

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 231/GT/2020

Coram:

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Shri Pravas Kumar Singh, Member

Date of Order : 20th January, 2024

In the matter of:

Petition Under Section 62 and 79 (1) (a) of the Electricity Act, 2003 read with Chapter-V of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 for approval of tariff of Barauni Thermal Power Station Stage – II (2x250 MW) for the period from the COD of Unit-8 (Unit#1 of stage-II) i.e. 01.03.2020 to 31.03.2024.

And

In the matter of:

NTPC Limited,
NTPC Bhawan, Core-7, Scope Complex,
7, Institutional Area, Lodhi Road, New Delhi-110003

.....Petitioner

Vs

1. North Bihar Power Distribution Company Limited (NBPDC),
Vidyut Bhawan, Bailey Road, Patna – 800 001
2. South Bihar Power Distribution Company Limited (SBPDCL),
Vidyut Bhawan, Bailey Road, Patna – 800 001

Parties Present:

Shri Venkatesh, Advocate, NTPC

Shri Suhael Buttan, Advocate, NTPC

Ms. Simran Saluja, Advocate, NTPC

Shri U.S. Mohanty, NTPC

Shri Shashwat Kumar, Advocate, NBPDC

Shri Rahul Chouhan, Advocate, NBPDC

ORDER

This petition has been filed by the Petitioner, NTPC Limited, under Section 62 and 79 (1) (a) of the Electricity Act, 2003 read with Chapter-V of the Central Electricity



Regulatory Commission (Conduct of Business) Regulations, 1999 for approval of tariff of Barauni Thermal Power Station Stage – II (2 x 250 MW) (in short ‘the generating station’) for the period from the COD of Unit-8 (Unit#1 of stage-II) i.e. 01.03.2020 to 31.03.2024 in accordance with the provisions of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 (in short ‘the 2019 Tariff Regulations’).

2. In this regard, it is noted that initially the petitioner has filed petition dated 27.12.2019 with anticipated COD of unit 8 and unit 9 of generating station as 01.01.2020 and 30.09.2020, respectively. Subsequently, the petitioner vide affidavit dated 24.05.2021 has amended the petition and sought the determination of tariff of the generating station from actual COD of unit 8 (01.03.2020) to 30.04.2021 and from anticipated COD of unit 9 (01.05.2021) to 31.03.2024, in terms of the provisions of the 2019 Tariff Regulations. The capital cost and annual fixed charges claimed in the amended petition are as under:

Capital cost claimed

(Rs. in lakh)

| | 2019-20 (01.03.2020 to 31.03.2020) | 2020-21 | 2021-22 (01.04.2021 to 31.05.2021) | 2021 – 22 (anticipated COD of unit 9 i.e. 01.06.2021 to 31.03.2022) | 2022-23 | 2023-24 |
|--|---|------------------|---|---|------------------|------------------|
| Opening capital cost | 157063.69 | 157079.68 | 162499.68 | 250890.85 | 274370.85 | 293620.85 |
| Add: Addition during the year / period | 15.99 | 5420.00 | - | 23480.00 | 19250.00 | 19250.00 |
| Closing Capital Cost | 157079.68 | 162499.68 | 162499.68 | 274370.85 | 293620.85 | 312870.85 |
| Average Capital Cost | 157071.68 | 159789.68 | 162499.68 | 262630.85 | 283995.85 | 303245.85 |



Annual Fixed Charges claimed

(Rs. in lakh)

| | 2019-20 (01.03.2020 to 31.03.2020) | 2020-21 | 2021-22 (01.04.2021 to 30.04.2021) | 2021 – 22 (anticipated COD of unit 9 i.e. 01.05.2021 to 31.03.2022) | 2022-23 | 2023-24 |
|------------------------------------|---|-----------------|---|--|-----------------|-----------------|
| Depreciation | 7853.30 | 7989.19 | 8124.69 | 13131.06 | 14199.27 | 15161.74 |
| Interest on Loan | 9875.32 | 9714.02 | 9525.58 | 12942.09 | 13125.62 | 13019.32 |
| Return on Equity | 5310.22 | 5402.11 | 5493.72 | 14798.20 | 16002.03 | 17086.69 |
| Interest on Working Capital | 2086.00 | 2106.41 | 2125.44 | 4065.00 | 4137.03 | 4202.23 |
| O&M Expenses | 10776.29 | 11127.22 | 11498.12 | 20901.45 | 21605.09 | 22326.48 |
| Annual Fixed Charges | 35891.13 | 36338.94 | 36767.56 | 65837.80 | 69069.05 | 71796.46 |

3. It is observed that subsequent to filing of the above amended Petition, the Petitioner, vide additional affidavit dated 04.06.2021 claimed ash transportation charges. The Petitioner vide another additional affidavit dated 30.06.2021 submitted the actual security expenses and water charges for 2019 – 20 and 2020 – 21, and also revised the forms pertaining to Interest on Working Capital, computation of Energy Charges and Incidental Expenditure. Both Respondents, NBPDCCL and SBPDCL, have filed a joint reply vide affidavit dated 30.06.2021 and subsequently, both Respondents, also filed an additional joint reply in the instant petition. The petitioner vide affidavit dated 29.11.2021 has filed rejoinder to the replies of respondents. The case was heard on 31.03.2022 and the Commission vide Record of Proceedings (RoP) in hearing dated 31.03.2022 sought certain information from the petitioner and reserved the order in the matter. The petitioner vide affidavit dated 02.05.2022 submitted its reply to above RoP in hearing dated 31.03.2022. Thereafter, the petitioner vide another additional affidavit dated 10.05.2022 submitted that the MoEF&CC vide notification dated 31.12.2021 broadened the ash utilization measures and mandated 100 % utilization of ash and revised projected ash transportation



expenses for the years 2022-23 and 2023 – 24 were submitted. Taking into consideration of the submissions of the parties and the documents available on record, we examined the claims of the Petitioner on prudence check.

4. On preliminary examination of the information furnished by the petitioner, it is noted that in original petition filed on 27.12.2019, the petitioner envisaged anticipated COD of unit 8 and 9 are 01.01.2020 and 30.09.2020, respectively and submitted tariff forms accordingly. However, as per amended petition dated 24.05.2021, the actual COD of unit 8 is 01.03.2020, while anticipated COD of unit 9 has been changed to 01.06.2021. In this context, it is noted that the petitioner has filed another petition no. 120/GT/2023, for determination of tariff from actual COD of unit 9 i.e. 01.11.2021 to 31.03.2024, wherein, the information from actual COD of unit 8 to COD of unit 9 has been furnished and same is under hearing and order is yet to be reserved. Thus, the day the instant petition was reserved on 31.03.2022, the unit 9 has already achieved its COD on 01.11.2021.

5. It is also noted that as per the submission of the petitioner the SCOD of the units 8 and 9 is 15.12.2020, i.e., 24 months from the takeover, while as per the agreement signed between the petitioner and respondents, the balance works are to be completed within 18 months of takeover. It is also noted that unit 8 completed its successful trial run on 22.11.2019 but its actual COD could be achieved on 01.03.2020. Accordingly, the reasons for time elapsed from successful trial run i.e. 22.11.2019 to actual COD of unit 8 i.e. 01.03.2020 need to be examined in detail.

6. Further, though actual COD of units was 01.03.2020 and 01.11.2021, the petitioner vide its affidavit dated 02.05.2022 has submitted that as on date the balance civil works of BHEL was 90 %. The reasons for such inconsistency in information need to be assessed. Further, the petitioner projected Rs. 300 Cr towards FGD, which is



higher than the cost indicated by CEA. In addition, it is also noted that the petitioner claimed the capitalisation towards works associated with railways and NHAI on 100 % advance deposit paid basis.

7. In regards to specific query on infirm power and adjustment of revenue thereof in capital cost, it was submitted that the Deviation Settlement Mechanism (“DSM”) account for NTPC Barauni has yet not been issued by State Load Despatch Centre (“SLDC”) Bihar till date. Therefore, no amount has been received against infirm power and booking against the sale of infirm power has not been taken into account in the absence of data. Thus, adjustment of the revenue earned from infirm power of Barauni Unit-8 is not applicable and hence total fuel cost has been capitalized. The revenue from sale of infirm power shall be adjusted in the capital cost as and when the same is received.

8. Considering inter-alia, the above issues and inadequacy of relevant information in the instant petition, and also the fact that the petitioner in petition no. 120/GT/2023, furnished the information pertaining to both unit 8 and 9. Accordingly, it shall be prudent that the submissions made and information furnished in the instant petition shall be considered in petition no. 120/GT/2023 to determine the tariff of both units of generating station from actual COD to 31.03.2024. The petitioner is granted liberty to make additional submissions in view of the observation made above, if any, in petition no. 120/GT/2023.

9. Petition No. 231/GT/2020 is disposed of in terms of the above.

Sd/-
(Pravas Kumar Singh)
(Member)

Sd/-
(Arun Goyal)
(Member)

Sd/-
(I. S. Jha)
(Member)

