



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
HYDERABAD.**

5th Floor, Singareni Bhavan Lakdikapul Hyderabad 500004

I. A. No. 33 of 2018
in
O. P. No. 26 of 2016

Dated: 03.01.2019

Present: Sri Ismail Ali Khan, Chairman.

Between:

Telangana State Power Generation Corporation Limited,
Vidyut Soudha, Hyderabad – 500 082. Applicant / Petitioner.

AND

1. Southern Power Distribution Company of Telangana Ltd.,
Corporate Office, # 6-1-50, Mint Compound,
Hyderabad – 500 063.
2. Northern Power Distribution Company of Telangana Ltd.,
H. No. 2-5-31 / 2, Corporate Office, Vidyut Bhavan,
Nakkalgutta, Hanamkonda, Warangal – 506 001. Respondents.

This application came up for hearing on 06.09.2018 and 29.09.2018. Sri. K. Anandam, Chief Engineer (Coal & Comml.) for TSGENCO for the petitioner appeared on 06.09.2018 and 29.09.2018. Sri. Y. Rama Rao, Standing Counsel for the respondents along with Ms. M. Pravalika, Advocate appeared on 06.09.2018 and 29.09.2018. The application having stood over for consideration to this day, the Commission passed the following:

ORDER

The Telangana State Power Generation Corporation Limited (TSGENCO), who is the petitioner in the above said original petition, has now filed an application seeking amendment of the tariff order dated 05.06.2017 and for inclusion of NSTPD

cost of Rs. 839.92 Crs. in NSPH complex towards additional capitalization along with other prayers.

2. The applicant stated that the original petitioner herein had been filed a petition for the determination of generation tariff for the 3rd control period for FY 2014-2019 for supply of electricity to the distribution licensees under section 62 of Act, 2003. The generation tariff was filed on 30.11.2016 and numbered as O. P. No. 26 of 2016. Subsequently, generation tariff order has been issued on 05.06.2017.

3. The applicant stated that the generation tariff order has been passed for the 3rd control period for FY 2014-2019 in which the capital cost of Nagarjuna Sagar Tail Pond Dam (NSTPD) for an amount of Rs.648.31 Cr is not allowed in NSHES Complex as additional capitalization since reverse pumping mode has not become operational while issuing of generation tariff order.

4. The applicant has stated that the Commission had observed in the generation tariff order that the capital cost of NSTPD towards the additional capital expenditure for an amount of Rs.648.31 Cr of (Rs.40.5 Cr for FY 2014-15 and Rs.607.81 Cr. For FY 2015-16) total claim of Rs.655.52 Cr and it is not allowed as additional capitalization in NSHES complex since the asset is not ready for use and the same is treated as capital work in progress (CWIP) and the balance claim of Rs.7.21 Cr towards the additional capital expenditure in respect of Nagarajuna Sagar Complex.

5. The applicant stated that the Commission has further observed that TSGENCO is directed to approach the Commission for inclusion of NSTPD cost in NSHES complex as additional capitalization when reverse pumping mode becomes operational.

6. The applicant stated that subsequently, the reverse pumping mode trial run operation of NSTPD (II to VIII Units) has been successfully carried out by TSGENCO during the month of January, 2018. The Units have taken into pump mode operation on regular basis as per the instructions of SLDC from 03.02.2018. The details of reverse pump mode operation are tabulated below.

Commencement of Reverse Pump Mode Trial Run Operation

Sl. No.	Unit No.	Date	From	To
1	Unit 2	23.01.2018	18:58	19:58
2	Unit 3	29.01.2018	17:34	18:40
3	Unit 3	30.01.2018	21:04	21:42
4	Unit 4	30.01.2018	16:37	17:01
5	Unit 5	30.01.2018	12:21	12:26
6	Unit 6	22.01.2018	16:00	16:09
7	Unit 6	23.01.2018	11:42	11:46
8	Unit 7	18.01.2018	17:34	17:56
9	Unit 7	18.01.2018	19:27	20:04
10	Unit 7	30.01.2018	20:51	21:35
11	Unit 8	01.02.2018	19:48	20:41

7. The applicant stated that the capital expenditure towards NSTPD for an amount of Rs. 839.92 Cr, in which for an amount of Rs.648.31 Cr is kept under capital work in progress (CWIP) for the FY 2014-15 and FY 2015-16 and the balance of Rs.191.61 Cr towards the additional capital expenditure including IDC for the FY 2015-16 (62.41 Crs), FY 2016-17 (61 Crs), FY 2017-18 (45.70 Crs) and FY 2018-19 (22.5 Crs).

8. The applicant stated that cost towards additional capital expenditure for an amount of Rs. 7.21 Cr in respect of NSHES complex for the FY 2014-15 and FY 2015-16 is not included under the head of additions in respect Nagarjuna Sagar Complex for finalization of Gross Fixed Asset. The Commission is requested to allow the capital cost of Rs. 839.92 Crs towards NSTP dam in NSHES complex as an additional capitalization and the additional capital expenditure for an amount of Rs. 7.21 Cr in respect of NSHES complex. The revised fixed charges has been computed in respect of NSHES complex for FY 2017-18 and FY 2018-19 with the consideration of additional capital expenditure for amount of Rs.847.13 Cr.

9. The applicant sought the following reliefs in the application.

- i. Accept the application on record for inclusion of NSTPD cost of Rs. 839.92 Crs. In NSPH complex towards additional capitalization and the cost towards additional capital expenditure for an amount of Rs.7.21 Cr in respect of NSPH complex and determination of tariff in respect of NSHES complex.

- ii. Approve the additional capital cost required for completion of NSTPD for the FY 2018-19 of Rs.22.5 Cr.
- iii. Approve the NSTP dam capital cost of Rs.839.92 Cr in NSHES complex towards additional capitalization and the cost towards additional capital expenditure for an amount of Rs.7.21 Cr in respect of NSHES complex.
- iv. The Commission is requested to allow the additional capitalization towards NSTP Dam in NSHES complex and determine the revised fixed charges in respect of NSHES complex since reverse pumping mode operation has been successfully carried out in seven units of NSPH.

10. The distribution licensees upon notice did not choose to oppose the application. Therefore, the application was directed to be listed for hearing.

11. I have heard the officers of the applicant / petitioner and the counsel for the respondents. The submissions made on the date of hearing as recorded by me in the daily orders are reproduced below before I proceed to express my view in the matter.

29.09.2018

“ The representative of the petitioner stated and sought to explain that the tariff order passed by the Commission, while determining the tariff for the control period 2014-2019, has considered certain projects as work in progress and did not allow the capitalization of the asset, thereby enabling recovery of the tariff for the said project. The Commission also required the petitioner to approach the Commission as and when the project is ready. The Commission sought to know why completed cost of the project is filed or why it is not awaiting filing of true up petition for consideration of this project. The representative of the petitioner pointed out that the present petition is pursuant to the directions of the Commission only and prayed for orders to be passed in the matter. The counsel for the respondents stated that the Commission may decide the matter, which the respondents will abide by the order of the Commission.”

12. Considering the application and the request made by the applicant / petitioner, in view of the concession made by the respondents, it was felt necessary that certain

data and information are required for finalizing the order. Accordingly, the office of the Commission addressed a mail to the applicant / petitioner on 06-11-2018. The following information and data was sought for.

- 1). Details and supporting documents for the capital cost of Rs. 839.92 Crores
- 2). Reverse pumping mode trail run records
- 3). Generation details
- 4). Details/supporting documents for TSGENCO share in CWIP as on 02.06.2014.

Further the TSGENCO was asked to submit reasons for delay in completion of project. Accordingly the TSGENCO has submitted the required information along with reasons for delay and submitted the presentation on 29.12.2018.

13. After receipt of the information and data as desired by the Commission, the same has been examined. Based on such examination, the finding of the Commission is discussed in the subsequent paragraphs.

14. The Commission in its order dated 05.06.2017 has considered an amount of Rs.648.31 Cr (Rs.40.5 Cr for FY 2014-15 and Rs.607.81 Cr for FY 2015-16) towards the capital cost of Nagarjuna Sagar Tail Pond Dam (NSTPD) as Capital Work In Progress (CWIP). This cost was not allowed in additional capitalisation for FY 2014-15 and FY 2015-16 because the asset was not ready for use and the same was treated as capital work in progress.

15. The applicant has claimed capital cost of Rs. 839.92 Crores towards additional capitalisation for NSTPD cost to be included in NSHES Complex, on examination of data and after prudent check the Commission provisionally approves an amount of Rs. 809.73 Crores, which does not include Rs. 22.50 Crores (additional expenditure proposal of applicant for FY 2018-19). Since, the applicant proposes to incur the above additional expenditure for an amount of Rs. 22.50 Crores during FY 2018-19, the Commission directs the applicant to file the completed capital cost of this NSTPD along with KPPP-Stage-II, Pulichintala HES and Lower Jurala HES.

16. In so far as the claim of Rs. 7.21 Crores as sought in this application, was already dealt at Page No 28 of Generation Tariff Order for the 3rd control period

dated 05.06.2017 under the heading additional capital expenditure of Nagarjuna Sagar HES at Table No 4.2. Hence, the present request is not being considered.

17. In view of the above discussion, the Commission amends the Fixed Cost per unit for Nagarjuna Sagar HES Complex at Table No.4.20 in Page No 54 of Generation Tariff Order for the 3rd control period dated 05.06.2017 as below and the details of Components of Fixed charges are given in the Annexures.

S.No	Nagarjuna Sagar HES Complex	Tariff as per Generation Tariff order for 3rd Control Period 2014 – 2019 Dt 05-06-2017 (Rs/unit)	Provisional Tariff on approval of additional capital cost of NSTPD in Nagarjuna Sagar Complex HES (Rs/unit)
1	FY 2017-18	1.28	1.33 (Applicable for Feb & March-2018).
2	FY 2018-19	1.27	1.49

The order is corrected and signed on this 3rd day of January, 2019.

**Sd/-
(ISMAIL ALI KHAN)
CHAIRMAN**

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ANNEXURE – I

CAPITAL COST OF NSTPD DETAILS

(Rupees in Crores)

Sl.No.	Description	Total (as per petition)	Dam Cost	IDC	Total (as per addl. data furnished)	Provisional approval
I	NSTPD Assets as per Demerger Plan (CWIP Ration @ 71:29) as on 02.06.2014	40.50			40.50	40.50
II	NSTPD Dam Capitalised in the year 2017-18	776.92	449.08	320.15	769.23	769.23
III	Total NSTPD (Assets + Dam Cost) As per books of accounts	817.42			809.73	809.73
IV	Additional Capitalisation for the FY 2018-19	22.50	22.50	-	22.50	0
	Total NSTPD (Assets + Dam Cost)	839.92			832.23	809.73

ANNEXURE - II

FIXED COST PER UNIT

S.No	Nagarjuna Sagar HES Complex	RoCE	Depreciation	O&M	Fixed Charges	Fixed cost
		(Rs in Crores)				(Rs. per unit)
1	FY 2017-18	73.03	34.18	57.27	164.48	1.33
2	FY 2018-19	162.66	47.28	59.56	269.50	1.49