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BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

PETITION NO:

IN THE MATTER OF :

Petition under Regulation 44 of the CERC (Terms & Conditions of Tariff) Regulations, 2009 read with Regulation 111 and other related Regulations of CERC (Conduct of Business) Regulations, 1999 for recovery of additional cost incurred due to abnormal increase in water charges at NTPC stations.

AND
IN THE MATTER OF :
Petitioner

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

29 APR 2011

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20/4/2011

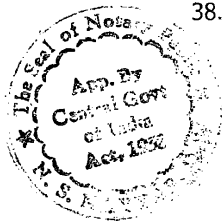
Respondents :

1. Uttar Pradesh Power Corporation Ltd., Lucknow
2. Jaipur Vidyut Vitran Nigam Ltd., Jaipur

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3. Ajmer Vidyut Vitran Nigam Ltd., Ajmer
4. Jodhpur Vidyut Vitran Nigam Ltd., Jodhpur
5. North Delhi Power Limited, Delhi
6. BSES Rajdhani Power Limited, Delhi
7. BSES Yamuna Power Limited, Delhi
8. Haryana Power Purchase Centre, Panchkula
9. Punjab State Power Corporation Limited, Patiala
10. Himachal Pradesh State Electricity Board, Shimla
11. Power Development Deptt., Govt. of J&K, Srinagar
12. Power Department (Union Territory of Chandigarh), Chandigarh
13. Uttarakhand Power Corporation Ltd., Dehradun
14. Madhya Pradesh Power Trading Co. Ltd., Jabalpur
15. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
16. Gujarat Urja Vikas Nigam Ltd., Vadodara
17. Chhattisgarh State Power Distribution Co. Ltd., Raipur
18. Electricity Department, Govt. of Goa, Panaji, Goa
19. Electricity Department, Administration of Daman & Diu, Daman
20. Electricity Department, Administration of Dadra & Nagar Haveli, Silvassa
21. West Bengal State Electricity Distribution Co. Ltd., Kolkata
22. Bihar State Electricity Board, Patna
23. Jharkhand State Electricity Board, Ranchi
24. Gridco Ltd., Bhubaneswar
25. Power Department, Govt. of Sikkim, Gangtok
26. Eastern Power Distribution Company Ltd. Visakhapatnam
27. Southern Power Distribution Company Ltd. Tirupathi
28. Northern Power Distribution Company Ltd. Warangal
29. Central Power Distribution Company Ltd. Hyderabad
30. Electricity Department, Govt. of Puducherry, Puducherry
31. Tamilnadu Generation and Distribution Corporation Limited, Chennai
32. Kerala State Electricity Board Thiruvananthapuram
33. Bangalore Electricity Supply Company, Bangalore
34. Mangalore Electricity Supply Company, Mangalore.
35. Chamundeshwari Electricity Supply Corporation, Mysore
36. Gulbarga Electricity Supply Corporation, Gulbarga
37. Hubli Electricity Supply Company, Hubli
38. Assam State Electricity Board, Gauwahti



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I, Ajay Dua, son of Shri Des Raj Dua, aged about 44 years, resident of C-401, Ishwar Apartments, Sector-12, Dwarka, New Delhi -110075 do solemnly affirm and say as follows:

1. I am working as DGM (Commercial) with NTPC Ltd., the Petitioner in the above matter and am duly authorised by the said Petitioner to make this affidavit.
2. The statements made in the accompanying Petition are based on official records maintained during course of business and I believe them to be true.

(DEPONENT)
DGM (Commercial)
NTPC Limited
NTPC Bhawan, SCOPE Complex,
Lodhi Road, New Delhi-110 003

Verification

Solemnly affirm at New Delhi on this 25th April, 2011 that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

(DEPONENT)
DGM (Commercial)
NTPC Limited
NTPC Bhawan, SCOPE Complex,
Lodhi Road, New Delhi-110 003



ATTESTED
NOTARY DZLEJ
25 APR 2011

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36. Gulbarga Electricity Supply Corporation, Gulbarga
37. Hubli Electricity Supply Company, Hubli
38. Assam State Electricity Board, Gauwahti

MOST RESPECTFULLY SHOWETH:

1. The Petitioner herein, NTPC Limited (hereinafter referred to as 'NTPC') is a Generating Company, a Government of India Undertaking and a Company incorporated under the Companies Act, 1956 with registered office at NTPC Bhawan, Core-7, SCOPE Complex, 7, Institutional Area, Lodhi Road, New Delhi-110003.
2. The Petitioner being a Company owned and controlled by the Government of India is governed by the provisions of Section 79 and other applicable provisions of the Electricity Act, 2003 in regard to its tariff and related matters and is within the jurisdiction of this Hon'ble Commission.

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3. By Notification dated 19.1.2009 the Hon'ble Commission was pleased to notify the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as 'Tariff Regulations, 2009') in regard to the tariff for the period 1.4.2009 to 31.3.2014. The Tariff Regulations, 2009 sets out the norms and parameters for tariff determination in respect of the generating stations of Generating Companies such as NTPC on capital cost basis determination.
4. Regulation 19 deals with the norms for the 'Operation and Maintenance Expenses' and it reads as under:

"Operation and Maintenance Expenses. Normative operation and maintenance expenses shall be as follows, namely:

(a) Coal based and lignite fired (including those based on CFBC technology) generating stations, other than the generating stations referred to in clauses (b) and (d):

(Rs. in lakh/MW)

Year	200/210/250 MW sets	300/330/350 MW sets	500 MW sets	600 MW and above sets
2009-10	18.20	16.00	13.00	11.70
2010-11	19.24	16.92	13.74	12.37
2011-12	20.34	17.88	14.53	13.08
2012-13	21.51	18.91	15.36	13.82
2013-14	22.74	19.99	16.24	14.62

Provided that the

(b) Talcher Thermal Power Station(TPS), Tanda TPS, Badarpur TPS of NTPC and Bokaro TPS, Chandrapura TPS and Durgapur TPS of DVC

(Rs. in lakh/MW)

Year	Talcher TPS	Tanda and Chandrapura TPS	Badarpur, Bokaro and Durgapur TPS
2009-10	32.75	26.25	31.35

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2010-11	34.62	27.75	32.25
2011-12	36.60	29.34	33.17
2012-13	38.70	31.02	34.12
2013-14	40.91	32.79	35.09

(c) Open Cycle Gas Turbine/Combined Cycle generating stations

(Rs. in lakh/MW)

Year	Gas Turbine/ Cycle generating stations other than small turbine	Combined gas power	Small gas turbine power generating stations	Agartala GPS
(1)	(2)	(3)	(4)	(4)
2009-10		14.80	22.90	31.75
2010-11		15.65	24.21	33.57
2011-12		16.54	25.59	35.49
2012-13		17.49	27.06	37.52
2013-14		18.49	28.61	39.66

(d) Lignite-fired generating stations.....”

6. The norms for Operation & Maintenance Expenses cover various expenses such as employee cost, repair & maintenance cost, station overheads including the charges for water intake into the power station. The O&M expenses norms for 2009-14 are based on actual O&M expenditure of 2004-05 to 2007-08. The Tariff Regulations 2009 provide for an escalation of 5.72% per annum in O&M Expenses during 2009-14. The escalation rate of 5.72% was arrived at based on the WPI & CPI data for the previous period.
7. It is submitted that the water charges for a generating Station are levied by the respective state government/ state government agencies where the station is located. The state governments have resorted to and will be resorting to manifold increase in water charges. The increase by the State Government is resorted to for increasing the revenue of the state and also to charge for the

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national natural resource. The escalation rate provided in the Regulations is expected to cover the normal escalation in prices/ costs of various components including water charges. Any abnormal / unnatural increase in any cost component which is beyond the reasonable control of the utility cannot be covered by the normal escalation factors.

8. In the recent past, the state governments of Orissa, Chhattisgarh & Madhya Pradesh have resorted to abnormal increase in water charges. The increase in water charges in respect of Stations located in these states is tabulated below:

Sl. No.	Station	Increase effective from	Existing Water Charges		Revised Water Charges		% increase	Annual impact (Rs.Cr.)
			Rate in Rs/m3	In RsCrs/ annum	Rate in Rs/m3	In Rs Crs/ annum		
1	Korba-I&II	01.05.2010	3.60	22.32	7.00	43.40	94%	21.08
2	Sipat-II	01.05.2010	3.60	12.96	7.00	25.20	94%	12.24
3	Talcher-I*	01.10.2010	0.55	1.96	4.50	16.07	718%	14.11
4	Talcher-II*	01.10.2010	0.55	3.93	4.50	32.14	718%	28.21
5	TTPS	01.10.2010	0.55	0.77	4.50	6.54	718%	5.77
6	Vindhyachal**	01.01.2010 & 01.01.2011	2.00	28.56	4.5	64.26	125%	35.70

*Based on allocated quantity of 120 cusec (for the year 2012-13) for combined Station (Talcher-I & Talcher-II). For the year 2010-12, this amount is Rs. 29.98 for 85 cusec for combined Station.

** For Stage-I, II & III as a whole

9. As indicated above, the increase is in the range of 94% to 718%. This abnormal increase has not been envisaged either by the petitioner while furnishing the base O&M data or by the Hon'ble Commission while finalizing the O&M charges and the escalation rates for the tariff period 2009-14.
10. The above increase has been affected through issuance of notifications by the respective State governments and is beyond any control of NTPC. The increase is far above the 5.72% p.a. escalation allowed in tariff. The total annual impact of the increase of water charges in these 6 stations as at present is Rs. 119.04 Crs. It is also submitted that the above increase in water charges indicated above is due to increase in rate by the respective State Governments and is not due to increase/ decrease in the water consumed in relation to PLF since the water charges are levied on the allocated quantity. There is no way

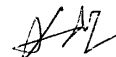
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that the Generator can absorb this steep hike in O&M expenditure allowed in tariff which are based on past actuals.

11. In the facts and circumstances mentioned above, there is a good and sufficient cause for the Hon'ble Commission to allow the recovery of additional water charges incurred by the Petitioner as mentioned hereinabove from the beneficiaries.
12. The Hon'ble Commission under Regulation 44 of the Tariff Regulations, 2009, has the power to relax the provisions of Regulations. Accordingly, the Petitioner is praying that additional cost incurred in respect of the increase in water charges over and above as allowed for O&M expenditure be permitted to be billed and recovered additionally from the beneficiaries as an additional component under O&M Expenses from the Respondents.
13. **Prayer:**

It is respectfully prayed that the Hon'ble Commission may be pleased to

- (i) Allow the Petitioner to bill and recover the additional cost incurred in respect of the increase in water charges over and above as allowed for O&M expenditure from the Respondents as an additional component under O&M Expenses.
- (ii) Pass any other order in this regard as the Hon'ble Commission may find appropriate in the circumstances mentioned above.



(Petitioner)

New Delhi

26th April, 2011

