply cable of LT 415 V PCC, which was on TIE mode. In order to restore the incomer and provide stable power source, procurement of cable was necessary.
Digital Clamp Tester	14 (3) (vii), 54 & 55	0.30	Digital Clamp Tester is used for measurement of currents of different motor / LT feeders etc. Earlier, there was no clamp tester due to which the no load and on load currents could not be recorded and proper record of equipment could not be made. Therefore, this procurement was essential for monitoring and maintenance point of view in order to ensure equipment reliability.
Digital Multimeter	14 (3) (vii), 54 & 55	0.52	Digital Multimeter (Yokogawa) is used in Testing Lab for testing and measurement of voltage / current in different motors / equipment / circuits. Earlier there was no DMM which was affecting the Maintenance work like AC / DC voltages, circuit continuity, resistance measurement, Diode & capacitor checking. Therefore, this procurement was essential for monitoring and maintenance point of view in order to ensure equipment reliability.
Television	14 (3) (vii), 54 & 55	0.04	Television (9" TFT Colour Display) was procured for monitoring of boiler flame at control room, with the aim of betterment of monitoring and supervision and enhancement of operational reliability.
<b>2015-16</b>			
Hand Driven Generator Type Insulation Tester	14 (3) (vii), 54 & 55	0.06	Hand Driven Generator type Insulation Tester was procured for testing for measurement of insulation of different motors, cables and transformers with ultimate aim to judge the healthiness of the equipment.
Vertical Sump Pump with Motor	14 (3) (vii), 54 & 55	5.25	Vertical Sump Pump with Motor was procured to drain out the accumulated water as well as to avoid the any accident in the old CHP Area.
<b>2016-17</b>			
On Line Digital Non-Contact Type Tachometer	14 (3) (vii), 54 & 55	1.76	On Line Digital Non-Contact Type Tachometer was procured to replace the existing damaged Tachometer, which was in is use for measuring turbine speed for the purpose of monitoring and maintenance.



Assets/ Works	2014 Tariff Regulations	Amount claimed	Summary of justification provided by the Petitioner
Automatic traffic barrier system	14 (3) (vii), 54 & 55	3.85	Automatic traffic barrier system was procured for ash transportation system at weigh bridge area.
RFID system for the weighbridge at ash pond area	14 (3) (vii), 54 & 55	11.55	RFID system for the weighbridge at ash pond area, required was procured for better monitoring & record keeping of evacuation of pond ash.
Valve Actuator Assembly	14 (3) (vii), 54 & 55	1.08	Valve Actuator Assembly was procured for replacement of previously installed assembly which was found damaged due to ageing. Therefore, the replacement was made for better and reliable operation.

27. We have considered the submissions. It is observed that the Petitioner has claimed the above items under Regulation 14(3)(vii) of the 2014 Tariff Regulations, read with Regulation 53 and/or Regulation 54 of the 2014 Tariff Regulations. As regards the claim towards 'Automatic Traffic Barrier System' and 'RFID system' for the weighbridge at Ash pond area', it is noticed that these items are for improved evacuation of ash and associated with safety and security of the generating station. Accordingly, the additional capital expenditure claimed for Rs. 3.85 lakh towards 'Automatic Traffic Barrier System' and Rs.11.55 lakh towards 'RFID system for the weighbridge at Ash Pond area' is **allowed** under Regulation 14(3)(vii) of the 2014 Tariff Regulations, in exercise of the powers under Regulation 54 of the 2014 Tariff Regulations.

28. As regards the 'Portable Flue Gas Analyser' and 'Pitot Tube', it is noticed that the Petitioner has claimed the said items, for measurement of different parameters, necessitated to meet energy consumption target under PAT Cycle 1 & 2. In our view, the claim of the Petitioner for expenditure on these assets are in the nature of tools & tackles and hence not permissible, in terms of the first proviso to Regulation 14 (3) of 2014 Tariff Regulations. Also, the Petitioner has not furnished any details regarding the savings made and share of benefits thereof, as mandated under Regulation 9(5) of the 2014 Tariff Regulations. Accordingly, the claim of the Petitioner, for these assets/items are **not allowed**.



29. As regards other items (in the table under para 26 above), the Petitioner has not provided any information with regard to the same being put to use. Moreover, these items are in the nature of tools and tackles or in the nature of O & M. In view of this, we find no reason to allow the additional capitalisation of these items, by invoking Regulation 54 and/or Regulation 55 of the 2014 Tariff Regulations. Accordingly, the additional capital expenditure claimed on these items are **not allowed**.

### **Computer / IT Assets**

30. The Petitioner has also claimed additional capital expenditure of Rs. 10.34 lakh in 2015-16 and Rs. 0.50 lakh Regulations towards procurement of desktop computers and laptops under the head 'Computer / IT Assets,' in 2017-18, under Regulation 14(3)(iii) of 2014 Tariff Regulations. In justification for the same, the Petitioner has submitted that Computers with pre-loaded operating systems and associated accessories are used for various office purposes and the laptops with preloaded operating system and associated accessories are used for monthly meter readings of major consumers i.e. JBVNL, SAIL, Railways, BCCL etc. It has further submitted that Computers and Laptops with updated operating systems are essential to ensure protection against Cyber threat, in compliance to the MOP, GOI directives dated 12.4.2010 and 2.8.2017 with regard to the steps to be taken to prevent cyber-attacks.

31. The matter has been considered. In our considered view the additional capital expenditure for these assets are in the nature of O&M expenses and hence cannot be considered in terms of first proviso to Regulation 14(3) of 2014 Tariff Regulations. Accordingly, the said items are **not allowed**.



## Other Assets

32. The Petitioner has claimed various assets/items for additional capitalisation, under this head. The item-wise additional capital expenditure claimed by the Petitioner are examined as under:

Assets/ Works	Regulation	Amount claimed (Rs. in lakh)	Justification by the Petitioner	Decision on admissibility / Non-admissibility
<b>2014-15</b>				
Office Furniture- Steel	54 & 55	0.65	This expenditure is towards procurement of Executive Table to be used at CTPS office building.	The expenditure claimed by the Petitioner for the said asset are in the nature of O&M and cannot be considered in terms of the first proviso to Regulation 14(3) of the 2014 Tariff Regulations. Moreover, the Petitioner has not furnished any justification in support of its claim to allow the expenditure in exercise of the power to relax under Regulation 54 of the 2014 Tariff Regulations. Accordingly, the claim of the Petitioner is <b>not allowed</b> .
Personal Computer	54 & 55	0.25	This expenditure is towards procurement of HP Make Scanner for office use.	
Weighing Machine	14 (3) (vii), 54 & 55	2.91	This expenditure is towards replacement of PC, Software including printer, CVT for the Platform Size Weigh Bridge with the aim to ensure reliable measurement of the gross and tare weights of the trucks engaged in transportation of coal.	
<b>2015-16</b>				
Weighing Machine	14 (3) (vii), 54 & 55	27.04	This expenditure is towards procurement of Weighbridge. Initially at CTPS, there were two (02) numbers of Road weighbridge of 40 MT each for weighment purposes. At that time CTPS was receiving appx 400 tipping trucks of coal per day apart from different store materials and consignment of coal mill rejects. These weight bridges are located in the main route for entry and exit, which led to congestion and	The item claimed is beyond original scope of work and is a new asset, in addition to already existing facilities. The claim was also not projected by the at the time of tariff determination for the period 2014-19. As the units have served almost 50 years of operation and is to retire, there is no reason the allow the additional capital expenditure claimed in exercise of the power under Regulations 54 of the 2014 Tariff Regulations. Accordingly, the claim of the Petitioner is <b>not allowed</b> .

