

**JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Coram
Dr. V. K. Garg, Chairperson
Shri R.K. Sharma, FIE, Member

Petition No....45/ 2011

In the matter of

Petition for review of order dated 06.08.2011 passed by the Hon'ble Commission in the matter of determination of tariff for Puducherry Power Corporation Limited (PPCL) Gas Power Station (32.5 MW) for the year FY 2011-12.

And in the matter of

Puducherry Power Corporation Limited (PPCL)..... Petitioner

And

Electricity Department, Puducherry..... Respondent

Present

For Petitioner

1. R.Santosh, Executive Engineer, PPCL.
2. N.Kennady, Manager (Acts), PPCL.
3. Anand K Ganeshan, Advocate.

For Respondent

1. T.Chanemougam, Electricity Department Puducherry.

ORDER

03.11.11

This Petition is brought by Puducherry Power Corporation Limited (PPCL) to review order dated 06.08.2011 passed by this Commission for determination of tariff for PPCL Gas Power Station (32.5 MW) for FY 2011-12 in Petition No. 18/2010. The Commission after hearing the petitioner & going through the tariff petition and its order under review, observes as under:

Station Heat rate:

As per JERC(Terms and Conditions for determination of Tariff) regulations, 2009, while determining the cost of generation, the Commission shall be guided, as far as feasible, by the principles and methodologies of CERC. Accordingly only Gross Station Heat Rate is

to be considered where ever applicable. In their petition they have used the term Station Heat Rate. Accordingly the Commission has interpreted the same as Gross heat Rate and is also endorsed by the following facts:

Vide para 4.7, of the tariff petition, the petitioner sought a Gross heat rate of 2400 Kcal/kwh, quoting Assam as precedence. Vide para 6.1 of the tariff petition, the petitioner has considered the formula of energy charge as specified in CERC regulation 2009, which is based on Gross Station Heat Rate. In format 2 G annexed with the tariff petition the actual Station Heat Rate for the period April to June 2010 and July to September 2010 has been submitted as 2477.11 and 2378.05 respectively and demanded Gross Station Heat Rate of 2400 kcal/kwh as mentioned above, indicating that all the figures of Station Heat Rate being referred to are Gross.

The Commission did not accept as credible the clarification furnished by the petitioner vide their letter No. 295/PPCL/MD/2010-11, dated 18.05.2011 indicating the revised Gross station heat rates without any supporting document, data etc. and further introducing another term as 'Normal Heat Rate' which has no relevance to the CERC tariff regulations, rather is misleading.

From the clarifications made by the petitioner now in their review petition dated 15.09.11, additional affidavit dated 21.10.11, arguments during the hearing and other data obtained from the petitioner and its analysis, the Commission is satisfied that the Gross Station Heat Rate as submitted by the petitioner vide their clarification dated 18.05.11 is in order.

Accordingly the Commission on review, approves Gross Station Heat Rate of 2400 kcal/kwh for the year 2011-12 instead of 2250 kcal/kwh as approved earlier in tariff order dated 6.08.11.

The revised energy charge and interest on working capital (revised as a consequence of revised ROE)

Energy Charges

| Sl.No | Item (Unit) | Approved by the Commission vide order dated 06.08.2011 | Allowed by the Commission on review |
|-------|--|--|-------------------------------------|
| 1 | Gross Generation (MU) | 257 | 257 |
| 2 | Auxiliary Consumption (%) | 5.50 | 5.50 |
| 3 | Net Generation (MU) | 242.87 | 242.87 |
| 4 | Station Heat Rate (K.Cal./KWH) | 2250 | 2400 |
| 5 | Calorific Value of Gas (K.Cal./SCM) | 10306 | 10306 |
| 6 | Overall Heat from Gas (G.Cal) = (4*1) | 578250 | 616800 |
| 7 | Actual Gas Consumption (1000 SCM) = (6*1000/5) | 56108.09 | 59848.63 |
| 8 | Price of Gas (Rs./1000 SCM) | 8249.56 | 8249.56 |
| 9 | Total Fuel Cost (Rs, Lacs)=(7*8/1,00,000) | 4628.92 | 4937.25 |

| | | | |
|----|---|------|------|
| 10 | Fuel Cost/Unit Gross (Rs / KWH)= (9/1) | 1.80 | 1.92 |
| 11 | Fuel Cost/Unit Net (Rs / KWH)= (9/3) (Energy Charge) | 1.91 | 2.03 |

Interest on Working Capital

(Rs.Crore)

| Sl.No | Working Capital | Approved by the Commission vide order dated 06.08.2011 | Allowed by the Commission on review |
|-------|---|---|---|
| | Item | | |
| 1 | Fuel Cost (One Month) (Limited to generation corresponding to NAPAF as per CERC Regulation) | 3.73 | 4.02 |
| 2 | Maintenance spares 30% of O & M expenses | 2.50 | 2.50 |
| 3 | Receivables for two months equivalent amount | 11.91 | 11.91 |
| 4 | O&M expenses for One month | 0.69 | 0.69 |
| 5 | Total Working Capital | 18.83 | 19.12 |
| 6 | Rate of Interest (%) | 12.25 | 12.25 |
| 7 | Interest on working Capital | 2.31 | 2.34 |

Capital Cost

Nothing new has been pointed out by the petitioner. The petitioner failed to produce any documents related to approval of competent authority of Rs.146.45 Crore as capital cost. The Commission finds no merit for review.

Return on Equity

Though the petitioner requested for return on equity (ROE) at 23.481%, they did not give any documentary evidence to the effect that the tax holiday which they had been enjoying earlier, had expired. However, in view of the clarification now given in their review petition, the Commission finds it appropriate to reconsider. The Commission approves ROE at the rate of 23.481% instead of 19.36% as allowed earlier.

Therefore the return on equity works out to Rs. 9.7 Crs. As against Rs. 8.00 Crs. Approved earlier.

Normative Annual Plant Availability Factor

Nothing new has been pointed out by the petitioner. The petitioner had been achieving more than 90% PLF in the past. The Commission finds no merit for review.

Auxiliary Power Consumption

Nothing new has been pointed out by the petitioner. The Commission finds no merit for review.

On account of above review the revised charges are as given in table below.

Summary of revised Capacity charges (Fixed cost) and Energy charges

| Sl.No | Item | Approved by the Commission vide order dated 06.08.2011 | Allowed by the Commission on review |
|-------|-------------------------------------|--|-------------------------------------|
| 1 | Gross Generation (MU) | 257.00 | 257.00 |
| 2 | Net Energy Generation (MU) | 242.87 | 242.87 |
| | Capacity Charges (Rs. Crore) | | |
| 3 | Depreciation | 6.37 | 6.37 |
| 4 | interest on loan | 0.17 | 0.17 |
| 5 | Return on equity | 8.00 | 9.70 |
| 6 | O & M expenses | 8.32 | 8.32 |
| 7 | Interest on working capital | 2.31 | 2.34 |
| | Total Capacity Charges | 25.17 | 26.90 |
| 8 | Fuel cost (Rs.Crore) | 46.2892 | 49.3725 |
| 9 | Energy charges (Gross) Rs./KWH | 1.80 | 1.92 |
| 10 | Energy charges (Net) Rs./KWH | 1.91 | 2.03 |

The review petition is accordingly disposed off.

sd/-
(R. K. Sharma)
Member

sd/-
(Dr. V.K. Garg)
Chairperson

Certified copy

(R.K.Malik)
Secretary

