



**ORDER  
OF THE  
WEST BENGAL ELECTRICITY REGULATORY COMMISSION**

**IN CASE NO. OA-244/16-17**

IN REGARD TO THE PETITION FILED BY INDIA POWER CORPORATION LIMITED FOR APPROVAL OF CAPITAL EXPENDITURE OF 1x12 MW GENERATING UNIT AT DISHERGARH, DIST. BURDWAN UNDER THE PROVISION OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AS AMENDED FROM TIME TO TIME;

AND

REVISION OF OPERATING NORMS LAID DOWN UNDER SCHEDULE-9A OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011 AS AMENDED FROM TIME TO TIME

**PRESENT:**

**DR MALLELA VENKATESWARA RAO, CHAIRPERSON  
SRI PULAK KUMAR TEWARI, MEMBER**

**DATE: 19.06.2024**

### FACTS IN BRIEF

- 1.0 India Power Corporation Limited (IPCL) (formerly known as DPSC Ltd.) (hereinafter known as 'the petitioner') submitted an application under the provision of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011 with subsequent amendments (in short "Tariff Regulations") for approval of Final Project Cost for an amount of Rs. 8867.84 Lakh in respect of its 1x12 MW generating unit. Petitioner has also prayed for revision of operating norms laid down under Schedule-9A of the Tariff Regulations.
- 2.0 The petitioner in the instant Petition submitted that, it is a deemed licensee under section 14 of the Electricity Act 2003, distributing power over an area of supply of 618 sq. km in Asansol- Ranigunj belt of West Bengal. Petitioner used to meet a part of its power requirement from 12.2 MW generating Station at Dishergarh (DPS). Due to outdated technology and ageing of equipments its pollution level was high and West Bengal Pollution Control Board (WBPCB) advised the petitioner to take effective steps and finally in 2009 WBPCB order for closure of the unit. Accordingly, the petitioner proposed for setting up a 1x12 MW new power project at DPS with Atmospheric Fluidized Bed Combustion (AFBC) boiler by dismantling the boiler and few equipments of the old plant and utilizing the existing coal handling system and electrical system of the old plant. The petitioner applied for in-principle approval before the Commission with an estimated project cost of Rs. 5995 Lakh, which was accorded in Case No. WBERC/OA-111/10-11 dated 08.07.2011. Subsequently, the petitioner along with its petition for 2<sup>nd</sup> stage investment approval submitted a Detailed Project Report (DPR) of the proposed 1x12 MW unit at DPS. The Commission admitted the petition and approved an amount of Rs. 6654 Lakh including IDC towards 2<sup>nd</sup> stage investment approval in its order dated 14.02.2013 in case No. WBERC/OA/129/11-12. Petitioner submitted that, an additional amount of Rs. 2127.27 Lakh has been spent on development of critical coal & ash handling infrastructure, ESP, Effluent Treatment Plant, Boiler, Turbine & generator and auxiliaries and insurance spares. It is submitted that, few re-engineering works worth Rs. 86.57 lakhs are under progress. Accordingly, the petitioner has claimed approval for final project cost Rs. 8867.84 lakh (Rs. 6654.00 Lakh + Rs. 2127.27 Lakh + Rs. 86.57 Lakh).

#### **Direction to the petitioner (IPCL)**

- 3.0 The Commission in its Order dated 14.02.2013 in Case No. OA-129/11-12 ruled as under:

*"9.0 It is further ordered that:*

*i) DPSCCL shall submit all the documents within 15 days of contract agreement along with approval of their Board as detailed in tariff regulation 2.8.1.4.8 of the Commission. DPSCCL shall also submit all important applicable design performance parameters and Performance Guarantee Test Report within scheduled time as per regulations 2.8.1.4.9 and 2.8.1.4.10.*

*ii) DPSCCL shall follow all other applicable provisions of Tariff Regulations applicable for new units.*

*iii) On completion of the project for the purpose of capitalization, the actual project cost is to*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

*be got approved by the Commission along with actual interest during construction and all actual expenditure incurred or apportioned to the project cost on account of spares, supervision charges, transportation, insurance, tax, establishment charges, tools and plants, audit and accounts, maintenance and losses during construction and consultancy charges and also any actual expenditure met out of contingency. DPSCL is to provide the cost break-up showing the actual vis-à-vis estimation included in the total project cost as above.*

*iv) In case of escalation in project cost due to cost overrun, DPSCL shall justify the same and take due approval from the Commission before capitalization of assets.*

*v) In case of escalation in project cost due to time overrun with reference to the period mentioned in the contract agreement, DPSCL shall justify such time overrun and indicate the action taken as required under contractual agreement against such time overrun.*

*10.0 A compliance report in respect of all above directions shall be submitted to the Commission time to time.”*

#### **Submission of the petitioner (IPCL)**

**4.0** The petitioner (IPCL) submitted the compliance to the directions issued by the Commission as under:

**Direction i:** DPSCL shall submit all the documents within 15 days of contract agreement along with approval of their Board as detailed in tariff regulation 2.8.1.4.8 of the Commission. DPSCL shall also submit all important applicable design performance parameters and Performance Guarantee Test Report within scheduled time as per regulations 2.8.1.4.9 and 2.8.1.4.10.

**Compliance:** The petitioner submitted the compliance to the above direction as under:

*“In terms of Regulation 2.8.1.4.8 of the Tariff Regulations, IPCL submitted the following documents vide its letter no. RA/II/002/14-15/1209 dated 07<sup>th</sup> July, 2014:*

- a) Supply Contract with EPC Contractor dated 05.12.2011*
- b) Service Contract with EPC Contractor dated 05.12.2011*
- c) Supply Contract Amendment dated 12.09.2012*
- d) Plant Hand Over minutes of the Meeting dated 08.08.2012*
- e) Committee of Directors' minutes of meeting for approval of Project Cost dated 16.08.2013*
- f) Committee of Directors' minutes of meeting for approval of Project Cost dated 12.09.2013*
- g) Order copies placed with EPC Contractor dated 02.01.2012, 12.12.2012 and 12.09.2013.*
- h) Copy of Performance Guarantee Test Report*

*The Hon'ble Commission has acknowledged the receipt of the aforesaid documents vide letter no. WBERC/OA-129/11-12/0503 dated 12<sup>th</sup> August 2014...”*

**Direction ii:** DPSCL shall follow all other applicable provisions of Tariff Regulations applicable for new units.

**Compliance:** The petitioner submitted the compliance to the above direction as under:

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

*"Applicable provisions of Tariff Regulations are being followed and intimated to the Hon'ble Commission from time to time."*

**Direction iii:** On completion of the project for the purpose of capitalization, the actual project cost is to be got approved by the Commission along with actual interest during construction and all actual expenditure incurred or apportioned to the project cost on account of spares, supervision charges, transportation, insurance, tax, establishment charges, tools and plants, audit and accounts, maintenance and losses during construction and consultancy charges and also any actual expenditure met out of contingency. DPSC is to provide the cost break-up showing the actual vis-à-vis estimation included in the total project cost as above.

**Compliance:** The petitioner submitted the compliance to the above direction as under:

*"Vide our letter dated RA/II/002/13-14/1179 dated 16.04.2014, we submitted the break up of total cost incurred in setting up of our 1x12 MW as on the date of starting of Commercial Operation, i.e. on 25.09.2012 as Rs. 69.50 Crores including preoperative expenses of Rs. 4.32 Crores. However, the Hon'ble Commission informed us vide letter no. WBERC/OA-129/11-12/II/0105 dated 29.04.2014 that our submission is not in accordance with the direction given in para 9.0 of the order dated 14.02.2013..."*

**Direction iv:** In case of escalation in project cost due to cost overrun, DPSC shall justify the same and take due approval from the Commission before capitalization of assets.

**Compliance:** The petitioner submitted the compliance to the above direction as under:

*"During the course of operation of the plant, various deficiencies had to be rectified, such as the requisite FSA for linkage coal could not be obtained from M/s ECL and therefore, we had to operate the plant on e-auction coal, washery rejects etc. which was affecting the smooth and efficient operations of the plant. IPCL requested the Hon'ble Commission to approve a further increase in project cost to Rs. 79.97 Crores vide our letter no. RA/II/002/13-14/1165 dated 10.03.2014 based on a study conducted by National Productivity Council with respect to our project. The Hon'ble Commission vide letter no. WBERC/OA-129/11-12/1937 dated 13.03.2014 informed us to submit the petition in prescribed manner..."*

*However, in the intervening period, all our proceedings before the Hon'ble Commission was suspended due to matters related to amalgamation/name change of DPSC to IPCL was subjudice before the Single Member bench of the Hon'ble Calcutta High Court. The Hon'ble Commission has restarted examining our pending petitions after the issuance of judgement of Hon'ble Calcutta High Court.*

*The present petition has been filed by the Petitioner because the actual cost incurred/ additional investment projected as per the final DPR of the 1x12 MW project is higher than the investment approved by the Hon'ble Commission through the order dated 14.02.2013. The reason for such cost overrun has been explained in the Section C of the petition submitted on 19.12.2016 vide letter no. RA/II/002/16-17/1495..."*

- 5.0 Petitioner submitted that, after completion of majority of the works related to commissioning of new 12 MW project at DPS, they conducted an internal study to understand the performance based on its experiences gained through its operation over a period of three years and to find out if any further modification is required to optimise the performance of the 12 MW project. Accordingly, they carried out some modifications and re-engineering works for efficient performance of the plant. Further some

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

of the works were required due to expiry of land lease of Chinnakuri Power plant and denial of ECL to renew or extend the lease agreement. The findings of the internal study submitted by the petitioner are as below:

**"B. FINDINGS OF STUDY ON 12 MW PROJECT DURING POST COMMISSIONING BY THE PETITIONER**

14. Major issue for the 12 MW Thermal Power Plant is the use of Fuel which is inferior to the design fuel for which the Boiler and relevant equipment / systems had been designed. Initially, the AFBC Boiler installed was designed as per the Coal with Gross Calorific Value (GCV) of 3000Kcal/ Kg as well as Ash Content of about 45%. It was envisaged that based on the Coal ministry directives, a Fuel Supply Agreement (FSA) with ECL would be entered and suitable quality coal would be available for running the plant. But, due to lack of response from ECL, the FSA for coal linkage could not be executed despite there being a clear directive from Coal Ministry upon Coal India to provide coal linkage to the Plant. Due to the present situation of non-availability of linkage coal of design grade from Coal India, the plant is being operated with coal purchased through e-auction. Since coal procured through e-auction had wide variance in quality of coal vis-à-vis the declared GCV range, a lot of problems were encountered while firing those coal in the Boiler besides the issue of increased generation cost due to higher e-auction coal prices as well as higher coal consumption than the normative parameters. Subsequently, after different trials, the Company resorted to a fuel combination of Coal washery rejects (80%) mixed with F grade coal (20%) having GCV of 2360 Kcal / Kg with Ash content of about 52%. The Petitioner has been continuously searching for best alternative options to reduce the fuel cost. This has made the fuel cost more economic and continuity of same fuel mix could be maintained for stability of Boiler firing as well as acceptable generation cost. However, above fuel mix created the need for following additional investment:

- i. GCV of coal being lower, the specific consumption of fuel has increased, resulting in additional burden on the Coal Handling Plant as lower GCV increases Specific Fuel Consumption leading to more quantity of fuel to be handled.
- ii. Current Fuel mix is having higher Ash content i.e. about 10% resulting in Ash generation becoming very high both for Bed ash and fly ash. The ash conveying & storage system require augmentation by way of higher compressed air requirement as well as increasing storage capacities of Bed ash & fly ash silos.
- iii. Existing Electrostatic Precipitator efficiency has also fallen resulting in inadequate Fly Ash collection.
- iv. Specific consumption of fuel having increased, fuel feeding to boiler also gets increased considerably causing overloading of Boiler bed which results in inadequate combustion.

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

- v. *Feeding Coal fuel mix with higher fines i.e. (-) 1 mm up to 45 % in place of Boiler vendor stipulation of 30 % caused un-burnt in Fly ash much more than guaranteed 5% which goes against the Company's financial interest and is unacceptable in efficient operation.*
  - vi. *Existing Coal yard without coal shed causing problem of wet coal.*
15. *Based on the internal study and experience, following actions were planned to deal with the aforesaid problems:*
- a. *Up-gradation of ESP to desired collection efficacy ESP relevant for using Fuel with much higher Ash content.*
  - b. *Up-gradation of Bed Ash Silo & Fly Ash silo storage capacity by 1 no. additional silo for each system to take care of additional ash generation.*
  - c. *Modification & up-gradation of Coal Handling plant to reduce the higher fines generation.*
16. *It is pertinent to mention here that out of 3x10 MW power plant operated by the Petitioner at Chinakuri on the land leased by ECL, 1x10 MW was constructed by the Petitioner. It was envisaged that the existing facilities at Chinakuri Power Plant like chemical laboratory, control & instrument laboratory and the covered store of Chinakuri Power Station would be adequate to cater to the needs of 12 MW new TPP at Dishergarh as well. In view of the same, construction of separate chemical laboratory control & instrument laboratory and coal storage facility for 12 MW new station at Dishergarh was not envisaged and associated costs for such construction was not considered initially. However, after the expiry of land lease for Chinakuri Power Station and denial of ECL to renew or extend the lease agreement, the Petitioner has no other option but to create the following facilities for 12 MW Plant:-*
- a) *Weigh Bridge for Coal Handling Plant (CHP)*
  - b) *Chemical Laboratory*
  - c) *Laboratory for Control & Instrumentation*
  - d) *Stores for storing spares*
  - e) *Dozer for handling and management of Coal storage system*
  - f) *Coal Yard with Coal shed to avoid the problem of Wet Coal.*
17. *With non renewal of lease agreement of Chinakuri Power Plant, the utilization of the aforesaid shared facilities has to be foregone. In such a scenario, it has become obligatory for the Petitioner to have 12MW TPP's own chemical laboratory and control & instrument laboratory as well other new covered Store. Moreover, new Coal yard was also developed for 12MW TPP for bulk storage of solid fuel. 50MT Weigh bridge & one no. Bull dozer for management & storage also became essential for new Coal yard. Without these facilities, the entire operation of 12 MW plant would be jeopardized and the investment done on the commissioning of the project would have become useless. Additionally, the shutdown of 12*

*MW plant would have caused agitation and unrest among the employees and labours working in the plant due to fear of job loss. In view of the technical, financial and social concerns, it became necessary to incur additional expenses to construct the aforesaid critical facilities separately for 12 MW project without any delay. As a result of such additional investment, the petitioner has been able to operate the plant even up to 105% PLF on some days of the year.*

18. *Existing Effluent Treatment Plant (ETP) is suitable for 30 cuM / hr of Effluent water from 12MW Power Plant since required space could not be ensured to the vendor at that time for having 80 cuM / hr ETP to achieve ZERO discharge as per the Water balance earlier submitted to State Pollution Control Board. Now the Petitioner had to plan for augmentation of the ETP with additional building blocks for making it suitable for 80 cuM / hr capacity.*
19. ...
20. ....
21. *Considering the aforesaid expenses incurred to meet the requirements of own chemical laboratory and control & instrument laboratory as well other new covered Store for 12 MW new power station at Dishergarh, the total actual expenses incurred towards the 12 MW new power station at Dishergarh with aforesaid facilities was around Rs. 8781.27 Lakhs upto 31.03.2015. The audited certificate indicating the actual expenses incurred on project upto 31.03.2015 is attached as "**Annexure-2**" for kind consideration of the Hon'ble Commission.*
22. *In addition to the above, Coal Handling Plant modification work worth Rs 86.57 Lakhs is under execution. The copy of work order is attached herewith as "**Annexure-3**" for kind consideration of the Hon'ble Commission. At the time of construction of 12 MW Plant it was considered to operate both the old Stoker fired Boilers & the new AFBC Boiler for the 12 MW Plant. The Coal size required for the Old Boilers were (-) 20 mm while the size of the fuel required for the new Boiler is (-) 6 mm. The conveyor Belt, Crusher, Screen, etc were designed accordingly and the CHP had to be in operation for 24 Hrs. with 60% feeding to the new boiler & balance 40% feeding to the old boilers. Subsequently it was decided by the Management to scrap out the Old Boilers. As presently only the 12 MW Plant is in operation and additional coal which was to be required for the Old Boilers is creating overloading in the entire System and much coal is overflowing and spill over is being caused, further the secondary crusher was being overloaded also. Due to double crushing as two crushers are presently installed the fuel fines increases causing much un-burnt carbon in the fly ash generated which is directly fuel loss. The modification will help in cost reduction in auxiliary consumption as the CHP will be operated for around 14-16 Hrs. per day for the new boiler and will also decrease the un-burnt carbon loss. Thus, the CHP modification had to be initiated in order to optimise the coal handling infrastructure to handle the diversity in sizes & fines of coal procured from e-auction/washery rejects. In view of the*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

*above, the total project cost is Rs 8781.27 Lakhs plus Rs 86.57 Lakhs, i.e. Rs 8867.84 lakhs."*

### **OBSERVATIONS OF THE COMMISSION**

- 6.0** The Commission had accorded the final investment approval ("2<sup>nd</sup> stage approval") on the proposal of IPCL (erstwhile DPSCCL) in respect of 1x12 MW generating station in accordance with Regulation 2.8.1.4.3 for an estimated project cost of Rs. 6654.00 Lakh vide Order dated 14.02.2013 in Case No. OA-129/11-12. The project had achieved COD on 25.09.2012. As against the 2<sup>nd</sup> stage approval of Rs. 6654.00 Lakh, IPCL has claimed the final capital cost of Rs. 8867.84 Lakh in its Petition. The petitioner submitted that the Commission, in its Order dated 14.02.2013, had approved the project cost as Rs. 6654.00 Lakh and only the details of additional expenses have been submitted in the Petition. The project cost approved vide the Order dated 14.02.2013 is subject to final approval in accordance with Regulation 2.8.5 of the Tariff Regulations.
- 7.0** During scrutiny of the submissions of the petitioner, certain information was found to be deficient in the instant petition. Subsequently, the petitioner submitted part of additional information as directed by the Commission. For most of the information sought, the petitioner has stated that during the fire accident on 14.02.2014 at its Central Office, Dishergarh, many documents were destroyed and could not be recovered. The Commission has analyzed the details of deviation in project cost under each head as submitted by the petitioner which have been discussed in the subsequent sections of the Order.
- 8.0** The Commission directed the petitioner to submit the following:
- Technical and circumstantial reasons for incurring additional expenditure beyond the amount approved in 2<sup>nd</sup> stage approval.
  - Contract closure certificates duly signed by the contractor and Owner or in absence of which a certificate from auditor to the effect that all the contracts have duly been closed with satisfaction of both contractor and the Owner with due settlement of all claims, statutory claims, penalties, incentives, if any.
  - A certificate from the auditor to the effect that the selection of vendors for the additional works/service beyond the provisions approved at second stage, has been done through transparent bidding process as required under Regulation 2.8.1.4.3 of the Tariff Regulations, 2011.
  - A statement of total project cost duly certified by the auditor, indicating cost as per contract, actual expenditure, amount of IDC and overhead etc.
- 9.0** In reply, the petitioner vide letter dated 23.04.2018 submitted as under:
- As regards the technical and circumstantial reasons for incurring additional expenditure beyond the amount approved in 2<sup>nd</sup> stage approval, the petitioner has reiterated its submissions in the Petition.
  - As regards the contract closure certificates, the petitioner has submitted the handover certificate issued by the EPC contractor namely M/s Shristi Infrastructure Development Corporation Limited.



In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- As regards the transparent bidding process, the petitioner submitted that during the fire accident on 14.02.2014 at its Central Office, Dishergarh, many documents were destroyed and could not be recovered and the occurrence of the same was informed to the Commission vide its letter dated 18.02.2014. The petitioner submitted that the bidding documents for selection of vendors for the works/services with respect to 12 MW project were among the documents which got destroyed in the above-mentioned fire. The petitioner further submitted that due to change in their statutory auditors, in the absence of proof of documents of past period, it was not possible from the new statutory auditors to the effect that selection of vendors for the works/services for 12 MW project has been done through transparent bidding process. The petitioner submitted that the EPC contractor selected through transparent bidding process was entrusted with additional works/services beyond the provisions in 2<sup>nd</sup> stage approval.

10.0 The Commission noted that, the petitioner has not complied with the directions in the 2<sup>nd</sup> stage approval wherein it has not submitted the work orders and other supporting documents to substantiate the claimed final capital cost. Even some of the work orders submitted by the petitioner have not been demarcated respective package wise, due to which it is not clear as to which package such work orders pertain to. Therefore, the petitioner was given another opportunity and directed as under:

*“With reference to replies to query nos. 3, 4 & 5 submitted vide IPCL’s letter dated 23.04.2018, regarding detailed technical and circumstantial reasons for incurring additional expenditure beyond the considerations in the DPR and 2<sup>nd</sup> stage approval, IPCL has merely reiterated its submissions made in the Petition. Further, IPCL, in its various subsequent replies reiterated that many documents were destroyed in the fire accident at its central office and efforts were underway for retrieving such documents from other sources. In this regard, IPCL is requested to submit the following for each of the expenditure head as approved in the 2<sup>nd</sup> stage approval as well as the works not considered in the 2<sup>nd</sup> stage approval, with appropriate indexation:*

- a. A certificate from the auditor to the effect that selection of vendors for each work has been done through transparent bidding process as required under Regulation 2.8.1.4.3 of the Tariff Regulations, 2011.*
- b. Copies of bid evaluation reports for each of the works.*
- c. Detailed justification for not undertaking competitive bidding process for any of the works, if applicable.*
- d. Copies of agreements/work orders and amendments thereof.*
- e. Ordering cost for each work.*
- f. Total actual expenditure incurred for each work.*
- g. Details of taxes and duties included in the actual expenditure for each work.*
- h. Detailed technical and circumstantial reasons for incurring additional expenditure beyond the considerations in the DPR and 2<sup>nd</sup> stage approval, for each work, substantiating the same with supporting documents.*
- i. Contract closure certificate or a certificate from the auditor for each work that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.*

*If any of the above sought documents have been submitted earlier, the same may be re-submitted as appropriate indexation was not followed in the earlier submissions.”*

11.0 In reply, the petitioner submitted as under:

*“In response to queries being raised by the Hon’ble Commission from time to time in the aforesaid subject matter in Case no. OA-244/16-17, the petitioner has been submitting the requisite documents*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

*which are available with the Petitioner through series of replies submitted on various dates.*

*It is humbly submitted that with reference to the present set of queries communicated to the Petitioner vide letter dated 17.05.2023, the Petitioner has tried to gather few more relevant documents through various other stakeholders involved in this project. The Petitioner hereby submits the response to the queries alongwith the additional documents, whichever it could retrieve from other stakeholders.*

*It is humbly submitted that apart from the earlier submissions and the documents being submitted in this set of responses, the Petitioner does not have any other documents in its possession with respect to the 12 MW Project cost.*

*It is humbly prayed before the Hon'ble Commission to consider this submission as part of the Case No. OA-244/16-17 while issuing the final project cost order of this 12 MW project."*

**"1) Relevant Documents with respect to 2<sup>nd</sup> Stage Approval**

*a. During the fire of 14.02.2014 at our Central Office, Dishergarh, many documents were destroyed and could not be recovered thereafter. The incident was reported to the Hon'ble Commission vide our letter no. RA/II/002/13-14/1154 dated 18.02.2014. The bidding documents for selection of vendors for the works /services with respect to 12 MW project were among the documents which got destroyed in the above-mentioned fire.*

*It is humbly submitted that the statutory Auditors of the Company have also changed. Therefore, in the absence of proof of documents of past period, it is not possible to get a certificate from them to the effect that selection of vendors for the works /services with respect to 12 MW project has been done through transparent bidding process.*

*We, therefore, would like to refer para 2.0 from the Hon'ble Commission's order dated 14.02.2013 in Case No. WBERC/OA-129/11-12, wherein it has been stated that,*

*"2.0 DPSCL submitted that they followed two stages bidding process and adopted process for selecting the successful bidder in following way:*

*a) Technical bids were evaluated on 27<sup>th</sup> August 2010 and 28<sup>th</sup> August 2010. The following parties were emerged as successful after technical evaluation:-*

- i) Bharat Forge Infrastructure Limited*
- ii) Shristi Infrastructure Development Corporation Limited (in short Shristi)*
- iii) The Indure Private Limited*

*b) Commercial evaluation was done on 28<sup>th</sup> August 2010. The result of Commercial evaluation is as follows:*

- i) Shristhi (L1)*
- ii) Bharat Forge Limited (L2)*
- iii) The Indure Private Limited (L3)*

*c) The successful bidder after commercial evaluation was Shristi."*

*b. The notesheet along with bid evaluation tables is annexed hereto and marked as Annexure – A.*

*c. The LOI was issued to Shristi Infrastructure Development Corporation Limited on 06.09.2010, which was further extended for additional works/services with respect to 12 MW project. Therefore, we reiterate that vendor selected through transparent bidding process was entrusted with the additional works/services beyond the provisions approved at second stage.*

*d. The requisite details are available in Purchase Order /Work Orders annexed hereto and marked as*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Annexure-B (Colly).

e. The requisite details are available in Purchase Order /Work Orders annexed hereto and marked as Annexure-B (Colly).

f. The Audited Certificate for total actual expenditure incurred for each work is annexed hereto and marked as Annexure-C.

g. The details of taxes and duties included in the actual expenditure of each work is annexed hereto and marked as Annexure-D.

h. A note on the technical and circumstantial reasons for incurring additional expenditure beyond the considerations in the DPR and 2<sup>nd</sup> stage approval is annexed hereto and marked as Annexure-E.

i. The contract closure document or, the certificate for handover of 12 MW Dishergarh Power Station by the EPC contractor (M/s SIDCL) to the Project Owner (M/s IPCL) is annexed hereto and marked as Annexure-F (colly)."

12.0 The Petitioner has submitted the break-up of capital cost in Form P(D1) as under:

**Table 1: Break-up of capital cost as submitted in Form P(D1) (Rs. Lakh)**

Particulars*	As per original estimates	Actual capital expenditure as on COD	Additional capitalization upto FY 2017-18	Total capitalization
Land & site development	131.00	111.68	26.09	137.77
Plant & equipment	5079.00	5317.79	1689.07	7006.86
Initial spares	67.00	67.00	0.00	67.00
Civil works	647.00	717.37	187.00	904.37
Construction & pre-commissioning expenses	275.00	339.87	0.00	339.87
Overheads	176.00	135.45	40.55	176.00
<b>Capital cost excluding IDC &amp; FC</b>	<b>6375.00</b>	<b>6689.15</b>	<b>1942.71</b>	<b>8631.86</b>
IDC	279.00	216.88	0.00	261.39
FC		44.51	0.00	
<b>Capital cost including IDC &amp; FC</b>	<b>6654.00</b>	<b>6950.54</b>	<b>1942.71</b>	<b>8893.25</b>

\*Item wise details submitted in Form P(D1)

13.0 The Commission directed the petitioner to submit the actual project cost under the different heads as considered by the Commission in the 2<sup>nd</sup> stage approval. In reply, the Petitioner submitted the final capital cost including additional capitalization upto FY 2017-18 as Rs. 8893.22 Lakh.

**Table 2: Revised capital cost claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD 25.09.2012	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Equipment cost-STG	4588.00	5035.22	267.62	91.57	0.00	0.00	0.00	359.19	5394.41
Erection, Commissioning & Civil services-STG	993.00	1017.68	674.59	84.19	0.00	4.36	0.00	763.14	1780.82

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD 25.09.2012	Additional capitalisation claimed						Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total		
CW Line & Steam Line Rerouting	55.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Raw Water Pipeline	92.00	191.27	0.00	33.59	0.00	0.00	0.00	33.59	224.86	
Erection & Commissioning-Raw Water Pipeline	33.00	23.16	0.00	9.51	0.00	4.47	0.00	13.98	37.14	
Equipment cost-Power evacuation	253.00	257.62	0.00	0.00	0.00	0.00	0.00	0.00	257.62	
Installation & commissioning-Power evacuation	33.00	81.29	0.00	0.00	0.00	0.00	0.00	0.00	81.29	
Consultancy services	33.00	31.70	0.00	0.00	0.00	0.00	0.00	0.00	31.70	
Overheads	60.00	57.12	0.00	0.00	0.00	0.00	0.00	0.00	57.12	
Guest house renovation	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Miscellaneous expenses	25.00	10.72	0.27	7.71	0.00	0.00	0.00	7.98	18.70	
Coal Stock Yard	200.00	27.86	74.21	83.63	0.00	0.00	0.00	157.84	185.70	
New works	-	0.00	390.11	113.72	0.00	8.61	94.54	606.98	606.98	
<b>Hard Cost</b>	<b>6375.00</b>	<b>6733.64</b>	<b>1406.80</b>	<b>423.92</b>	<b>0.00</b>	<b>17.44</b>	<b>94.54</b>	<b>1942.70</b>	<b>8676.34</b>	
IDC	279.00	216.88	0.00	0.00	0.00	0.00	0.00	0.00	216.88	
<b>Total</b>	<b>6654.00</b>	<b>6950.52</b>	<b>1406.80</b>	<b>423.92</b>	<b>0.00</b>	<b>17.44</b>	<b>94.54</b>	<b>1942.70</b>	<b>8893.22</b>	

14.0 The petitioner was asked to submit the auditor certification for the revised capital cost shown in Table 2 above. In reply, the petitioner submitted the auditor certified capital cost as under:

**Table 3: Auditor certified capital cost submitted by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual cost upto 31.03.2013	Additional capitalisation claimed						Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total		
Equipment cost-STG	4588.00	4836.85	1121.99	192.20	0.00	2.72	0.00	1316.91	6153.76	
Erection, Commissioning & Civil services-STG	993.00	910.28	0.00	48.43	0.00	4.36	0.00	52.79	963.07	
CW Line & Steam Line Rerouting	55.00	23.25	0.00	0.00	0.00	0.00	0.00	0.00	23.25	
Raw Water Pipeline	92.00	0.00	0.00	33.59	0.00	0.00	0.00	33.59	33.59	
Erection & Commissioning-Raw Water Pipeline	33.00	0.00	0.00	9.51	0.00	4.47	0.00	13.98	13.98	
Equipment cost-Power evacuation	253.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Installation & commissioning-Power evacuation	33.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Consultancy services	33.00	29.25	0.00	0.00	0.00	0.00	0.00	0.00	29.25	
Overheads	60.00	99.07	0.00	0.00	0.00	0.00	0.00	0.00	99.07	

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Actual cost upto 31.03.2013	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Guest house renovation	10.00	10.86	0.00	0.00	0.00	0.00	0.00	0.00	10.86
Miscellaneous expenses	25.00	8.55	0.00	0.00	0.00	0.00	0.00	0.00	8.55
Coal Stock Yard	200.00	28.21	74.21	83.63	0.00	0.00	0.00	157.84	186.05
New works	-	742.83	210.61	47.10	0.00	5.89	94.54	358.14	1100.97
<b>Hard Cost</b>	<b>6375.00</b>	<b>6689.15</b>	<b>1406.81</b>	<b>414.46</b>	<b>0.00</b>	<b>17.44</b>	<b>94.54</b>	<b>1933.25</b>	<b>8622.40</b>
IDC	279.00	261.38	0.00	9.47	0.00	0.00	0.00	9.47	270.85
<b>Total</b>	<b>6654.00</b>	<b>6950.53</b>	<b>1406.80</b>	<b>423.93</b>	<b>0.00</b>	<b>17.44</b>	<b>94.54</b>	<b>1942.72</b>	<b>8893.25</b>

15.0 On comparison of Table 2 and Table 3, it is observed that the item-wise cost details are at variance as well as the total cost. The Commission decides to consider the capital cost as shown in Table 3 as the final submission of the petitioner and accordingly proceeded to consider the final capital cost based on the same. The Commission has considered the capital cost as on 31.03.2013 as shown in Table 3 to be the capital cost as on COD as the same is in line with the capital cost as on COD as shown in Table 2.

16.0 Regulation 1.2.1(xxxiii) of the Tariff Regulations, 2011 defines cut-off date as the date of closing of the first financial year after two years from the date of commercial operation of the project. Considering COD of the project as on 25.09.2012, the cut-off date for the subject project is 31.03.2015. Regulation 5.2 of the Tariff Regulations, 2011 provides for additional capitalization post COD, reproduced as under:

#### **"5.2 Additional Capitalization"**

5.2.1 The following capital expenditure incurred within the scope of work as approved by the Commission after the date of commissioning and up to the cut off date may be allowed by the Commission for inclusion in the original project cost, subject to prudence check:

- (i) Deferred liabilities;
- (ii) Procurement of initial capital spares in the original scope of work, subject to ceiling specified in regulation 5.1(vi) of these regulations.
- (iii) Liabilities to meet award of arbitration or for compliance of the order or decree of a court, and
- (iv) Liabilities on account of change in law, if any.

Provided that the original scope of work along with estimates of expenditure shall be submitted along with the next application for determination of tariff.

Provided further that a list of the deferred liabilities and works deferred for execution shall be submitted along with the next application for determination of tariff after the date of commercial operation of the generating station.

5.2.2 The capital expenditure of the following nature actually incurred after the cut-off date may be allowed by the Commission for inclusion in the original cost of project, subject to prudence check:

- (i) Deferred liabilities relating to works / services within the original scope of work;
- (ii) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- (iii) Liabilities on account of change in law;
- (iv) Any additional works / services which have become necessary for efficient and successful operation of the generating station or licensed business, but not included in the original project cost;
- (v) Deferred works relating to ash pond or ash handling system in the original scope of work;
- (vi) Works related to Pollution Control Measures; and
- (vii) Works related to compliance of any statutory requirements.

5.2.3 Any expenditure on minor items / assets like normal tools and tackles, personal computers, furniture, air-conditioners, voltage stabilizers, refrigerators, fans, coolers, TV, washing machines, heat-convector, carpets, mattresses, etc. bought after cut-off date may not be considered for additional capitalization subject to prudence check by the Commission for determination of tariff..."

17.0 The claimed capital cost is a combination of the works considered by the Commission in the 2<sup>nd</sup> stage approval as well as works that have not been included in the 2<sup>nd</sup> stage approval. Further, the petitioner expressed its inability to submit the detailed documents due to loss of the same in the fire accidents on its office on 14.02.2014. Thus, the Commission's approval of final capital cost in this Order is based on the revised capital cost shown in Table 3 as submitted by the petitioner, subject to prudent check.

#### Analysis of Final Project Cost

#### 18.0 Equipment cost-STG (supply)

18.1 The comparison of Equipment Cost-STG as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 4: Equipment cost-STG claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Basic value	4000.00	4836.85	1121.99	192.20	0.00	2.72	0.00	1316.91	6153.76
Excise Duty	412.00								
CST	176.00								
Service Tax	0.00								
<b>Total</b>	<b>4588.00</b>	<b>4836.85</b>	<b>1121.99</b>	<b>192.20</b>	<b>0.00</b>	<b>2.72</b>	<b>0.00</b>	<b>1316.91</b>	<b>6153.76</b>

18.2 During 2<sup>nd</sup> stage investment approval the Commission noted that, M/s Shristi Infrastructure Development Corporation Limited (SIDCL) was selected as successful bidder following a two-stage bidding process. The Commission observed that, Lol for supply contract was placed to SIDCL for the price of Rs. 4000.00 Lakh, which is exclusive of taxes and duties. The scope of the service contract includes the supply of all equipment including BTG and BOP equipment, terminal points & commissioning spares including packing and forwarding, transportation, transit insurance and site storage cum erection insurance. The cost of Equipment cost-STG (supply) considered by the Commission in the 2<sup>nd</sup> stage approval is based on the same.

18.3 Regarding the supply portion of the EPC contract placed on M/s Shristi Infrastructure Development Corporation Limited, the petitioner was directed to submit the following:

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

- a. Complete agreement along with annexures and amendments thereof.
- b. Relevant provisions of the contract under which the amendments to the supply package have been admitted by the petitioner.
- c. Details of taxes and duties included in actual expenditure incurred under supply package.
- d. Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

18.4 In reply dated 25.08.2023, the Petitioner submitted as under:

*"Details covered in the relevant PO No. 4500002018 (Supply) as part of Annexure-B(Colly)."*

*"Details of taxes and duties included in actual expenditure incurred under supply package is annexed hereto and marked as Annexure-H."*

*"The contract closure document, or the certificate for handover of 12 MW Dishergarh Power Station by the EPC contractor (M/s SIDCL) to the Project Owner (M/s IPCL) is annexed hereto and marked as Annexure-F (colly)"*

18.5 As per the Lol for supply contract dated 06.09.2010, the ordering cost is Rs. 4000.00 Lakh, exclusive of taxes and duties, which shall remain firm during the entire contractual period and no price adjustment or increase shall be applicable for any of the price component. As per the purchase order (Amendment-2) no. 4500002018 dated 30.01.2012, the order value is Rs. 4982.78 Lakh, exclusive of taxes and duties, which are payable at actuals.

18.6 The total cost claimed by the petitioner for supply package is Rs. 6153.76 Lakh. The actual amount of taxes & duties included in the same is Rs. 387.75 Lakh. Considering the actual taxes & duties in proportion to the value as per the purchase order, the cost inclusive of taxes & duties works out to Rs. 5317.58 Lakh. Therefore, it is observed that the cost of supply package, inclusive of taxes & duties, has increased from the initial order value as per the LOI of Rs. 4588.00 Lakh as approved in the 2<sup>nd</sup> stage approval to the PO cost of Rs. 5317.58 Lakh as arrived based on the actual duty paid.

18.7 The Commission directed the petitioner to submit the detailed technical and circumstantial reasons for incurring additional expenditure beyond the considerations in the DPR and 2<sup>nd</sup> stage approval, for each work with supporting documents. In reply, the Petitioner has reiterated its submissions in the Petition purported to be its findings of study post commissioning of the project.

18.8 The petitioner has submitted the handover certificate dated 08.08.2012, the extract of which is reproduced hereunder:

*"M/s SIDCL was awarded EPC for 1x12 MW vide LOI ref no. CFE/GM(Project)/LOI/SHRISTI/10-11/M dated 06.09.2010 and amendment thereof dated 27.10.2011 and PO no. 4500002018 dated 30.01.2012 and LOI ref no. CFE/GM(Project)/LOI/SHRISTI/10-11/S dated 06.09.2010 and 4800001748 dated 20.01.2012. As per the contract, the completion date was 30.06.2012 i.e. 19 months from the date of LOI (06.09.2010)."*

18.9 The Commission directed the petitioner to submit the relevant provisions of the contract under which the amendments to the supply package has been admitted by the petitioner to which the petitioner has referred to the purchase order (Amendment-2) no. 4500002018.

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- 18.10 The total order value, exclusive of taxes and duties, as per the purchase order (Amendment-2) no. 4500002018 is Rs. 4982.78 Lakh. As against the same, the actual expenditure, inclusive of taxes and duties, is Rs. 5317.58 Lakh as arrived earlier. In the absence of any details/justification for the variation in the order value as per the LOI for supply contract, purchase order (Amendment-2) no. 4500002018 and the actual expenditure, the Commission deems it fit to limit the allowable expenditure to Rs. 4588.00 Lakh considering the LOI for the supply contract as approved in the 2<sup>nd</sup> Stage approval by the Commission.
- 18.11 Accordingly, the allowable expenditure, inclusive of taxes and duties, works out to Rs. 4588.00 Lakh (Rs. 4000.00 Lakh as per the LOI for supply contract, Rs. 412 Lakh for CST and Rs. 176.00 Lakh for Excise Duty) in line with the value approved considering the LOI for the supply contract as approved in the 2<sup>nd</sup> Stage approval by the Commission.
- 18.12 The petitioner has claimed the actual cost of Rs. 6153.76 Lakh including the additional capitalisation. The Commission has limited the actual cost to the admissible cost of Rs. 4588.00 Lakh and accordingly approves the same as under:

**Table 5: Equipment cost-STG approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	4588.00	4836.85	4588.00
Additional capitalisation			
FY 2013-14	-	1121.99	0.00
FY 2014-15	-	192.20	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	2.72	0.00
FY 2017-18	-	0.00	0.00
<b>Sub-total</b>	-	<b>1316.91</b>	<b>0.00</b>
<b>Total</b>	<b>4588.00</b>	<b>6153.76</b>	<b>4588.00</b>

**19.0 Erection, Commissioning & Civil services-STG (service)**

- 19.1 The comparison of Erection, Commissioning & Civil services-STG cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 6: Erection, Commissioning & Civil services-STG claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Basic value	900.00	910.28	0.00	48.43	0.00	4.36	0.00	52.79	963.07
Excise Duty	0.00								
CST	0.00								
Service Tax	93.00								
<b>Total</b>	<b>993.00</b>	<b>910.28</b>	<b>0.00</b>	<b>48.43</b>	<b>0.00</b>	<b>4.36</b>	<b>0.00</b>	<b>52.79</b>	<b>963.07</b>



In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

19.2 The Lol for service contract was placed on M/s Shristi Infrastructure Development Corporation Limited for the price of Rs. 900.00 Lakh, which is exclusive of taxes and duties. The scope of the service contract includes the following:

- Engineering and submission of drawings including detail drawings and BoQ for entire structural work involved in the station including fabrication & erection of structural work at site.
- Design, engineering, and submission of drawings for entire civil works including submission of bar bending schedule for TG Table Top and execution of civil work at site, construction of roads/drain/culverts as essential for the proposed plant.
- All civil works including demolition / dismantling / disposal and grading work as required to develop the site.
- Receipt, storage, preservation of all equipment as above at site.
- Erection, trial operation, pre-commissioning, commissioning and testing of all equipment as at above including their performance & demonstration.
- Supply of all lubricants, chemicals, and consumables required till completion of trial run.
- Submission of Design Basis Report for equipment & systems including detailed optimization of systems and sub-systems.
- All technical support for arranging statutory & non-statutory clearances in respect of IBR, Electrical Inspectorate and Factory Inspectorate etc.
- Submission of O & M manuals compiled and made station specific.
- All statutory obligations in respect of workmen to be deployed.
- Submission of "AS BUILT DRAWINGS" in approved format.
- Submission of drawing schedule, billing breakup, project schedule and all other charts and graphs well in advance.
- All necessary work related or incidental to the said job in order to reach to a logical conclusion to get a complete and ready to operate plant.

19.3 The cost of Erection, Commissioning & Civil services-STG considered by the Commission in the 2<sup>nd</sup> stage approval is based on the same.

19.4 Regarding the erection and commissioning portion of the EPC contract placed on M/s Shristi Infrastructure Development Corporation Limited, the petitioner was directed to submit the following:

- a. Complete agreement along with annexures and amendments thereof.
- b. Relevant provisions of the contract under which the amendments to the erection & commissioning package have been by the petitioner.
- c. Details of taxes and duties included in actual expenditure incurred under erection & commissioning package.
- d. Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

19.5 In reply dated 25.08.2023, the Petitioner submitted as under:

*"Details covered in the relevant PO No. 4800001748 (Service) as part of Annexure-B(Colly)."*

*"Details of taxes and duties included in actual expenditure incurred under erection & commissioning package is annexed hereto and marked as Annexure-H."*

*"The contract closure document, or the certificate for handover of 12 MW Dishergarh Power Station by the EPC contractor (M/s SIDCL) to the Project Owner (M/s IPCL) is annexed hereto and marked*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

as Annexure-F (colly)"

- 19.6 As per the Lol for service contract dated 06.09.2010, the ordering cost is Rs. 900.00 Lakh, exclusive of taxes and duties, which shall remain firm during the entire contractual period and no price adjustment or increase shall be applicable for any of the price component. As per the purchase order no. 4500001748, the order value is Rs. 900.00 Lakh, exclusive of taxes and duties, which are payable at actuals.
- 19.7 The total cost claimed by the petitioner for service package is Rs. 963.07 Lakh. The actual amount of taxes & duties included in the same is Rs. 191.87 Lakh. Hence, the actual cost exclusive of taxes & duties works out to Rs. 771.20 Lakh. Therefore, the actual cost of service package, exclusive of taxes & duties, is lower than the order value of Rs. 900.00 Lakh.
- 19.8 As the actual cost is lower than the ordering cost, the Commission deems it prudent to approve the cost of service package as claimed by the petitioner. In addition, the Commission approves the actual taxes and duties as claimed by the petitioner.

**Table 7: Erection, Commissioning & Civil services-STG cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	993.00	910.28	910.28
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	48.43	48.43
FY 2015-16	-	0.00	0.00
FY 2016-17	-	4.36	4.36
FY 2017-18	-	0.00	0.00
<b>Sub-total</b>	-	<b>52.79</b>	<b>52.79</b>
<b>Total</b>	<b>993.00</b>	<b>963.07</b>	<b>963.07</b>

## 20.0 CW Line & Steam Line Rerouting

- 20.1 The comparison of CW Line & Steam Line Rerouting cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 8: CW Line & Steam Line Rerouting cost claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD 25.09.2012	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Basic value	50.00	23.25	0.00	0.00	0.00	0.00	0.00	0.00	23.25
Excise Duty	0.00								
CST	0.00								
Service Tax	5.00								
<b>Total</b>	<b>55.00</b>	<b>23.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>23.25</b>

- 20.2 As against the 2<sup>nd</sup> stage approval of Rs. 55.00 Lakh, the petitioner has claimed the actual cost of Rs. 23.25 Lakh. The petitioner has not submitted any other details regarding the same. As the actual

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

cost is lower than the 2<sup>nd</sup> stage approval cost, the Commission deems it prudent to approve the cost of CW Line & Steam Line Rerouting as claimed by the petitioner.

**Table 9: CW Line & Steam Line Rerouting cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	55.00	23.25	23.25
Additional capitalisation			
FY 2013-14	-	-	-
FY 2014-15	-	-	-
FY 2015-16	-	-	-
FY 2016-17	-	-	-
FY 2017-18	-	-	-
<b>Sub-total</b>	-	-	-
<b>Total</b>	<b>55.00</b>	<b>23.25</b>	<b>23.25</b>

## 21.0 Raw water pipeline

21.1 The comparison of raw water pipeline cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 10: Raw water pipeline cost claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Basic value	80.00								
Excise Duty	8.00								
CST	4.00	0.00	0.00	33.59	0.00	0.00	0.00	33.59	33.59
Service Tax	0.00								
<b>Total</b>	<b>92.00</b>	<b>0.00</b>	<b>0.00</b>	<b>33.59</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>33.59</b>	<b>33.59</b>

21.2 As against the 2<sup>nd</sup> stage approval of Rs. 92.00 Lakh, the petitioner has claimed the actual cost of Rs. 33.59 Lakh.

21.3 Regarding the raw water pipeline cost, the petitioner was directed to submit the following:

- Complete agreement along with annexures and amendments thereof.
- Relevant provisions of the contract under which the amendments to the supply package have been admitted by the petitioner, if any.
- Details of taxes and duties included in actual expenditure incurred under supply package.
- Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

21.4 In reply, the petitioner submitted as under:

*"Details of taxes and duties included in actual expenditure incurred under supply package is annexed hereto and marked as **Annexure-I.**"*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- 21.5 The petitioner has not submitted the copies of work orders placed for supply portion of raw water pipeline. As the actual cost is lower than the 2<sup>nd</sup> stage approved cost, the Commission deems it prudent to approve the cost as claimed by the petitioner.

**Table 11: Raw water pipeline cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	92.00	0.00	0.00
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	33.59	33.59
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total	-	<b>33.59</b>	<b>33.59</b>
<b>Total</b>	<b>92.00</b>	<b>33.59</b>	<b>33.59</b>

## 22.0 Erection & Commissioning-Raw Water Pipeline

- 22.1 The comparison of erection & commissioning-raw water pipeline cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 12: Erection & commissioning-raw water pipeline cost claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Basic value	30.00	0.00	0.00	9.51	0.00	4.47	0.00	13.98	13.98
Excise Duty	0.00								
CST	0.00								
Service Tax	3.00								
<b>Total</b>	<b>33.00</b>	<b>0.00</b>	<b>0.00</b>	<b>9.51</b>	<b>0.00</b>	<b>4.47</b>	<b>0.00</b>	<b>13.98</b>	<b>13.98</b>

- 22.2 As against the 2<sup>nd</sup> stage approval of Rs. 33.00 Lakh, the petitioner has claimed the actual cost of Rs. 13.98 Lakh.
- 22.3 Regarding the erection and commissioning of raw water pipeline, the petitioner was directed to submit the following:
- Complete agreement along with annexures and amendments thereof.
  - Relevant provisions of the contract under which the amendments to the erection & commissioning package have been admitted by the petitioner, if any.
  - Details of taxes and duties included in actual expenditure incurred under erection & commissioning package.
  - Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

- 22.4 In reply, the petitioner submitted as under:

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

*"Details of taxes and duties included in actual expenditure incurred under erection & commissioning package is annexed hereto and marked as Annexure-I."*

- 22.5 The petitioner has not submitted the copies of work orders placed for erection & commissioning of raw water pipeline. As the actual cost is lower than the 2<sup>nd</sup> stage approved cost, the Commission deems it prudent to approve the cost as claimed by the petitioner.

**Table 13: Erection & commissioning-raw water pipeline cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	33.00	0.00	0.00
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	9.51	9.51
FY 2015-16	-	0.00	0.00
FY 2016-17	-	4.47	4.47
FY 2017-18	-	0.00	0.00
Sub-total	-	<b>13.98</b>	13.98
<b>Total</b>	<b>33.00</b>	<b>13.98</b>	<b>13.98</b>

### 23.0 Equipment cost-Power evacuation

- 23.1 The Commission, in the 2<sup>nd</sup> stage approval had considered the cost of Rs. 253.00 Lakh towards Equipment cost-Power evacuation. The petitioner has not claimed any cost towards the same. Accordingly, the Commission has not considered any cost towards Equipment cost-Power evacuation.

### 24.0 Installation & commissioning-Power evacuation

- 24.1 The Commission, in the 2<sup>nd</sup> stage approval had considered the cost of Rs. 33.00 Lakh towards installation & commissioning-Power evacuation. The petitioner has not claimed any cost towards the same. Accordingly, the Commission has not considered any cost towards installation & commissioning-Power evacuation.

### 25.0 Consultancy services

- 25.1 The comparison of consultancy services cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 14: Cost of consultancy services claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed						Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	
Basic value	30.00	29.25	0.00	0.00	0.00	0.00	0.00	0.00	29.25
Excise Duty	0.00								
CST	0.00								
Service Tax	3.00								

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
<b>Total</b>	<b>33.00</b>	<b>29.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>29.25</b>

25.2 As against the 2<sup>nd</sup> stage approval of Rs. 33.00 Lakh, the petitioner has claimed the actual cost of Rs. 29.25 Lakh.

25.3 Regarding the expenditure claimed towards consultancy services, the petitioner was directed to submit the following:

- Complete agreement along with annexures and amendments thereof.
- Relevant provisions of the contract under which the amendments have been admitted by the petitioner, if any.
- Details of taxes and duties included in actual expenditure incurred.
- Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

25.4 In reply, the petitioner submitted as under:

*"The following agencies were awarded the consultancy assignments:*

Name of Agency	Service tax (Rs Lakhs)
A K B Power Consultants	0.82
Envirotech East Pvt Ltd	0.97
Technisys Engg. Pvt Ltd	0.37
Siemens	0.20

25.5 The petitioner has not submitted the copies of work orders placed for consultancy services. As the actual cost is lower than the 2<sup>nd</sup> stage approved cost, the Commission admits the cost as claimed by the petitioner after having prudent check with the documents made available.

**Table 15: Cost of consultancy services approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	33.00	29.25	29.25
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	0.00	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total	-	<b>0.00</b>	<b>0.00</b>
<b>Total</b>	<b>33.00</b>	<b>29.25</b>	<b>29.25</b>

26.0 Overheads

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- 26.1 The comparison of overheads cost as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 16: Overheads cost claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed						Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	
Overheads	60.00	99.07	0.00	0.00	0.00	0.00	0.00	0.00	99.07

- 26.2 As against the 2<sup>nd</sup> stage approval of Rs. 60.00 Lakh, the petitioner has claimed the actual cost of Rs. 99.07 Lakh.
- 26.3 The petitioner has submitted the total overheads as Rs. 176.00 Lakh in the break-up of capital cost submitted in Form P(D1) which is at variance with actual cost claimed in break-up of capital cost as approved in the 2<sup>nd</sup> stage approval. In reply to a query in this regard, the petitioner submitted that as per the records maintained in the SAP, the actual cost of overheads is Rs. 176.00 Lakh.
- 26.4 The Commission directed the petitioner to submit the details of revenue earned from sale of infirm power and treatment of the same in the claimed cost. In reply, the petitioner submitted that the revenue from sale of infirm power amounting to Rs. 234.85 Lakh has already been deducted from the trial run expenses while computing capital cost.
- 26.5 Although the petitioner submitted that the overheads cost is Rs. 176.00 Lakh, the amount claimed through auditor's certificate is only Rs. 99.07 Lakh as shown in the Table-3 above. Therefore, the Commission has considered the overheads cost of Rs. 99.07 Lakh as the final claim of the petitioner. However, the break-up of the overheads cost of Rs. 99.07 Lakh has not been submitted by the petitioner.
- 26.6 The claimed overheads of Rs. 99.07 Lakh is to the tune of 1.60% of the approved hard cost, which is within a reasonable limit. Therefore, the Commission deems it fit to approve the actual overheads cost as claimed by the petitioner.

**Table 17: Overheads cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	60.00	99.07	99.07
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	0.00	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total	-	0.00	0.00
<b>Total</b>	<b>60.00</b>	<b>99.07</b>	<b>99.07</b>

## 27.0 Guest house renovation

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- 27.1 The comparison of cost of guest house renovation as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 18: Cost of guest house renovation claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Guest house renovation	10.00	10.86	0.00	0.00	0.00	0.00	0.00	0.00	10.86

- 27.2 As against the 2<sup>nd</sup> stage approval of Rs. 10.00 Lakh, the petitioner has claimed the actual cost of Rs. 10.86 Lakh.
- 27.3 Regarding the guest house renovation cost, the petitioner was directed to submit the following:
- Complete agreement along with annexures and amendments thereof.
  - Relevant provisions of the contract under which the amendments have been admitted by the petitioner, if any.
  - Details of taxes and duties included in actual expenditure.
  - Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.
- 27.4 In reply, the petitioner submitted that none of the information sought is available with it. The petitioner has not submitted the copies of work orders placed for guest house renovation. Therefore, the Commission approves the cost towards guest house renovation the same as in the 2<sup>nd</sup> stage approval.

**Table 19: Cost of guest house renovation approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	10.00	10.86	10.00
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	0.00	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total		0.00	0.00
<b>Total</b>	<b>10.00</b>	<b>10.86</b>	<b>10.00</b>

## 28.0 Miscellaneous expenses

- 28.1 The comparison of miscellaneous expenses as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:



In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

**Table 20: Miscellaneous expenses claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Miscellaneous expenses	25.00	8.55	0.00	0.00	0.00	0.00	0.00	0.00	8.55

28.2 As against the 2<sup>nd</sup> stage approval of Rs. 25.00 Lakh, the petitioner has claimed the actual cost of Rs. 8.55 Lakh.

28.3 The Commission directed the petitioner to submit the supporting documents to substantiate the claimed amount for miscellaneous expenses. In reply, the Petitioner submitted as under:

*"The correct amount of claim against miscellaneous expenses is Rs 8.55 Lakhs, which is indicated at Sr.no. 11 of the Auditor Certificate in Annexure-G. In the absence of actual invoices, Petitioner hereby humbly submits the figures obtained from the records available in the SAP as follows:*

Job No	Amount (Rs)
AC310A1001	37891
AC310A1002	597741
AC310A1003	1200
CC310C3001	80000
HC311F2030	24793
<b>Total-Job</b>	<b>741624</b>
<b>WBS</b>	
D/3G10CN0046-02-ST	107458
D/3G10CN0046-46-ST	6287
<b>Total-WBS</b>	<b>113745</b>
<b>Grand Total</b>	<b>855369</b>

28.4 . As the actual cost is lower than the 2<sup>nd</sup> stage approved cost, the Commission admits the cost as claimed by the petitioner after having prudent check with the documents made available.

**Table 21: Miscellaneous expenses approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	25.00	8.55	8.55
Additional capitalisation			
FY 2013-14	-	0.00	0.00
FY 2014-15	-	0.00	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total		0.00	0.00
<b>Total</b>	<b>25.00</b>	<b>8.55</b>	<b>8.55</b>

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

## 29.0 Coal stock yard

29.1 The comparison of cost of coal stock yard as per the 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 22: Cost of coal stock yard claimed by the petitioner (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital cost claimed
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Coal stock yard	200.00	28.21	74.21	83.63	0.00	0.00	0.00	157.84	186.05

29.2 As against the 2<sup>nd</sup> stage approval of Rs. 200.00 Lakh, the petitioner has claimed the actual cost of Rs. 186.05 Lakh.

29.3 Regarding the claim towards coal stock yard, the petitioner was directed to submit the following:

- Complete agreement along with annexures and amendments thereof.
- Relevant provisions of the contract under which the amendments have been admitted by the petitioner, if any.
- Details of taxes and duties included in actual expenditure.
- Contract closure certificate or a certificate from the auditor that the contract has been duly closed with due settlement of all claims, statutory claims, penalties, incentives etc., if any.

29.4 In reply, the petitioner submitted as under:

*"The details of taxes and duties included in the actual expenditure of Coal yard is Rs. 0.27 Lakhs and indicated at s.no. 16 in Annexure-D."*

29.5 The petitioner has not submitted the copies of work orders placed for coal stock yard. As the actual cost is lower than the 2<sup>nd</sup> stage approved cost, the Commission deems it prudent to approve the cost as claimed by the petitioner.

**Table 23: Cost of coal stock yard approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	200.00	28.21	28.21
Additional capitalisation			
FY 2013-14	-	74.21	74.21
FY 2014-15	-	83.63	83.63
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.00	0.00
Sub-total	-	157.84	157.84
<b>Total</b>	<b>200.00</b>	<b>186.05</b>	<b>186.05</b>

## 30.0 New works

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

- 30.1 In addition to the works discussed above that were considered at the time of 2<sup>nd</sup> stage approval, the petitioner has claimed the cost towards new items that were not considered at the time of 2<sup>nd</sup> stage approval as under:

**Table 24: Cost of new works claimed by the petitioner (Rs. Lakh)**

Particulars	Actual claimed as on COD 25.09.2012	Additional capitalisation claimed					Total	Total capital cost claimed
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Coal Handling Plant	322.95	0.27	0.10	0.00	0.00	94.17	94.54	417.49
Coal Bunker Shed	0.00	4.10	0.00	0.00	0.00	0.00	4.10	4.10
Charcoal shed	0.00	0.00	1.67	0.00	0.00	0.00	1.67	1.67
Security room for coal yard	0.00	0.00	0.49	0.00	0.00	0.00	0.49	0.49
Ash Handling Plant	111.87	163.08	0.00	0.00	0.00	0.00	163.08	274.95
50-ton weigh bridge	11.28	0.00	0.00	0.00	0.00	0.00	0.00	11.28
Bulldozer	82.20	0.00	0.00	0.00	0.00	0.00	0.00	82.20
Lab Equipments	14.93	11.32	0.73	0.00	5.89	0.00	17.94	32.87
Tools	0.00	4.74	0.00	0.00	0.00	0.00	4.74	4.74
Plant Boundary Wall	0.00	0.00	26.09	0.00	0.00	0.00	26.09	26.09
Scrap yard-chain link fencing	0.00	0.00	2.40	0.00	0.00	0.00	2.40	2.40
Shed for boiler operating floor	0.00	0.00	1.23	0.00	0.00	0.00	1.23	1.23
Bitumen Road from Plant Gate to Office	0.00	0.00	7.75	0.00	0.00	0.00	7.75	7.75
Bitumen Road from Fly Ash Silo to PWD road	0.00	0.00	6.64	0.00	0.00	0.00	6.64	6.64
Fire Water Reservoir and Fire Fighting System	199.60	24.73	0.00	0.00	0.00	0.00	24.73	224.33
Furnitures	0.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00
Computer and printer	0.00	1.37	0.00	0.00	0.00	0.37	1.74	1.74
<b>Total</b>	<b>742.83</b>	<b>210.61</b>	<b>47.10</b>	<b>0.00</b>	<b>5.89</b>	<b>94.54</b>	<b>358.14</b>	<b>1100.97</b>

- 30.2 The petitioner was specifically directed to submit:

- Detailed technical and circumstantial reasons for incurring additional expenditure beyond the considerations in the DPR and 2<sup>nd</sup> stage approval, for each work, substantiating the same with supporting documents.
- Copies of agreements, completion certificates, taxes and duties etc. for each of the expenditure head for the works not considered in the 2<sup>nd</sup> stage approval with appropriate indexation.

- 30.3 As regards the technical and circumstantial reasons for incurring additional expenditure beyond the amount approved in 2<sup>nd</sup> stage approval, the petitioner has reiterated its submissions in the Petition purported to be its findings of study post commissioning of the project as mentioned in paragraph 5.0 above. Petitioner also referred to the loss of documents due to fire accident in its office and submitted few purchase orders without any indexation/reference as to which expenditure head such purchase orders pertain to.

- 30.4 In view of the above, the Commission decides to review the claim of the Capital expenditure not considered during 2<sup>nd</sup> stage investment approval under three broad categories as below:

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

**(i) Capital expenditure for Coal Handling Plant and Ash Handling Plants:**

30.5 Petitioner claimed the capitalization on the above grounds as below:

Particulars	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital claimed
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Coal Handling Plant	322.95	0.27	0.10	0.00	0.00	94.17	94.54	417.49
Coal Bunker Shed	0.00	4.10	0.00	0.00	0.00	0.00	4.10	4.10
Charcoal shed	0.00	0.00	1.67	0.00	0.00	0.00	1.67	1.67
Security room for coal yard	0.00	0.00	0.49	0.00	0.00	0.00	0.49	0.49
50-ton weigh bridge	11.28	0.00	0.00	0.00	0.00	0.00	0.00	11.28
Bulldozer	82.20	0.00	0.00	0.00	0.00	0.00	0.00	82.20
Ash Handling Plant	111.87	163.08	0.00	0.00	0.00	0.00	163.08	274.95
<b>Total</b>	<b>528.30</b>	<b>167.45</b>	<b>2.26</b>	<b>0.00</b>	<b>0.00</b>	<b>94.17</b>	<b>263.88</b>	<b>792.18</b>

30.6 From the submission it is observed that, the 12 MW DPS plant was initially envisaged to be operated with F grade coal from ECL. It is also observed that, due to non-availability of linkage of desired quality of coal, despite several attempts of the petitioner and intervention of Ministry of Coal, the petitioner restored to a lower quality of coal with high ash content. This required additional coal and ash handling space as well as upgradation of coal & ash handling plants. It is further submitted that a 50MT Weigh bridge & one no. Bull dozer for management & storage also became essential for new Coal yard. To overcome the problem caused due to wet coal, petitioner has developed coal sheds. The Commission observed that, due to unavoidable circumstances arisen out of non-availability of design grade of coal such modifications become necessary for efficient and successful operation of the plant.

30.7 Petitioner further submitted that, at the time of construction of 12 MW plant it was considered to operate both the old Stoker fired Boilers & the new AFBC Boiler and the Coal Handling Plant (CHP) was designed accordingly. Subsequently after scrap out the old boiler, re-engineering of CHP was required. Accordingly, petitioner took up the modification of CHP in 2017-18. This modification will optimise the coal handling infrastructure, reduce the auxiliary consumption and address the un-burnt coal in the fly ash resulting into fuel loss. From the additional submission dated 10.03.2023, it is observed that, the CHP modification work was completed on 18.04.2017 with an expenditure of Rs. 94.17 Lakh against the awarded value of Rs. 91.82 lakh. Petitioner did not submit any justification of cost increase.

30.8 The petitioner could not be able to submit detailed documents due to loss of documents during the fire of 14.02.2014 in its Central Office at Dishergarh, except the auditor's certificate regarding actual cost incurred.

30.9 In view of this, the Commission considering the issue of change in coal mix and the environmental impact of un-burnt coal, admits the proposed additional capitalization in terms of clause (iv) and (v) of regulation 5.2.2 of The Tariff Regulations. The Commission decides to admit the expenditures as reflected in the auditor's certificate, except the cost increase regarding modification of CHP. The admissible Capital expenditure are as below:

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

**Capital Expenditure related to CHP and AHP (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	0.00	528.30	528.30
Additional capitalisation			
FY 2013-14	-	167.45	167.45
FY 2014-15	-	2.26	2.26
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	94.17	91.82
Sub-total	-	<b>263.88</b>	<b>261.53</b>
<b>Total</b>	<b>0.00</b>	<b>792.18</b>	<b>789.83</b>

**(ii) Capital expenditure for lab equipments and tools:**

30.10 Petitioner claimed the capitalization on the above grounds as below:

Particulars	Actual claimed as on COD	Additional capitalisation claimed						Total capital claimed
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Total	
Lab Equipments	14.93	11.32	0.73	0.00	5.89	0.00	17.94	32.87
Tools	0.00	4.74	0.00	0.00	0.00	0.00	4.74	4.74
<b>Total</b>	<b>14.93</b>	<b>16.06</b>	<b>0.73</b>	<b>0.00</b>	<b>5.86</b>	<b>0.00</b>	<b>22.68</b>	<b>37.61</b>

30.11 From the submission it is observed that, the 12 MW DPS plant was initially envisaged considering sharing of the facilities available at Chinnakuri Plant like chemical laboratory, control & instrument laboratory, etc. Accordingly, costs of such facilities were not considered in the initial DPR. However, after the expiry of land lease for Chinakuri Power Station and denial of ECL to renew or extend the lease agreement the petitioner has to arrange for Laboratory equipments and tools to run the power plant. The petitioner has submitted auditor's certificate against the actual expenditure. However, no further details were submitted due to loss of document on fire accident.

30.12 In view of the above, the Commission decides to admit the expenditures on laboratory equipments and tools up to the cut-off date i.e. 31.03.2015 considering the amounts reflected in the auditor's certificate. No amount after cut-off date is admitted in absence of specific justifications and documents submitted by the petitioner. The admissible Capital expenditure are as below:

**Capital Expenditure related to laboratory and tools (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	0.00	14.93	14.93
Additional capitalisation			
FY 2013-14	-	16.06	16.06
FY 2014-15	-	0.73	0.73
FY 2015-16	-	0.00	0.00
FY 2016-17	-	5.86	0.00

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
FY 2017-18	-	0.00	0.00
Sub-total	-	<b>22.68</b>	<b>16.79</b>
<b>Total</b>	<b>0.00</b>	<b>37.61</b>	<b>31.72</b>

**(iii) Other new capital Expenditures:**

30.13 The petitioner also claimed the following capital expenditures which were not considered in the 2<sup>nd</sup> stage of investment approval:

**Other New Capital Expenditure (Rs. Lakh)**

Particulars	Actual claimed as on COD	Additional capitalisation claimed					Total	Total capital claimed
		FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18		
Fire Water Reservoir and Fire Fighting System	199.60	24.73	0.00	0.00	0.00	0.00	24.73	224.33
Plant Boundary Wall	0.00	0.00	26.09	0.00	0.00	0.00	26.09	26.09
Scrap yard-chain link fencing	0.00	0.00	2.40	0.00	0.00	0.00	2.40	2.40
Shed for boiler operating floor	0.00	0.00	1.23	0.00	0.00	0.00	1.23	1.23
Bitumen Road from Plant Gate to Office	0.00	0.00	7.75	0.00	0.00	0.00	7.75	7.75
Bitumen Road from Fly Ash Silo to PWD road	0.00	0.00	6.64	0.00	0.00	0.00	6.64	6.64
Furnitures	0.00	1.00	0.00	0.00	0.00	0.00	1.00	1.00
Computer and printer	0.00	1.37	0.00	0.00	0.00	0.37	1.74	1.74
<b>Total</b>	<b>199.60</b>	<b>27.10</b>	<b>44.11</b>	<b>0.00</b>	<b>0.00</b>	<b>0.37</b>	<b>71.58</b>	<b>271.18</b>

30.14 The Commission observed that, except the fire-water reservoir and firefighting system, all others are additional capitalization after COD of the plant. The expenses regarding plant boundary wall, roads, etc are supposed to be considered in the project cost, hence additional expenses outside the scope of the project is not allowed, particularly in absence of specific details. The Commission decides to admit the costs related to Fire water reservoir and firefighting system in terms of regulation 5.2.2(vii) considering the safety requirement. Thus, the admissible capital expenditures are as below:

**Capital Expenditure related to laboratory and tools (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	0.00	199.60	199.60
Additional capitalisation			
FY 2013-14	-	27.10	24.73
FY 2014-15	-	44.11	0.00
FY 2015-16	-	0.00	0.00
FY 2016-17	-	0.00	0.00
FY 2017-18	-	0.37	0.00
Sub-total	-	<b>71.58</b>	<b>24.73</b>

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
<b>Total</b>	<b>0.00</b>	<b>271.18</b>	<b>224.33</b>

30.15 In view of above the capital cost admitted on new works are as below:

**Capital Expenditure related to new works (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Final capital cost claimed	Final capital cost approved
Capital cost as on COD	0.00	742.83	742.83
Additional capitalisation			
FY 2013-14	-	210.61	208.24
FY 2014-15	-	47.10	2.99
FY 2015-16	-	0.00	0.00
FY 2016-17	-	5.89	0.00
FY 2017-18	-	94.54	91.82
Sub-total	-	<b>358.14</b>	<b>303.05</b>
<b>Total</b>	<b>0.00</b>	<b>1100.97</b>	<b>1045.88</b>

**31.0 Hard Cost**

31.1 Based on the above analysis of the constituents of Hard Cost, the Hard Cost approved by the Commission is as shown in the Table below:

**Table 25: Hard cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed	Total claimed	Actual approved as on COD	Additional capitalisation approved	Total approved
Equipment cost-STG	4588.00	4836.85	1316.91	6153.76	4588.00	0.00	4588.00
Erection, Commissioning & Civil services-STG	993.00	910.28	52.79	963.07	910.28	52.79	963.07
CW Line & Steam Line Rerouting	55.00	23.25	0.00	23.25	23.25	0.00	23.25
Raw Water Pipeline	92.00	0.00	33.59	33.59	0.00	33.59	33.59
Erection & Commissioning-Raw Water Pipeline	33.00	0.00	13.98	13.98	0.00	13.98	13.98
Equipment cost-Power evacuation	253.00	0.00	0.00	0.00	0.00	0.00	0.00
Installation & commissioning-Power evacuation	33.00	0.00	0.00	0.00	0.00	0.00	0.00
Consultancy services	33.00	29.25	0.00	29.25	29.25	0.00	29.25
Overheads	60.00	99.07	0.00	99.07	99.07	0.00	99.07
Guest house renovation	10.00	10.86	0.00	10.86	10.00	0.00	10.00
Miscellaneous expenses	25.00	8.55	0.00	8.55	8.55	0.00	8.55
Coal Stock Yard	200.00	28.21	157.84	186.05	28.21	157.84	186.05
New works	0.00	742.83	358.14	1100.97	742.83	303.05	1045.88

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD	Additional capitalisation claimed	Total claimed	Actual approved as on COD	Additional capitalisation approved	Total approved
Hard Cost	6375.00	6689.15	1933.25	8622.40	6439.44	561.25	7000.69

### 32.0 Interest During Construction (IDC)

32.1 The comparison of IDC cost as per 2<sup>nd</sup> stage approval and final cost claimed in the instant Petition is as shown in the Table below:

**Table 26: IDC claimed by the petition (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Actual claimed as on COD
IDC	279.00	216.88

32.2 The petitioner has submitted IDC & FC of Rs. 216.88 Lakh and Rs. 44.51 Lakh respectively in the break-up of capital cost submitted in Form P(D1) whereas the petitioner has submitted only the IDC of Rs. 216.88 Lakh in break-up of capital cost as approved in the 2<sup>nd</sup> stage approval, as shown in the above table. The Commission has relied on the IDC as submitted in the above table.

32.3 The Commission directed the petitioner to submit the following additional information:

- Copy of loan agreements executed for the project.
- Details of debt financing for the project.
- Computations of IDC giving details of tranche wise details of equity and debt infusion.
- Duly filled in Form P(F): Financial package upto COD.
- Supporting documents to substantiate the equity infusion for the project.

32.4 In reply, the petitioner submitted the following:

- Copy of sanction letter from IDBI Bank dated 20.12.2011 for the term loan of Rs. 40 Crore.
- Copies of letters dated 09.02.2012 from IDBI Bank regarding modification in Security Clause in respect of term loan of Rs. 40 Crore.
- Details of debt financing for the project as under:

Name of the Bank	IDBI Bank
Currency	INR
Sanctioned loan amount	40 Crore
Loan drawl upto COD	35 Crore
Moratorium period	24 months from COD
Repayment effective from	24 months from COD
Repayment frequency	Quarterly
Repayment instalment	36 instalments
Repayment period	10 years
Interest rate (Fixed/Floating)	Floating
Terms of interest rate, if any	BBR + 250 bps (to be first reset on COD and



In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

thereafter on expiry of every 12 months)

- Computations of IDC amounting to Rs. 216.88 Lakh.
- Financial package upto COD as under:

**Table 27: Financial package upto COD submitted by the petitioner (Rs. Lakh)**

Particulars	Financial package as approved	Financial package upto COD
<b>Debt</b>		
IDBI Bank		3500.00
NCD		1365.37
<b>Total debt</b>	<b>4657.80</b>	<b>4865.37</b>
<b>Equity</b>	<b>1996.20</b>	<b>2085.16</b>
Debt: Equity ratio	2.33	2.33

- The petitioner submitted that the final capital cost of Rs. 8893.23 Lakh has been financed by a debt of Rs. 4000.00 Lakh from IDBI Bank and balance amount of Rs. 4893.23 Lakh through own equity (internal resources). The petitioner submitted that Non-convertible Debentures (NCD) has been used for bridge financing during the project execution period.
- The petitioner submitted that out of the sanctioned loan amount of Rs. 4000.00 Lakh, the loan amounts of Rs. 2000.00 Lakh and Rs. 1500.00 Lakh were drawn in FY 2011-12 and FY 2012-13 respectively. The petitioner submitted that the balance debt requirement was met through NCD.
- The petitioner submitted that the equity has been funded through internal resource generation and the adequacy of such internal resource generation can be established from the Audited Financial Statements of respective years.

32.5 From the computations of IDC submitted by the petitioner, the following have been observed:

- IDC claimed by the petitioner pertains to loan drawal during FY 2011-12 and FY 2012-13 upto COD.
- The total debt amount corresponding to the IDC of Rs. 216.88 Lakh is Rs. 2417.65 Lakh whereas the petitioner submitted the total loan drawl from IDBI Bank upto COD as Rs. 3500 Lakh.
- The petitioner has not submitted the tranche wise details of equity infusion.

32.6 Therefore, the petitioner was directed as under:

*“With reference to the computations of IDC in Annexure-K of IPCL reply dated 10.03.2023 to query no. 10, please submit the following:*

*a. The total term loan amount drawn as per the IDC computations is Rs. 2417.65 Lakh whereas, the term loan drawal upto COD from IDBI Bank has been submitted as Rs. 3500.00 Lakh. IPCL to submit the justification for this discrepancy and reconcile the figures.*

*b. The IDC computations have not been submitted in the specified format giving the details of tranche wise debt and equity. IPCL to submit the IDC computations in the specified format in MS Excel.”*

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

32.7 In reply, the petitioner submitted as under:

"a. It is humbly submitted that the financing of the 12 MW project upto COD was done through mix of Equity (Rs 2085.16 Lakhs), Term Loan from IDBI Bank (Rs 3500 Lakhs) disbursed out of Rs 4000 Lakhs) and bridge financing through NCD (Rs 1365.37 Lakhs) respectively.

Equity	Rs. Lakhs	2085.16
Term Loan from IDBI Bank	Rs. Lakhs	3500.00
Bridge Financing through NCD	Rs. Lakhs	1365.37
Total as on COD	Rs. Lakhs	6950.53

b. The computation of IDC in specified format is annexed hereto and marked as **Annexure-K.**"

32.8 The petitioner has re-submitted the IDC computations for the amount of Rs. 216.88 Lakh with the details of tranche wise debt. However, the Petitioner, vide its response dated 25.04.2024 submitted that "the initial funding of the project was from internal accrual and NCD, which was subsequently replaced with loan availed from IDBI".

32.9 As regards the equity infusion by the Petitioner, the Petitioner further submitted vide its reply dated 25.04.2024 that the project work started from October 2010 and was completed in FY 2012-13. The company had free reserves of Rs. 9871.50 lakh at the beginning of FY 2010-11 and generated a surplus of Rs. 2169.52 lakh in FY 2010-11 and FY 2011-12.

32.10 From the submission made by the Petitioner vide its response dated 25.04.2024, it is observed that:

- Cheaper NCD debts were replaced by costlier IDBI debts
- Rs. 2000 Lakh debt from IDBI was disbursed on 06.02.2012, which was used to replace the debt drawn from NCD
- Rs. 1500 Lakh debt from IDBI was claimed and which was disbursed on 26.07.2012, whereas IDC is not claimed against the loans disbursed

32.11 The IDC and Finance Charges (FC) as per the auditor's certificate is Rs. 270.85 Lakh. In reply to query regarding FC, the petitioner confirmed the actual amount of FC as Rs. 44.85 Lakh, therefore the IDC as per the auditor's certificate works out to Rs. 226.00 Lakh, which is at variance to the computations submitted. In light of the above discrepancies, the Commission deems it fit to consider the actual IDC as Rs. 216.88 Lakh as per the computations submitted.

32.12 The summary of IDC computations submitted by the petitioner is as shown in the Table below:

**Table 28: Summary of Debt and corresponding IDC claimed by the petitioner (Rs. Lakh)**

Year	Debt	Actual IDC		
		FY 2011-12	FY 2012-13	Total
FY 2011-12	2403.09	81.71	135.16	216.88
FY 2012-13	14.56	-	-	-
<b>Total</b>	<b>2417.65</b>	<b>81.71</b>	<b>135.16</b>	<b>216.88</b>

32.13 The Commission directed the petitioner to submit the actual date and scheduled date of completion of the project. In reply, the petitioner submitted that as per the contract with M/s Shristi Infrastructure Development Corporation Limited, the proposed date of completion of the project was 30.06.2012 and the plant achieved COD on 25.09.2012. The petitioner submitted that the delay was due to various factors beyond the control of both the parties, such as hunger strike by unions, brownfield & labour problems, space constraints, heavy rains, site elevation problems and boiler certification formalities etc.

32.14 The reasons for delay submitted by the petitioner are as under:

- **Hunger strike:** The petitioner submitted that the dismantling of existing boilers with their auxiliaries was delayed on account of "Fasting Unto Death" by the unions due to which the EPC contractor had demobilised and re-mobilised in the month of November, 2010. The petitioner submitted that the work was completed in the month of March, 2011. The petitioner submitted some photographs in this regard.
- **Space constraints:** The petitioner submitted that the project was considered as a renovation project within the existing location after demolition of old boilers but preserving the other boilers with three turbines in running condition. The petitioner submitted that for safety of the running equipment, demolition of old boilers took more time than the scheduled time. The petitioner submitted that the new 12 MW boiler and turbine house was considered only on 0.8 acres of land which is significantly lower than the conventional space requirement. The petitioner also submitted that frequent labour problems have led to additional wastage of man days. The petitioner submitted some photographs in this regard.  
The petitioner also submitted that the approach road for erection was mainly on public roads; erection activities were slowed down in order to facilitate public demands and frequently stopped day time and jobs were undertaken mainly during night time. The petitioner submitted some photographs in this regard.
- **Heavy rain:** In the month of September, 2011, heavy rain occurred for 15 days and civil foundation works were totally collapsed for nearly two months. The petitioner submitted that the plant being at the same elevation of spray pond, outside water from spray pond as well as from the public pond entered into the foundation areas. The petitioner submitted a news paper extract in this regard.
- **Site elevation:** The petitioner submitted that the plant boundary is surrounded by public roads as well as ECL. The petitioner submitted that the excavation for civil foundation was done mostly in manual mode leading to delay in civil foundation works. The petitioner submitted some photographs in this regard.
- **Retaining wall:** The petitioner submitted that in the month of July, 2011, public roads were subsided and additional retaining wall was made to protect the public roads and construction of CHP plant. The petitioner submitted some photographs in this regard.
- **Boiler certification:** The petitioner submitted that on 13.06.2011, it had a joint meeting with Directorate of Boilers, Government of West Bengal for formation of strategic planning for Boiler erection jobs. The petitioner submitted that based on activities undertaken to abide the requirement of Directorate of Boilers for obtaining the provisional order on 25.09.2012.

32.15 The Commission directed the petitioner to submit the details of liquidated damages levied on the contractors along with justification for the amounts levied in accordance with the provisions of the relevant contracts, duly certified by the auditor. The petitioner replied that as per the records

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

maintained by its accounts department, there has been no levy of liquidated damages on the contractors involved in the project.

32.16 The Commission has observed that IDC computed on actual loan drawal of Rs. 2417.65 lakh as shown in table 29 above, which is well within 70% of the approved Capital Cost upto COD. Therefore, the Commission deems it fit to consider the actual IDC of Rs. 216.88 lakh as submitted by the petitioner.

32.17 The Petitioner vide its response dated 25.04.2024 has submitted that the FC claimed of Rs. 44.51 lakh includes Rs. 44.12 lakh corresponding to processing charge of loan (at 1% of the term loan+ applicable taxes) and Rs. 0.39 lakh corresponding to documentation charges. Hence, the finance cost of Rs. 44.51 lakh as claimed by the Petitioner is admitted by the Commission.

32.18 Based on the above, the IDC & FC claimed by the petitioner and approved by the Commission is as shown in the Table below:

**Table 29: IDC approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Claimed	Approved
IDC	279.00	216.88	216.88
FC	0	44.51	44.51
Total	279.00	261.39	261.39

### 33.0 Total Capital Cost

33.1 Based on the above discussions, the capital cost as approved by the Commission is as shown in the Table below:

**Table 30: Capital cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Claimed	Approved
Hard Cost as on COD	6375.00	6689.15	6439.44
IDC	279.00	216.88	216.88
Finance Cost		44.51	44.51
<b>Capital cost as on COD</b>	<b>6654.00</b>	<b>6950.53</b>	<b>6700.83</b>
Additional capitalization			
FY 2013-14	-	1406.81	282.45
FY 2014-15	-	423.93	178.15
FY 2015-16	-	0.00	0.00
FY 2016-17	-	17.44	8.83
FY 2017-18	-	94.54	91.82
<b>Total additional capitalization</b>		<b>1942.72</b>	<b>561.25</b>
<b>Total capital cost</b>	<b>6654.00</b>	<b>8893.25</b>	<b>7262.08</b>

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

34.0 The petitioner has also proposed for revision of the operating norms specified under Schedule 9A of the Tariff Regulations based on the study conducted by National Productivity Council (NPC). Petitioner submitted that. It had already submitted the report of NPC vide letter no. RA/II/002/13-14/1147 dated 11.02.2014. A copy of the said NPC report is also attached as "Annexure-5 to the present petition. Accordingly, the petitioner proposed following modifications:

<i>Operating Parameters</i>	<i>Norm Fixed by the Hon'ble Commission-Old 12.2 MW Plant</i>	<i>Norm Fixed by the Hon'ble Commission-New 12 MW Plant</i>	<i>Actual achievable Operating Parameter as per National Productivity Council Report-1x12 MW Plant</i>
<i>Station Heat Rate-kcal/kWh</i>	5800	3300	3460
<i>Auxiliary Consumption-%</i>	10.80	10	12.40
<i>PLF-%</i>	48	80	85
<i>PAF-%</i>	48	85	88

35.0 The Commission further observes that, in terms of regulation 2.8.1.4.4 of the Tariff Regulations, during 2<sup>nd</sup> stage investment approval petitioner has to submit supporting documents regarding performance guarantee of different parameters before the Commission. Subsequently, in terms of regulation 2.8.1.4.9 of the Tariff Regulations, before one year of synchronization of the thermal generating station, the generating company/ licensee has to submit values of design parameters at different operating conditions. Further in terms of regulation 2.8.1.4.10 of the Tariff Regulations, performance guarantee tests to be completed within four (04) months from the date of synchronisation and submit all detail reports along with its application for next tariff determination or APR which is earlier. As the petitioner failed to submit the detailed report within due time line, the Commission determined the operating norms of 12 MW DPS new unit based on the documents submitted during 2<sup>nd</sup> stage investment approval. Subsequently, the same has been incorporated in Schedule -9A of the Tariff regulations. Moreover, with coal linkage received by the petitioner under SHAKTI scheme, the uncertainty of coal supply does not exist.

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

### ORDER

- 1.0 From the submissions made by IPCL and the clarifications/documents submitted in replies to queries raised by the Commission in terms of Regulation 2.8.5 of the Tariff Regulations, the Commission observed that there are deviations in most of the heads of Final Capital Cost with respect to 2<sup>nd</sup> stage approval. The variation in head wise cost and reasons during execution of the project is detailed in foregoing paragraphs.
- 2.0 The Commission after considering all the facts and the project report submitted by IPCL along with submissions, clarifications and documents in terms of Regulation 2.8.5 of the Tariff Regulations approves the final Project Cost of 12 MW generating plant of Rs. 7262.08 Lakh as per details given below:

**Table 31: Capital Cost approved by the Commission (Rs. Lakh)**

Particulars	2 <sup>nd</sup> stage approval	Claimed	Approved
Hard Cost as on COD	6375.00	6689.15	6439.44
IDC	279.00	216.88	216.88
Finance Cost		44.51	44.51
<b>Capital cost as on COD</b>	<b>6654.00</b>	<b>6950.53</b>	<b>6700.83</b>
Additional capitalization			
FY 2013-14	-	1406.81	282.45
FY 2014-15	-	423.93	178.15
FY 2015-16	-	0.00	0.00
FY 2016-17	-	17.44	8.83
FY 2017-18	-	94.54	91.82
<b>Total additional capitalization</b>		<b>1942.72</b>	<b>561.25</b>
<b>Total capital cost</b>	<b>6654.00</b>	<b>8893.25</b>	<b>7262.08</b>

- 3.0 The Commission does not find the prayer of the petitioner to revise the operating norms, as admissible.
- 4.0 The petitioner submitted that the final capital cost of Rs. 8893.25 Lakh has been financed by a debt of Rs. 4000.00 Lakh from IDBI Bank and balance amount of Rs. 4893.25 Lakh through own equity (internal resources). The petitioner submitted that NCD has been used for bridge financing during the project execution period. The Petitioner further submitted vide its reply dated 25.04.2024 that the project work started from October 2010 and was completed in FY 2012-13. The company had free reserves of Rs. 9871.50 lakh at the beginning of FY 2010-11 and generated a surplus of Rs. 2169.52 lakh in FY 2010-11 and FY 2011-12. Hence, the Commission is of the view that since the equity infusion as submitted by the Petitioner is higher than the normative 30% as per the Tariff Regulations, the normative debt equity ratio of 30:70 shall be considered for the purpose of tariff determination.
- 5.0 The Petition is thus disposed off.
- 6.0 A copy of the order shall be posted in the website of the Commission.

In regard to the petition submitted by India Power Corporation Limited for approval of final project cost of 1x12 MW generating unit & revision of operating norms

---

- 7.0 IPCL shall download the copy of the order from website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013 as amended and on submission of necessary fees.

**Sd/-**  
**(PULAK KUMAR TEWARI)**  
**MEMBER**

**Sd/-**  
**(MALLELA VENKATESWARA RAO)**  
**CHAIRPERSON**

**Dated: 19.06.2024**

**Sd/-**  
**(SECRETARY)**