

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

‘Vidyut Niyamak Bhawan’, Near I.S.B.T., P.O.-Majra, Dehradun-248171

Coram

Shri Subhash Kumar Chairman

Shri K. P. Singh Member

Statement of Reasons for Draft UERC (Terms and Conditions for Determination of Multi Year Tariff) (First Amendment) Regulations, 2016.

Statement of Reasons

1. The Commission had issued UERC (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as “Principal Regulations” or “MYT Regulations, 2015”) vide notification dated September 10th, 2015. These Principal Regulations stipulate terms and conditions for determination of retail supply tariff, transmission tariff, generation tariff and SLDC charges.
2. Apart from other parameters of Annual Fixed Charges (AFC) for thermal power based generating stations norms of Operation & Maintenance expenses has also been provided in the Principal Regulations. Regulation 48(1) of the Principal Regulations specifies normative O&M expenditure in respect of Open Cycle Gas Turbine/Combined Cycle generating stations having conventional/old class machine. However, these Regulations do not specify O&M expenditure in respect of Open Cycle Gas Turbine/Combined Cycle generating stations having advanced F-Class machine.
3. Recently, two Combined Cycle generating stations of M/s GIPL & M/s SEPL have started generation of power and they have filed tariff petitions before the Commission for their respective stations. It has been observed that these Stakeholders/Petitioners have claimed higher O&M expenses in deviation to the above mentioned Regulation 48(1) of the Principal Regulations claiming that they have F-Class machine in their generating stations. The Petitioners submitted that due to economies of scale and improved thermal efficiency for advanced class machines (F-Class) of the generating station, there is substantial reduction in fuel cost per unit. Further, that the O&M expenses for older class of Gas Turbines (E-Class) cannot be made applicable to advance class Gas Turbines (F-Class) which are subjected to much higher thermal stresses and higher blade temperatures as compared to the E-Class machines.

4. Considering the submissions made by the above mentioned generators, the Commission is of the view that O&M expenses for F-Class machine cannot be allowed now since the same is not specified in the Principal Regulations. Accordingly, the Commission has decided to incorporate norms of O&M expenses for F-Class machine in respect of Open Cycle Gas Turbine/Combined Cycle generating stations by issuance of amendment of the Principal Regulations so that the same may be considered for such generating station.
5. Since in the State of Uttarakhand Gas based power stations has recently started generation of power, hence, there is no hands on information of actual O&M expenses available for such generating stations. Accordingly, so as to arrive at norms of O&M expenses for such generating stations, the Commission has taken references of existing Regulations of Central Commission and Regulations of other State Commissions where generating stations having advanced F-Class machines have been installed. Norms of O&M expenses specified by Central Commission, Gujarat, Chhattisgarh and Tripura State Commissions for advance F-Class Machines has been summarized as follows:

Comparative Statement of Norms of O&M expenses for Advanced F-Class Machines

(Rs. Lakh)

Year	CERC	Gujarat	Chhattisgarh	Tripura
2015-16	28.36	-	28.36	28.36
2016-17	30.29	29.98	30.29	30.29
2017-18	32.35	31.70	32.35	32.35
2018-19	34.56	33.51	34.56	34.56

6. The Commission noted that all the States except Gujarat have adopted norms of O&M expenses as specified by Central Commission. However, Gujarat has relatively lower norms of O&M expenses, i.e., around 98% of the O&M expenses specified by CERC. Accordingly, the Commission has decided to adopt the O&M norms similar to that specified by GERC.
7. Accordingly, the Commission has decided to issue the draft Amendment Regulations.

By the order of the Commission

(Neeraj Sati)
Secretary