

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 402/GT/2019

Coram:

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri Pravas Kumar Singh, Member

Date of Order: 26th July, 2023

IN THE MATTER OF

Petition for determination of tariff of Khargone Super Thermal Power Station (1320 MW) for the period from COD of Unit-I (1.2.2020) to 31.3.2024.

AND

IN THE MATTER OF

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

.... Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Vidyut Nagar, Rampur, Jabalpur - 110003
2. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Bandra (East), Mumbai - 400051
3. Gujarat Urja Vikas Nigam Limited,
2nd Floor, Sardar Patel Vidyut Bhawan, Race Course
Vadodara - 390007
4. Chhattisgarh State Power Distribution Company Limited,
Vidyut Sewa Bhawan, Dagania Raipur - 492001
5. DNH Power Distribution Corporation Limited,
UT of DNH, Silvassa - 396230
6. Electricity Department,
Government of Goa, 3rd Floor, Vidyut Bhawan, Panaji Goa- 403001
7. Electricity Department,
Administration of Daman and Diu, Daman - 396210



8. Khargone Transmission Limited,
Core-4, Scope Complex,
7, Lodhi Road, New Delhi - 110003

.....Respondents

Parties Present:

Shri Venkatesh, Advocate, NTPC
Shri Jayant Baja, Advocate, NTPC
Shri Kartikey Trivedi, Advocate, NTPC
Shri Ashutosh Srivastava, Advocate, NTPC
Shri V.V. Siva Kumar, NTPC
Shri S.K. Aggarwal, NTPC
Shri Vivek Kumar, NTPC
Shri Harshit Sharma, NTPC
Shri Ravi Sharma, Advocate, CSPDCL
Shri Deep Rao Palepu, Advocate, KTL
Shri Sahil Kaul, Advocate, KTL
Shri Ravin Dubey, Advocate, MPPMCL

ORDER

This Petition has been filed by the Petitioner, NTPC Limited, for approval of tariff of Khargone Super Thermal Power Station (1320 MW) (in short “the project/generating station”) based on the anticipated COD of Unit-I (30.9.2019) to 31.3.2024 in accordance with the provisions of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (in short “the 2019 Tariff Regulations”). However, the Petitioner vide affidavit dated 13.8.2021, has submitted that the actual COD of Unit-I is 1.2.2020 and Unit-II is 4.4.2020, and has filed amended petition, praying for approval of tariff of the generating station from the actual COD of Unit-I till 31.3.2024.

2. The generating station, located in the Khargone district of the State of Madhya Pradesh, comprises of two Units of 660 MW each. The Ministry of Power, GOI vide its letter dated 17.7.2017 had allocated the power from the generating station to the Respondent beneficiaries as detailed below:



States	Total Allocation in (MW)	Share in Installed Capacity (%)
Gujarat	245.54	18.60
Madhya Pradesh	660.00	50.00
Chhattisgarh	125.74	9.53
Maharashtra	50.00	3.79
Goa	11.75	0.89
Daman & Diu	12.14	0.92
D&N Haveli	16.83	1.27
Unallocated	198.00	15.00
Total	1320.00	100.00

3. The Investment Approval (IA) of the project was accorded by the Board of the Petitioner Company in its 417th meeting held on 25.2.2015 at SBI Capital Markets Limited ('SBI Cap') appraised estimated cost of Rs.9870.51 crore, including IDC and FC of Rs.1353.64 crore and working capital margin of Rs.262.21 crore as of 1st quarter of 2015 price level and the corresponding indicative estimated completed cost of Rs.11148.86 crore, including IDC and FC of Rs.1464.78 crore and working capital margin of Rs.272.21 crore. The Petitioner has further submitted that the IA of the Flue Gas Desulphurization (FGD) at a total cost of Rs.650.29 crore and Smart City Initiative at a cost of Rs.26.83 crore, for the project, was approved by the Board in its meeting held on 28.7.2018 and 26.8.2019. Accordingly, the Petitioner has considered the total approved estimated cost of the project as Rs.10547.64 crore.

4. Based on the above, the capital cost and the annual fixed charges claimed by the Petitioner from actual COD of Unit-I (1.2.2020) till 31.3.2024 is as under:

Capital Cost claimed

(Rs. in lakh)

	2019-20 (1.2.2020 to 31.3.2020)	2020-21 (1.4.2020 to 3.4.2020)	2020-21 (4.4.2020 to 31.3.2021)	2021-22	2022-23	2023-24
Capital cost as on COD of Unit-I/Unit-II	636783.48	-	938404.45	-	-	-
Notional IDC	329.00	-	412.30	-	-	-
FERV charged to revenue	4400.63	-	20897.07	-	-	-



Unamortized bond issue expense	7353.45	-	7472.41	-	-	-
Opening capital cost	648866.56	673569.72	967186.23	1013535.31	1099305.00	1142822.75
Add: Addition during the year/ period	10947.43	-	46349.08	85769.69	43517.75	-
Add: Discharges during the year/ period	13755.73	23.67	-	-	-	-
Closing capital cost	673569.72	673593.39	1013535.31	1099305.00	1142822.75	1142822.75
Average capital cost	661218.14	673581.56	990360.77	1056420.16	1121063.88	1142822.75

Note: The Petitioner has claimed entire capital cost as eligible for return on equity at normal rate.

Annual Fixed Charges claimed

	(Rs. in lakh)					
	2019-20 (1.2.2020 to 31.3.2020)	2020-21 (1.4.2020 to 3.4.2020)	2020-21 (4.4.2020 to 31.3.2021)	2021-22	2022-23	2023-24
Depreciation	33193.15	33813.79	50013.22	53349.22	56613.73	57712.55
Interest on Loan	24599.57	24484.91	35189.75	35422.70	34266.88	30790.96
Return on Equity	37257.00	37953.63	55802.87	59525.05	63167.47	64393.49
Interest on Working Capital	6552.78	6154.68	11754.79	11905.05	12155.30	12202.08
O&M Expenses	14710.61	15179.21	31136.40	32164.86	34006.94	35527.99
Total	116313.11	117586.22	183897.03	192366.88	200210.30	200627.08

5. The Respondents MSEDCL, CSPDCL, MPPMCL and Khargone Transmission Limited (KTL) have filed their replies vide affidavits dated 5.2.2020/ 27.9.2021, 26.6.2021 /13.9.2021,6.2.2020 /7.4.2022/ 22.10.2022 and 8.6.2022/21.10.2022, respectively. The Petitioner has filed its rejoinders to the abovesaid replies vide affidavit dated 6.1.2022 (MSEDCL), 6.1.2022 (CSPDCL), 2.5.2022/ 28.10.2022 (MPPMCL) and 29.7.2022 (KTL). The Petition was heard on 14.9.2022 and the Commission, reserved its order in the petition, after directing the Petitioner to submit certain additional information. The Petitioner, in compliance to the directions, has furnished the additional information vide affidavit dated 6.10.2022, after serving copy on the Respondents. Based on the submissions of the parties and the documents available on record, and on prudence check, we proceed with the determination of tariff of the generating station for period from actual COD of Unit-I (1.2.2020) to 31.3.2024, as stated in the subsequent paragraphs.



Commissioning Schedule

6. As stated, the IA for the project was accorded by the Board of the Petitioner Company in its 417th Meeting held on 25.2.2015, which was subject to the Environmental Clearance (EC). EC was granted on 31.3.2015 and considering the date of EC, the Petitioner has considered 31.3.2015, as the 'Zero Date'. The Petitioner has also considered the Scheduled Commercial Operation Date (SCOD) of Unit-I as 31.7.2019, and of Unit-II as 31.1.2020. However, the actual COD of Unit-I is 1.2.2020 and that of Unit-II is 4.4.2020, thereby resulting in the delay of 6.2 months (or 185 days) for Unit-I and 2.13 months (or 64 days) for Unit-II from SCOD as under:

	SCOD	Actual COD	Time Overrun
Unit-I	31.7.2019	1.2.2020	6.20 months (or 185 days)
Unit-II	31.1.2020	4.4.2020	2.13 months (or 64 days)

Time Overrun

7. The Petitioner vide its affidavit dated 13.8.2021 has submitted that the COD of the Units got delayed on account of the following reasons, which were beyond its control:

- (a) *Ban on Sand Mining*
- (b) *Re-engineering of Ash Handling System to account for requirement of FGD as per new environment norms*
- (c) *Law and Order issues in 66 kV transmission line works*
- (d) *Curfew in Khargone town*
- (e) *Floods in Tamil Nadu*
- (f) *Disturbance due to Cauvery water dispute*
- (g) *Demonetization of currency by Gol*
- (h) *Farmers unrest in the state of MP*
- (i) *Roll out of GST*
- (j) *Reduced manpower on account of increased minimum wages*
- (k) *Nationwide strike of truckers*
- (l) *Delay in issuance of Consent to Operate for Unit-I*
- (m) *Non-availability of Power Evacuation System (Non-operationalization of LTA)*
- (n) *Non-availability of Associated Transmission System for power evacuation*
- (o) *Delay in issuance of Consent to Operate for Unit-II.*

