

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

Coram
Dr. V.K. Garg, Chairperson
Sh. S.K.Chaturvedi, Member
Petition No. 89/2012

In the matter of

Petition for approval of complete/ actual capital cost of project and Tariff of the petitioner- a Power Generating Company under Regulations 3(2)(a), 3(4), 12 and 36 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Terms and Conditions for determination of Tariff) Regulations, 2009 read with section 62(1) (a) and 63 of the Electricity Act, 2003.

And in the matter of

M/s Suryachakra Power Corporation Ltd.
Suryachakra House,
Plot No. 304-L-III, Road No.78,
Film Nagar, Jubilee Hills,
Hyderabad- 500096

Vs.

1. Electricity Department,
Rep. by its Superintending Engineer,
Port Blair, Andaman & Nicobar Islands.

2. Chief Secretary,
Andaman & Nicobar Administration Secretariat, Port Blair,
Port Blair, Andaman & Nicobar Islands.

Present

Petitioner

1. Dr. S.M. Manepalli, MD, Suryachakra Power Corporation Ltd.
2. Shri K. Vijay kumar, Executive Director, Suryachakra Power Corporation Ltd
3. Shri Biji George, GM (OP), Suryachakra Power Corporation Ltd.
4. Shri B. Obulapathi, Sr. Manager, Suryachakra Power Corporation Ltd.
5. Shri Sakesh Kumar, Advocate, Suryachakra Power Corporation Ltd.
6. Shri Rohit Rao. N, Advocate, Suryachakra Power Corporation Ltd.

Respondents

1. Shri Jalaj Shrivastava, PR. Secretary (Power), ED- Andaman & Nicobar Islands.
2. Shri Anand Behari, S.E., ED- Andaman & Nicobar Islands.

3. Shri K. Madhava Rao, AE, IPP, ED- Andaman & Nicobar Islands.
4. Shri M. Jagannathan, AE, ED- Andaman & Nicobar Islands.
5. Shri Arvind Tewari, Consultant, ED- Andaman & Nicobar Islands.
6. Shri Anup Kesari, Intern., ED- Andaman & Nicobar Islands.
7. Shri R. Balasubramanian, Advocate, ED- Andaman & Nicobar Islands.

Order

15.01.2013

Heard. Admitted.

M/s Suryachakra Power Corporation Ltd. filed data & information on 10.01.2013 as directed in the Commission order dated 17.12.2012. ED- Andaman & Nicobar – Respondent filed reply dated 11.1.2013 received in the Commission on 11.01.2013 in regard to the petition. The petitioner filed rejoinder to the reply dated 14.01.2013 received in the Commission on 14.01.2013.

The Commission looked at the process of determination of the cost of completed project for generation of 20 MW power through 4 DG sets of 5 MW capacity each by various agencies as ascertained from various documents submitted before the Commission. It is relevant to refer to the Minutes of the Joint Meeting of the Respondent and the Petitioner held on 17.04.2012 where both parties were present, took a cumulative stock of the development of the process, outcome of determination of cost of completed project and operational issues and the Minutes of the same have been duly approved by the licensee as well as the appropriate Government. As per the minutes, the CEA conveyed the completed cost of Rs. 80.38 Cr. in their letter dated 15.03.2012.

The Commission observed that the highest technical authority for the development of electricity sector in India i.e. Central Electricity Authority set up under Section 70 of Electricity Act, 2003, examined the cost over a period of 3 to 4 years. CEA in their first report referred to a Joint exercise done by a committee of A&N officers of Electricity Department and representative of the petitioner for computing completed cost of the project, based on the observations of M/s Karnataka Power Corporation Ltd. (KPCL), consultants appointed by the respondent. The completed cost of the joint exercise worked out to Rs. 76.14 Cr. It was further stated in the report on joint exercise that the increased expenditure on account of Audit & Accounts, IDC and preliminarily and capital issue expenses totaling of Rs. 8.82 Cr. needed commercial

experts opinion to arrive at the extent of admissibility for inclusion in the completed cost over and above Rs. 76.14 Cr. CEA after due verification of records produced to them they arrived at the total cost of Rs. 75.60 Cr as communicated to A&N Administration on 03/11/2010 without considering increase in the cost of establishment and IDC due to delays on account of force majeure and delays on account of A&N Administration as claimed by SPCL, pending comments of A&N Administration.

The Commission observed that subsequently CEA revised the total expenditure, taking into account extended gestation period, as recommended by A&N Administration, to Rs. 80.38 Cr. including IDC. However considering that the total amount of funds tied up for the project as worked out by CEA, to be Rs. 77.595 Cr. the completed cost was also limited to Rs. 77.595 Cr.(U.O. No. 1/AN/SS/Diesel/TPI/2011/1534 dated 16.05.2011).

The Commission also noted from the Minutes of the meeting held on 17.04.2012 referred above that CEA has conveyed the complete cost of Rs. 80.38 Cr. through their letter dated 15.03.2012. The said minutes also referred to a request made by the petitioner to the A&N Administration to consider the completed cost of Rs. 82.11 Cr. as final cost as per TANGEDCO (Second consultants to A&N Administration) recommendation dated 11.11.2011.

Thus, the Commission noted that the different figures of cost of the completed project were arrived at by the highest technical authority, namely, CEA and other agencies at different points of time ranging from 63.14 Cr. (at the time of signing of PPA), 75.60 Cr, 76.14 Cr., 77.595 Cr., 80.38 Cr. and 82.11 Cr.

The respondent was asked to explain how does a project gets COD and gets completed. The respondent replied that on the date of COD the generator generates and transmits power from the bus bar to the transmission line as per the contract but there are still a number of items called "bunch list" items which do not have a direct bearing on the COD of the project but a part of the project and need completion. Such works were completed after the date of COD and the expenditure was incurred on the same. The expenditure was to be incurred by the implementing agency because the first bill payment for the generation of the project becomes due after completion of one month or more and the realization may still take some time whereas all operational expenditures are to be incurred and the pending works need to be

completed and paid for. The respondent accepted that this is the ground reality in the project execution and agreed to examine the different components of expenditure spent on the project works after the date of COD. For this, the petitioner will provide the requisite details as asked by the respondent. Petitioner agreed to do the same.

The petitioner informed the Commission that all the necessary details and documents were provided to A&N Administration on various occasions earlier. The Commission directed the respondent to give a comprehensive list of documents required by them within 3 days namely by 18 Jan., 2013 to be furnished by the petitioner within 7 days namely by 25th Jan., 2013. The respondent are to submit the statement of cost of the completed project in the form of affidavit by 30th Jan., 2013 to enable the Commission to determine the final project cost and tariff thereon.

The Commission once again emphasized the guiding objective of maintaining uninterrupted power supply in the island in the interest of the consumers especially beginning February, keeping in mind the ensuing examination period. The Commission made it evidently clear that it is the joint obligation of both the petitioner and the respondent.

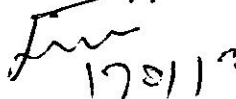
The Commission had strictly directed the parties to do their home work properly and not to ask for time extension as they have been corresponding for the last ten years. This is the last and final time being given. If they fail to reach any conclusion, Commission may issue necessary directions to both the parties as it may deem fit.

The matter is scheduled for hearing on 31.01.2013 at 11:00 AM.

Sd/-
(S.K.Chaturvedi)
Member

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

Certified Copy


17/01/13
(R.K. Malik)

Secretary

R. K. Malik
Secretary
Joint Electricity Regulatory Commission
For State of Goa and Union Territories
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