

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

PETITION NO:OF 2014

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 Indira Gandhi Super Thermal Power Project (3x500 MW)(IGSTPP), of Aravali Power Company Private Limited(APCPL), for the period from 01.04.2014 to 31.03.2019.

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Limited(APCPL), for the period from
01.04.2014 to 31.03.2019.

AND

IN THE MATTER OF

Petitioner : Aravali Power Company Pvt. Ltd.(APCPL)
1st & 2nd Floor, Pawan Hans Towers,
C-14, Sector-1, NOIDA (UP) 201301

Vs

Respondents :

1. Haryana Power Purchase Centre (HPPC)
Shakti Bhawan, Sector-VI, Panchkula
Haryana - 134 109
2. Tata Power Delhi Distribution Ltd.
Grid Sub Station, Hudson Road
Kingsway Camp, Delhi- 110 009
3. BSES Rajdhani Power Ltd.
BSES Bhawan, Nehru Place
New Delhi - 110019
4. BSES Yamuna Power Ltd.
Shakti Kiran Building
Karkardooma ,Delhi- 110092

Affidavit

I, N. N. SADASIVAN, son of Late Shri P.V. Narayanan, aged about 53 years, residing at D-51, SMRIDHI - NTPC Apartments, Sector-33, NOIDA, (UP) do solemnly affirm and say as follows:

1. I am working as Addl. Gen. Manager (Comml.) with APCPL, the Petitioner in the above matter and am duly authorized to make this affidavit.
2. The statements made in the accompanying application are based on official records maintained during course of business and I believe them to be true.

(DEPONENT)

Verification

Solemnly affirm at Noida on this _____2014 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

(DEPONENT)

Respondents :

1. Haryana Power Purchase Centre (HPPC)
Shakti Bhawan, Sector-VI, Panchkula,
Haryana - 134 109

2. Tata Power Delhi Distribution Co. Ltd.
(Formerly North Delhi Power Ltd.)
Grid Sub Station, Hudson Road
Kingsway Camp, Delhi- 110 009

3. BSES Rajdhani Power Ltd.
BSES Bhawan, Nehru Place
New Delhi - 110019

4. BSES Yamuna Power Ltd.
Shakti Kiran Building
Karkardooma ,Delhi- 110092

The Petitioner respectfully submits that:

1. The Petitioner herein, i.e., the Aravali Power Company Pvt. Ltd., (hereinafter called APCPL) is a Company incorporated under the Companies Act, 1956 and is a Joint Venture Company of NTPC Ltd. (NTPC holding 50% share Equity), Haryana Power Generation Company Ltd. (HPGCL holding 25% share Equity) and Indraprastha Power Generation Company Ltd. (IPGCL holding 25% share Equity). The management control of APCPL is vested with NTPC Ltd, a Govt. of India company.

2. As defined under the Sec. 2(28) of the Electricity Act 2003, APCPL is a 'Generating Company'.
3. The Petitioner has developed and is operating a Thermal Power Station named as "Indira Gandhi Super Thermal Power Project (3x500 MW) (IGSTPP) at Jharli Village in Jhajjar District, Haryana. This project consists of THREE units each of 500 MW capacity, i.e., total installed capacity of 1500 MW.
4. It is submitted that power generated at APCPL's IGSTPP is allocated/supplied among the respondents, herein.
5. Sec. 62 of the Electricity Act 2003 provides for determination of tariff by the Central Commission of Generating Companies owned or controlled by the Central Government for generation and sale of electricity to distribution licensees as envisaged under Sec. 79 of Electricity Act, 2003 and in the case of other generating companies having a composite arrangement for generation and sale of power in two or more states.
6. The Hon'ble Commission has notified the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2014 (hereinafter 'Tariff Regulations 2014') which have come into force from 1.4.2014 and specifying the terms & conditions and methodology of tariff determination under Section 62 & 79 of the Electricity Act, 2003.
7. Regulation 7 of the CERC Regulations 2014 provides:
Quote:
7. Application for determination of tariff:

(1) The generating company may make an application for determination of tariff for new generating station or unit thereof in accordance with the Procedure Regulations, in respect of the generating station or generating units thereof within 180 days of the anticipated date of commercial operation.29

(3) In case of an existing generating station or transmission system including communication system or element thereof, the application shall be made not later than 180 days from the date of notification of these regulations based on admitted capital cost including any additional capital expenditure already admitted up to 31.3.2014 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2014-15 to 2018-19.

(4) The generating company or the transmission licensee, as the case may be, shall make an application as per Annexure-I of these regulations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff

period of the generating station or the transmission system as the case may be: Unquote:

8. The Petitioner, according to the above Regulation 7, is filing the present petition for determination of tariff for Indira Gandhi Super Thermal Power Project (IGSTPP) (3x500 MW) for the period from 1.4.2014 to 31.3.2019 as per the Tariff Regulations 2014.
9. The Petitioner has implemented the subject project, Viz., IGSTPP as per the following:

Sl. No.	Description	Scheduled COD	Actual COD	Installed Capacity on COD
1	Unit- I 500 MW	JAN-2011	Mar. 05, 2011	500 MW
	Unit- II 500 MW	JUL-2011	Apr. 21, 2012	1000 MW
	Unit- III 500 MW	JAN-2012	Apr. 26, 2013	1500 MW

10. Subsequent to commercial operation declared of IGSTPP, Unit # 1 (500 MW) w.e.f. 05.3.2011, the petitioner revised the tariff calculations based upon the capital cost of Unit #1 as on 05.3.2011 as per the audited accounts as on the COD of Unit-I, and for subsequent units based on the anticipated date of Commercial Operation of Unit#2, viz., 01.03.2012 and anticipated date of Commercial Operation of Unit #3, viz., 01.09.2012 and has filed the amended petition before Hon'ble Commission on 16/02/2012.

11. Similarly, upon the commercial operation of Unit # 2 & Unit #3/ Station, the above Petition was consequently revised and Amended Petition on Station COD was filed before Hon'ble Commission on 16/02/2012 and finally TRUED-UP based on audited accounts as on 31.03.2014 vide Petition Filed on 12/08/2014.
12. The Hon'ble Commission has granted Provisional Tariff Orders for the station for the installed capacity matching with the progressive Commercial operations of the units as presented below:

Sl. No.	Installed Capacity on COD	Actual COD	Date of Commission's Provisional Tariff Orders
1	500 MW	Mar. 05, 2011	02.11.2011
2	1000 MW	Apr. 21, 2012	01.05.2012
3	1500 MW	Apr. 26, 2013	29.05.2013

13. The Petitioner has filed on 05/08/2010 a petition, being Petition No. 209/2010 for approval of tariff of Indira Gandhi Super Thermal Power Project (3x500 MW), IGSTPP, for period starting from the Anticipated COD of Unit-1 upto 31.03.2014
14. However, the determination of Tariff for IGSTPS by CERC, have been provisional for the period from the actual COD of Unit-I (i.e., 05/03/2011 to 31/03/2014). The final tariff determination

as per CERC Regulations 2009-14 by the Hon'ble Commission, however, remains before the Commission.

15. The Hon'ble Commission has notified the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2014 (hereinafter 'Tariff Regulations 2014') which have come into force from 1.4.2014, specifying the terms & conditions and methodology of tariff determination under Section 62 & 79 of the Electricity Act, 2003. The Petitioner is filing the present petition for determination of tariff for its IGSTPP, Jhajjar, for the period from 1.4.2014 to 31.3.2019 as per the Tariff Regulations 2014.
16. The clause 8 of Regulation 7 of CERC (Terms and Conditions of Tariff) Regulations 2014 has specified that in case of existing projects, the tariff may be allowed based on the admitted capital cost upto 31.3.2014 and projected capital expenditure for the respective years during 2014-19 period.
17. The Petitioner, in the absence of admitted capital costs, admitted by CERC up to 31.03.2014, accordingly, has perused the capital costs filed / claimed, along with estimated additional capital expenditure for the respective tariff period 2014-15 to 2016, before the Hon'ble Commission vide the TRUE-UP petition for making this Application.
18. In terms of the Tariff Regulations, 2014, in regard to the estimated capital expenditure for the tariff years 2014-15 to

2018-19, the Petitioner has projected the data based on the Regulation 14 of the Tariff Regulations, 2014 and the same is submitted herein in the duly prescribed formats.

19. Further, The Revised Cost Estimates of the Project, on the Initial costs is under the process of approvals by the equity stake holders, and is expected to be approved by the Management/ Board of Directors of the Company very shortly. Further to the above approval by the Board of Directors, changes/revisions, if any, is required to be incorporated on the estimated additional capital expenditure for the tariff period 2014-15 to 2016, submitted here-with, the Petitioner here by craves Hon'ble Commission's permission to submit such revisions/ modifications before the Hon'ble Commission through suitable Amendments, as and when required. Therefore, the estimated additional capital expenditure for the tariff period 2014-15 to 2016, submitted here-with may be, considered provisional.
20. The Petitioner is hereby submitting the present petition in accordance with the above for the determination of Tariff of APCPL's Indira Gandhi Super Thermal Power Project, Jhajjar, for the period 01/04/2014 till 31.03.2019, as per CERC Tariff Regulations 2014.
21. Since the first unit of IGSTPP has been declared under commercial operation within a period of 44 months from the date of investment approval, IGSTPP is entitled for the extra 0.5% Return on Equity (ROE). However, subsequent Units, i.e., the 2nd and 3rd

Units could not be declared commercial within the stipulated periods and hence the extra 0.5% ROE is not claimed for the 2nd and 3rd units.

22. It is submitted that the Petitioner has availed only one loan, which is from the Power Finance Corporation (PFC) for financing the capital expenditure of the IGSTPP, initially. Subsequent to the Approval for establishing the Jhajjar-Mundka 400 KV D/C Transmission Line, for the evacuation of power from IGSTPS by APCPL, The financing requirements for the said Transmission line, identified separately, was also incorporated in the above said loan. Accordingly, the above said Loan serves the IGSTPP and the Jhajjar-Mundka 400 KV D/C Transmission Line.
23. The interest rates to PFC on the loan availed for the various periods were on floating basis. However, the above rates have been reset with effect from 2014 May, by PFC .
24. The O&M expenses have been claimed by the Petitioner in the subject Petition based on the CERC (Terms and Conditions of Tariff) Regulations, 2014.
25. The Petitioner further respectfully submits that the revision of the salary/ pay incl. allowances of employees of the Petitioner, is falling due with effect from 1.1.2017. The escalation of 6.35% provided in the O&M expenses would not cover the enhanced employee cost w.e.f. 1.1.2017. The Petitioner therefore craves

liberty of the Hon'ble Commission to seek enhancement in O&M expenses with effect from 1.1.2017 towards the increased salary on account of salary revision due from 1.1.2017, based on the actual payments whenever paid by it. The Hon'ble Commission may be pleased to allow the same.

26. Operational Norms Under Regulations 2014:

- (i) The petitioner respectfully submits that the Operative Norms (viz., Station Heat Rate, Auxiliary Power Consumption and Secondary Fuel Oil Consumption) as per Regulation 36 of the Tariff Regulations, 2014 have been considered for tariff calculations in the instant petition.
- (ii) It is pertinent to mention here that Hon'ble Commission has specified the values of said Operating Norms in the Tariff Regulations, 2014 on the basis of performance of 500 MW Units at Rihand & Talcher Stations of NTPC, wherein it had considered the data of these stations during 2008-09 to 2012-13 period.
- (iii) The Operating grid parameters and operating parameters have undergone significant changes subsequent to the Grid disturbances/failures of 2012 Jul/Aug., which have significant operating constraints.
- (iv) While, the average PLF at NTPC Stations during the period 2009-10, 2010-11 was 90.81% and 88.29% respectively, the same during 2011-12, 2012-13 was lower at 85% and 83% respectively due to various factors.

- (v) The Hon'ble Commission has prescribed Tighter/ higher efficient Operational Norms based on the premise that Indian economy would recover. Hon'ble Commission at Para 37.45 of the "Statement of Reasons" to the Tariff Regulations, 2014 has further stated that there will be improvement in the industrial growth in the country which will induce Discoms to give more schedules thereby enabling Generating Stations to achieve improved loading and PLF during the tariff period 2014-19 compared to the period 2011-13.
- (vi) However, in the event Power Demand/ scheduling by the Beneficiaries continue to remain low and the PLF continues at the lower levels, where-by the Petitioner will be under operational constraints to achieve the efficient operating parameters laid down by the Hon'ble Commission, the petitioner prays to the Hon'ble Commission to grant liberty to approach the Hon'ble Commission for seeking relaxation of Operating Norms as per the actual scenario and PLF during the period 1.4.2014 onwards.
- (vii) It is submitted that the Hon'ble Commission may kindly allow the same under 54 and Regulation 55 of the Tariff Regulations 2014 for the purpose of tariff determination. Hon'ble commission may kindly allow the petitioner to approach the Hon'ble Commission to claim tariff

considering the operating norms in line with the actual PLF achieved by Station during the current tariff period.

27. The Petitioner further respectfully submits that as per Regulation 29 (2) of the Regulations 2014, the water charges and capital spares consumed for thermal generating stations are to be allowed separately. The details in respect of water charges such as type of cooling water system, water consumption, rate of water charges as applicable for 2013-14 have been furnished below. The water charges may be allowed in tariff based on actuals of 2013-14. In accordance with provision of the Regulations, the petitioner shall be furnishing the details of actuals for the relevant year at the time of truing up and the same shall be subject to retrospective adjustment. It would be relevant to mention that the expenditures of similar nature are necessary to be incurred by the station on a continuous basis. Accordingly, these need to be provided in the Annual Fixed Charges as well as Working Capital so as to enable the generator to recover such expenses and pay for them on continuous basis.

<i>Description</i>	<i>Remarks</i>
Type of Plant	Coal based
Type of CW system	Closed Circuit/ Natural Draft
Consumption of Water	290000 UNIT (1UNIT=2500 CFt)
Rate of Water charges	Rs. 300 per UNIT
Total Water Charges	Rs. 870 Lakhs during 2013-14.

28. Levies, taxes, duties, incl. Service tax, etc., :

It is further submitted that levies, taxes, duties, incl. service tax, etc., levied by various authorities on the Petitioner in accordance to the changing legal requirements also be granted to be additionally billed and recovered from the beneficiaries.

29. The Petitioner, keeping in view the above has filled the formats presented by Hon'ble Commission and computed the tariff for the station. The forms are provided at Annex-1 (Thermal) to this Petition.
30. It is further submitted that the firm allocation of power from this station has been made by Ministry of Power (MOP) to the states of Haryana and Delhi. Accordingly, the Petitioner has signed power purchase Agreements with the (i) Discoms of Delhi viz., Tata Power Delhi Distribution Ltd., (*formerly North Delhi Power Ltd., (NDPL)*), BSES Yamuna Power Ltd.,(BYPL) and BSES Rajdhani Power Ltd., (BRPL) and (ii) Haryana i.e., Haryana Power Purchase Centre, on behalf of Uttar Haryana Bijlee Vitaran Nigam Limited (UHBVNL) and Dakshin Haryana Bijlee Vitaran Nigam Limited (DHBVNL) representing Haryana and the above beneficiaries were made respondents to the petition. 7.6% capacity from the station, however, is retained by Government of India, as unallocated quota, in line with the Govt. of India guidelines for allocation of power from CGS. And the same is allocated among the NR beneficiary states, from time-to-time. The Petitioner has signed

PPAs with Beneficiaries of the Unallocated Quota, except with UT of Chandigarh, which is underway.

31. In the interim, the Govt. of NCTD at the behest of the Delhi Discoms, namely Tata Power Delhi Distribution Limited (TPDDL), BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) surrendered their firm share of capacity in phases, starting from October 2011 and at present is surrendered up to May 2015. The above surrendered power was re-allocated by the Ministry of Power/Government of India, from time-to-time, to various desiring beneficiaries, including residual Andhra Pradesh, Telangana, Kerala, J&K and UP for the periods and of the quantum of power as detailed below:

	Beneficiaries	Quantum (MW)	From	To
(i)	A.P., Telangana and Kerala	231.17	7.10.2010	31.05.2015
(ii)	A.P., Telangana and Kerala	85	26.04.2013	till further orders
(iii)	Uttar Pradesh	276.83	02.05.2014	15/05/2014
(iv)	Uttar Pradesh	325	30.05.2014	20.06.2014
(v)	A.P., Telangana and Kerala	376.83	01.07.2014	31.03.2015

(b) Currently, up to 31/03/2015, the entire 693 MW of surrendered Delhi's share of power is allocated by

Gol/MoP, to the SR beneficiaries, i.e., AP- 304 MW, Telangana-222 MW and Kerala 167 MW.

32. Since, the above SR beneficiaries are allocated power from IGSTPP on adhoc basis, for a short duration, i.e., up to 31/05/2015, the above beneficiaries have not been made respondents to this petition.
33. It is submitted that the Petitioner has already remitted the filing fee for determination of tariff for the station, in advance, for the year 2014-15, by RTGS to the credit of CERC.

Sl. No.	Payment	UTR No. / Date	Amount
1.	Annual Fee for FY 2014-15 for 1500 MW @ Rs. 4400/MW + past adjstt of Rs. 2 Lacs	UTR No. PUNBH14055092013, 24/02/2014	Rs. 68 Lakhs

34. as per the provisions of the CERC (Payment of Fees) Regulations, 2012, the details of the same are further furnished through the Form-1 as per CERC Regulations.

Prayers:

In the light of the above submissions before the Hon'ble Commission, the Petitioner, hereby prays that the Hon'ble Commission may be pleased to:

- i) Approve the tariff of APCPL's IGSTPP for the tariff period 1.4.2014 to 31.3.2019.
- ii) Allow the recovery of filing fees as & when paid to the Hon'ble Commission and publication expenses from the beneficiaries.
- iii) Allow revision of O&M charges, the revised salary of Employees w.e.f. 01.01.2017 as and when it is finalized.
- iv) Allow recovery of Statutory payments like Taxes, Levies, Duties, etc., .
- v) Pass any other order as it may deem fit in the circumstances mentioned above.

(Petitioner)

NOIDA

..... August, 2014