

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.186/2004

In the matter of

Fixation of tariff for NLC TPS-I (600 MW) for the period 1.4.2004 to 31.3.2009.

And in the matter of

Neyveli Lignite Corporation Limited, Neyveli
Vs
Tamil Nadu Electricity Board, Chennai

.....**Petitioner**

.....**Respondent**

The following were present:

1. Shri K. Sekar, CGM (Comml), NLC
2. Shri R. Suresh, DGM (Comml), NLC
3. Shri A. Ganesan, CM, NLC
4. Shri R. Krishnaswami, TNEB
5. Shri V. Arunachalam, TNEB

**ORDER
(DATE OF HEARING : 20.10.2005)**

Heard Shri K. Sekar, CGM (Comml) with Shri R. Suresh, DGM (Comml) for the petitioner and Shri R. Krishnaswami for the respondent.

2. The single-part tariff approved by the Commission for the period ending 31.3.2004 has been worked out at 182.05 paise/kWh, which includes capacity charge and energy charge. The generating station is proposed to be brought under ABT w.e.f. 1.12.2005 and order in this regard has been issued separately. For successful implementation of

ABT, it is necessary to have two-part tariff. Therefore, pending final determination of tariff provisional two-part tariff is to be approved.

3. In the present petition, the petitioner has claimed energy charge @ 145 paise/kWh of the electricity sent out. In addition, the petitioner has also claimed capacity charge. The energy charge claimed by the petitioner is based on lignite price of Rs.876/MT approved by the Board of Directors of the petitioner for the year 2004-05. The respondent has opposed the petitioner's claim of energy charge based on lignite price of Rs.876/MT. The representative of the petitioner submitted that it may be allowed tariff based on lignite transfer price of Rs.876/MT on provisional basis which may be adjusted after final determination of tariff. In the alternative, he submitted that the lignite transfer price of Rs.797/MT presently being charged should be considered. The representative of the respondent disputed the correctness of the lignite price of Rs.797/MT, indicated by the representative of the petitioner. He, however, could not give the exact price in this regard. The representative of the respondent undertook to furnish the details in this regard latest by 24.10.2005. The Commission will take a view on the transfer price to be considered for the purpose of provisional two-part tariff after 24.10.2005. Whatever decision is taken, it will be subject to review after transfer price is finally determined by the competent authority.

4. A view on final tariff will also be subject to the following information to be submitted by the petitioner:

- (a) Published annual accounts for the years 2001-02, 2002-03 and 2003-04;
- (b) Reasons for not considering the depreciation as repayment of loan in case of kFW Loan-I involving moratorium on repayment;

- (c) Details of assets not in use or unlikely to be in use during the tariff period, that is, 1.4.2004 to 31.3.2009 or found to be unserviceable as on 1.4.2004, and their gross value; and
- (d) Reconciliation of accounts between power and mines segment as per books of accounts, clearly indicating gross block as on 31.3.2004, duly certified by the statutory auditors.

5. The above details shall be filed by the petitioner on affidavit latest by 30.11.2005 with a copy to the respondent.

6. The petitioner was also directed to place on record the details of cumulative depreciation recovered in tariff till 31.3.2004. The representative of the petitioner expressed his inability to file the requisite details because, according to him, these details from the date of commercial operation of the generating station were not available. In view of the statement made, the Commission will take a view on the issue at the time of determination of final tariff. During the hearing, the representative of the petitioner clarified that the capital cost considered for the purpose of tariff does not include capitalisation on account of FERV since the claim on account of FERV was settled on repayment basis. This has been noted for sake of record.

7. List this petition on 20.12.2005.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

New Delhi dated the 20th October, 2005