

Sub: In the matter of petition for revision in the power purchase cost of Indira Sagar Power Project.

ORDER

Dated 08 April, 2008

M.P. Poorv K.V.V.C.L., Jabalpur	-	Petitioner 1
M.P. Madhya K.V.V.C.L. Bhopal	-	Petitioner 2
M.P. Paschim K.V.V.C.L. Indore	-	Petitioner 3
M.P. Power Trading Co.Ltd., Jabalpur	-	Co-Petitioner

The subject petition has been filed by the three Distribution Companies together as petitioner and MP Power Trading Co.Ltd as Co-petitioner in the matter of revision in the power purchase cost of Indira Sagar Project on account of final order issued by Central Electricity Regulatory Commission (CERC).

2. It is indicated in the petition that the CERC issued the final order with regard to the tariff for power generated by Indira Sagar Project on 06/02/2007. The CERC has determined the generation tariff from 2003-04 (Jan 2004). 100% power generated by this project has been scheduled to the State of Madhya Pradesh only. Accordingly, Narmada Hydroelectric Development Corporation (NHDC) had issued the bills of difference of the amount as per the provisional order and final order in February 2007. The NHDC has also started issuing the bills as per the final tariff order from February 2007.

3. The Case had been registered as Petition No. 72/2007 and the Commission held the hearing in this matter on 06/12/2007. The Commission directed MP Trading Co. Ltd. to file the details of the bills issued by the NHDC alongwith copies of the bills / supplementary bills on the basis of provisional / final tariff orders issued by the CERC. to the Commission. The Commission also directed to indicate Discom-wise liabilities separately arising due to CERC's order. In response, the MP Power Trading Co. Ltd. filed the month-wise details of bills starting from January 2004 to January 2007 on the basis of provisional order and also on the basis of final order dated 06/02/2007. A gist is given in the following table:-

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SLN o.	Year	From	To	Amount in Rs. Crore		
				Amount Billed As per Provisional Order	Amount Billed As per Final Order	Difference
1.	2003-04	Jan 04	March 04	21.92	20.71	-1.21
2.	2004-05	April 04	March 05	177.65	228.00	50.35
3.	2005-06	April 05	March 06	364.26	493.53	129.27
4.	2006-07	April 06	Jan 07	368.34	478.02	109.68
5.		Feb 07	Match 07	-	67.66	67.66
6.	2007-08	April 07	August 07	-	221.17	221.17
7.	Total			932.17	1509.09	576.92

The MPPTC has not filed the Distribution Company-wise liabilities.

4. The petitioners and the co-petitioner have requested the Commission to allow the recovery of the arrears arising on account of the difference between of provisional order and final order of CERC.

5. The Commission has examined the request of the petitioners and co-petitioner in detail. Consequent to the un-bundling of the MPSEB, the Distribution Companies started the independent operation with effect from 01/06/2005. The Commission has issued the Company-wise tariff orders for FY2005-06 (for 10 months i.e. from 01/06/2005 to 31/03/2006), FY2006-07, FY2007-08 and FY2008-09. The Commission has also issued the true-up orders for tariff for FY 2005-06 for all the Distribution Companies. With regard to the approval of the power purchase cost in respect of the Indira Sagar Project, the Commission has considered and allowed the difference of the cost for the ten months period of FY 2005-06 in its Retail Supply Tariff Order for FY 2008-09. Out of total liability of Rs. 129.27 Crore for FY 2005-06 after deducting the liability for April 2005 (Rs. 8.75 Crore) and May 2005 (Rs. 9.84 Crore), the Commission has allowed Rs. 110.68 Crore as the difference of the cost for 10 months period of FY 2005-06 in its Retail Supply Tariff Order for FY 2008-09. Similarly, the power purchase component of Indira Sagar Project for FY 2008-09 has already been considered as per CERC's final order in the Retail Supply Tariff order for FY 2008-09. The Commission has allowed Rs. 447.84 Crore as Annual Fixed Charges as the

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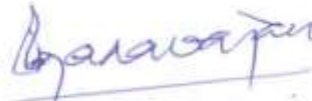
cost of power from Indira Sagar Project for FY 2008-09 in its Retail Supply Tariff Order for FY 2008-09.

6. The liabilities for the period before the start of the independent operation of the Companies i.e. prior to 01/06/2005 have also been indicated in the petition. This is for the period when the MP State Electricity Board was functioning as Distribution Licensee in the State. Further, the Government of Madhya Pradesh had notified the assets and liabilities for all the successor entities of MP State Electricity Board through provisional Opening Balance Sheets in respect of each Company with effect from 01/06/2005. Hence, the liabilities arising prior to 01/06/2005 should be taken care of in the Final Opening Balance Sheets of the successor Companies. The Commission directs that any liability of the period prior to 01/06/2005 with regard to the cost of the power from Indira Sagar Project be taken into account by the State Government while finalising the Opening Balance Sheets of the successor entities of MP State Electricity Board.

7. With regard to the liabilities arising for FY 2006-07 and FY 2007-08, the Commission directs that the same would be considered by the Commission at the time of processing the trueing up petitions of the Distribution Licensees for respective periods and when filed with the Commission.

8. With the above directions, the Commission disposes of the petition. The case is closed.


(K. K. Garg)
Member (Engineering)


(R. Natarajan)
Member (Economics)


(Dr. J.L. Bose)
Chairman