



## ASSAM ELECTRICITY REGULATORY COMMISSION

FILE NO. AERC. 335/2010/C/Pt-I

PETITION NO. 02/2012

### ORDER SHEET

18.05.2012

Before the Assam Electricity Regulatory Commission

ASEB Campus, Dwarandhar,  
G. S. Road, Sixth Mile, Guwahati – 781 022

Petition No. 02/2012

Assam Power Generation Corporation Limited

— Petitioner

In the matter of

Review petition filed by Assam Power Generation Corporation Limited under Section 94 (f) of the Electricity Act, 2003 read with Regulation 34 (1) of the AERC (Conduct of Business) Regulations, 2004, seeking review and / or modification of Commission's MYT order 2010-13 dated 16<sup>th</sup> May 2011.

#### CORAM

**Shri J. Barkakati, Chairperson**

**Dr. R. K. Gogoi, Member**

**Shri T. Chatterjee, Member**

#### ORDER

1. The present review petition was filed by the petitioner seeking review and modification of the Tariff Order dated 16/05/2011 of the Commission, for the control period from FY 2010-11 to 2012-13 on the following issues pertaining to:
  - (i) Station Heat Rate
  - (ii) Fuel Costs
  - (iii) Auxiliary Consumption and
  - (iv) Depreciation.
2. Assam Power Generation Corporation Limited had filed its petition under Multi Year Tariff for approval of the Annual Revenue Requirement for the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March 2013, True up of period from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2009, in accordance with the Assam Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2006.
  - 2.1 The petitioner filed the petition for truing up of ARR for FY 2007-08 and FY 2008-09 and determination of ARR for the control period

FY 2010-11 to 2012-13 on 10/02/2010 (Petition No. 5/2010) under Section 62 of the Electricity Act, 2003. The Petitioner here is praying for review of the order passed by the Commission on 16<sup>th</sup> of May, 2011.

2.2 The present petition was filed on 14<sup>th</sup> July, 2011 to review the order passed in Petition No. 5/2010.

The Commission examined the petition carefully and admitted the petition on 04.04.2012. The Commission then took up a hearing on 25.04.2012 in its office at Six Mile after due notice to the petitioner.

Shri K. Phatowali, CGM (Generation), Shri M.K. Sarma, DGM (Generation), Shri J.K. Saud, AGM (Generation), Shri Amit Kar, AGM (F&A) APGCL and A.K. Safiqur Rahman, A.O., APGCL appeared on behalf of the petitioner in the hearing.

Chairperson, AERC initiated the hearing with a brief background of the petition of APGCL and directed the petitioner to submit their case. The petitioner reiterated the grounds on which review and modifications were sought for. The Commission heard the petitioner and recorded the submissions made. The submissions made by the petitioner along with the Commission's analysis and decisions arrived at are discussed in the following paragraphs issue-wise:

**1. Station Heat Rates and Fuel Costs approved for NTPS and LTPS for the control period FY 2010-11 to FY 2012-13**

**Submission of APGCL**

APGCL submitted that the Commission approved the station heat rate, after prudent check against station heat rate profiling submitted in the tariff petition for FY 2010-11 to 2012-13, but the unit wise design heat rate of NTPS and LTPS, considered in the station heat rate profiling are guaranteed by the manufactures on NCV basis and hence requested to approve station heat rates on GCV basis, considering the conversion factor of 1.11 from NCV to GCV.

APGCL also mentioned that CERC fixed the operational norms of small gas turbine (less than 50 MW) dated 25/09/2002 and approved gross station heat rate on GCV basis for other than NEEPCO's power plants as follows:

Open cycle operation	3125 Kcal/kWh
Combine cycle operation	2030 Kcal/kWh

For the existing NEEPCO's Assam Gas Based Project (291 MW) at Kathalguri, the heat rate norms for the open cycle operation and combined cycle operation are allowed as follows:

Open cycle operation	3225 Kcal/kWh
Combine cycle operation	2250 Kcal/kWh

For the existing NEEPCO's Agartala Gas Based Plant (84 MW), at Ramachandranagar, the following heat rate norms for open cycle operation is allowed.

Open cycle operation	3580 Kcal/kWh
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Thus APGCL pleaded for review of station heat rates of the NTPS and LTPS stations, (i) considering the approved station heat rate on NCV based and multiplying it by 1.11 to make it GCV based heat rate. (ii) taking into consideration the CERC fixed operational norms of small gas turbine (less than 50 MW) and approved gross station heat rate on GCV basis for NEEPCO's gas based power plants.

It is also pleaded to revise the fuel costs accordingly.

### **Commission's Analysis and Decision**

The Commission has carefully considered the submission made by the petitioner for review and decides as follows:

The Commission approved the GSHR for NTPS and LTPS for the control period FY 2010-11 to FY 2012-13, according to the Regulation 39.3 (iii) of AERC Regulations (Terms and Conditions for Determination of Tariff), 2006 as under:

- (i) NTPS – 3266 Kcal/kWh
- (ii) LTPS - 3658 Kcal/kWh for FY 2010-11, 3211 Kcal/kWh for FY 2011-12 and 2870 Kcal/kWh for FY 2012-13, suitably modifying on the basis of the heat rate as per Regulations and the projected generation of WHRU for these years.

The Commission approved the SHR (specifically stating as Gross Station Heat Rate) of the stations in the Regulation 39.3 (ii) of Assam Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2006. The Regulations were issued considering all the relevant material on record. In the CERC (Terms and Conditions for Determination of Tariff) Regulations, 2009, the approved Gross SHR for Assam Gas based Power Station (Combine cycle) is 2400 Kcal/kWh, this is less than the GSHR (3266 Kcal/kWh) approved for NTPS. For Agartala Gas based Power Station, the GSHR approved in the CERC Regulations, 2009 is 3500 Kcal/kWh. This is also less than GSHR (3658 Kcal/kWh) approved for LTPS.

In view of the above, the Commission's considered view was that there is no need for a review of the GSHR, which have already been approved for the stations of APGCL and consequently the fuel costs approved for the control period.

## **2. Station Heat Rates and Fuel costs for the years FY 2007-08, FY 2008-09 for truing up purpose**

### **Submission of APGCL**

APGCL, in its petition requested for review of the station heat rates and fuel costs for truing up for FY 2007-08 and FY 2008-09 on the same grounds as mentioned above for the control period FY 2010-11 to FY 2012-13.

### **Commission's Analysis and decision**

On the same grounds, as mentioned for item NO. 1 above, for the control period FY 2010-11 to FY 2012-13, the Commission considers that there is no need for review of GSHR, which have already been approved for the stations and the fuel costs approved for the years FY 2007-08 and FY 2008-09.

### **3. Auxiliary consumption of Namrup Replacement Project for FY 2012-13**

#### **Submission of APGCL**

APGCL, in the review petition, requested for review of the auxiliary consumption for Namrup Replacement Project for FY 2012-13, and to approve auxiliary power consumption of 6.2%. APGCL quoted Regulation 39.5(ii) of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006, in the article: 39.5(ii), where in it is stated that, where gas booster compressor is utilized, the Commission may allow higher rate of auxiliary consumption, due to technological requirements as per approved DPR.

Based on the above salient points, APGCL requested for approval of revised auxiliary consumption of 6.2% for FY 2012-13, for Namrup Replacement Project, as per approved DPR where gas booster compressor will be utilized.

#### **Commission's Analysis and Decision**

The Commission has carefully considered the submission in true and proper perspective and decided as here under:

The Commission approved auxiliary consumption of 4.5% for Namrup Replacement Project for FY 2012-13, in line with that for existing NTPS station (as per the provisions of the Regulation 39.5(iii) of Tariff Regulations, 2006).

According to "the Technical Standards on operation norms for CCGT stations" by the CEA, auxiliary consumption of 4.0% is allowable for simple cycle operation with electric driven gas boosters and 5.5% for combined cycle operation with electric driven gas boosters.

With regard to allowing Auxiliary Power Consumption @ 6.2% for Namrup Replacement Project, the Commission may consider any review in the Tariff Order for FY 2012-13 after entire details of Performance Guarantee Tests are made available for the plant, which is expected to come into commercial operation in 2012-13 (January 2013).

### **4. Depreciation**

#### **Submission of APGCL**

APGCL pleads that where the Government grants are of the nature of promoter's contribution (i.e) they are given with reference to the total investment in an undertaking or by way of contribution towards its capital outlay, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income. Also, the Government grants are to be converted as equity share of the owner of the company. Since APGCL is a Government company, Government grants towards cost of capital assets are contribution of the owner / promoter (i.e State Government) towards capital of the company.

Funds brought in by the 'owner' cannot be construed as meeting a portion of the cost. Hence, in terms of AS-12 Government grants have been treated as capital receipt and taken to capital reserve and treated as part of shareholders funds.

It is also stated by APGCL that it has repaid loans to extent of Rs. 39.95 crore during FY 2010-11, and as depreciation are allowed to meet the repayment of loan, the depreciation should be allowed as claimed.

The depreciation allowed was only Rs. 22.64 crore for FY 2010-11, against its claim of Rs. 41.28 crore.

### **Commission's Analysis and Decision**

The Commission has carefully considered the submission of the petitioner and decides as here under:

The contention of APGCL is that the contribution of the Government is towards capital of the company as owner / promoter.

If it is so, then it should be either share capital or share deposit. The balance sheet for FY 2009-10 does not reflect any increase in the share capital or share deposit. Any contribution towards equity should be declared by the State Government, the owner of the company and shall declare the induction of amount as additional equity in the company. The company cannot consider the amount of grants released by the Government for works as equity inducted.

**Hence the decision of the Commission in the Tariff Order does not warrant reviewing of its earlier decision in this regard.**

**With the above decisions and observations on the issues submitted for review, the review petition of APGCL stands disposed of.**

Sd/-  
(T. Chatterjee)  
Member, AERC

Sd/-  
(Dr. R. K. Gogoi)  
Member, AERC

Sd/-  
(J. Barkakati)  
Chairperson, AERC