

Rajasthan Electricity Regulatory Commission

Petition No. RERC-1265/17

In the matter of in-principle approval of additional capitalization for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit 1-6.

Coram:

Shri Vishvanath Hiremath, Chairman
Shri R.P. Barwar, Member
Shri S. C. Dinkar, Member

Petitioner : Rajasthan Rajya Vidyut Utpadan Nigam Ltd.

Respondents :
1. Jaipur Vidyut Vitran Nigam Ltd.
2. Ajmer Vidyut Vitran Nigam Ltd.
3. Jodhpur Vidyut Vitran Nigam Ltd.

Date of hearing : 12.04.2018

Present :
1. Sh. Sandeep Taneja, Advocate for Petitioner
2. Sh. Rakesh Verma, A.En. for Discoms
3. Sh. G. L. Sharma, Stakeholder

Order Date: 10.05.2018

ORDER

1. Petitioner, Rajasthan Rajya Vidyut Utpadan Nigam Ltd. (hereinafter referred to as 'RVUN'), a Generating Company under the provisions of the Electricity Act 2003, has filed this petition on 27.09.2017 for in-principle approval of

additional capitalization for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit 1 to 6.

2. The brief summary of the RVUN's proposal for Additional Capitalisation is as under:

- (i) Rajasthan State Pollution Control Board (RSPCB) vide its letter dated 03.06.2006 has issued its consent to establish 1x250 MW Coal based Thermal Power Plant Unit-6 Stage-IV at Suratgarh with the condition that the domestic waste water generated from residential colony and the plant area shall be treated in adequately designed sewage treatment plant and the treated effluent will be utilised for development of green belt within the plant premises as per clause no. 12 of aforesaid letter.
- (ii) The order for consultancy service for the above work was awarded to M/s Creative Computer, Jaipur vide letter dated 02.11.2010. The consultant submitted the Detailed Project Report (DPR) for the above work and worked out the cost of this work as Rs 8.4815 Cr.
- (iii) Further, RSPCB vide order dated 10.09.2012 granted its consent to operate for SSTPS 1x250 MW Unit-6, Stage-IV with the condition that the Suratgarh Super Thermal Power Station (SSTPS) shall commission the Effluent Treatment Plant and Sewage Treatment Plant.
- (iv) Details of work proposed under additional capitalisation are as under:
 - (a) Providing, laying and jointing sewer line in the lanes of thermal power plant Unit 1-6, ADM block and CRPF residences.
 - (b) Providing, laying and jointing House/Property/Toilet block connection line in the lanes/ compound of Units of thermal power plant Unit 1-6, ADM block & CRPF residences.

- (c) Provision for auto level sewage flow pumping from existing septic tanks to nearby sewer chamber through pumping main of GI Class-C pipes as the RCC floor obstructs the gravity flow.
- (d) Provision of construction of STP of 1 mld capacity for Unit 1-6 and also if feasible future space for proposed Unit 7-8 based on the SBR process, i.e., similar to that proposed in the colony.
- (e) Construction of sewerage treated water pond for effective reuse of the treated water.
- (v) Petitioner has submitted that the aforesaid work is essential for compliance of the orders issued by Rajasthan State Pollution Control Board vide its letters dated 03.06.2006 & 10.09.2012 and also for the present system of disposal i.e. septic/soak pits which are often overflows causing bed smell, unhygienic condition & breeding of Mosquitoes.
- (vi) Estimated budget of the proposed additional capitalisation is as under:

S.N.	Particulars	Amount (Rs)
1	Providing, Laying, jointing & commissioning of sewer system of Sewer lines with Manholes, Vent shafts and Property Connections.	4,31,44,060.32
2	Provision for Sewage Pumps to pump from existing septic tanks to nearby sewer Chamber.	750000.00
3	Provision for STP of 1mld with O&M	29500000.00
4	Provision for DPR Preparation & Capacity building @1.5% +1.5%.	2201821.81
5	Sub Total (A)	75595882.13
6	Add for tender premium@20%	9219716.43
7	Sub Total (B)	9219716.43
8	Grand Total	84815598.56

- (vii) The estimated cost, which is based upon BSR rates of 2013, has been approved by Board of Directors of RVUN in its 268th meeting held on 09.03.2017.
- (viii) Petitioner, therefore, has requested for in-principle approval of additional capitalization for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit-1-6 under Regulation 17 (2) (iv) of RERC Tariff Regulations, 2014.
3. Notices were issued to Respondents to file reply on the petition on 12.10.2017, however no reply was filed by the Respondent Discoms.
 4. Public notice with salient features of the petition inviting comments/suggestions/objections from desirous persons, was published in three newspapers namely Dainik Bhaskar, Dainik Navjyoti and DNA on 22.12.2017. The petition was also placed on the websites of the Commission and the Petitioner. The last date of receiving comments/suggestions/objections was kept 23.01.2018.
 5. The objections/comments/suggestions were received from Sh. G.L. Sharma. Petitioner was directed to file reply on the said objections. Accordingly, RVUN submitted its reply on 07.03.2018.
 6. The matter was listed on 12.04.2018. Sh. Sandeep Taneja, Advocate appeared on behalf of RVUN and prayed to allow the additional capitalization as petitioned. Sh. G.L. Sharma, Stakeholder appeared and made his submissions. Sh. Rakesh Verma, Assistant Engineer, appeared on behalf of Discoms and during the hearing submitted that the Discoms have no objection with the proposal of the Petitioner.

7. Sh. G.L. Sharma, Stakeholder in his written as well as oral submissions, submitted as under:

- (i) As per RERC Tariff Regulations, 2014, the cut-off date of last unit i.e. Unit-6 was 30.12.2010, therefore, the proposed additional capitalisation is beyond the cutoff date.
- (ii) As per requirement of Regulation 17(2)(iv) of RERC Tariff Regulations, 2014, RVUN has not justified that the proposed expenditure is necessary for efficient operation of Unit 1 to 6 of SSTPS. Hence the request of Petitioner is not admissible.
- (iii) The benefit of above proposed expenditure is not going to be passed on to the Discoms and the consumers, hence rightly and legally to be disallowed. In this regard reliance is made on the judgment dated 10.09.2015 of the Hon'ble APTEL passed in Appeal no. 250 of 2013 in the matter of NTPC Vs. CERC & others.
- (iv) As per para 4.3.2 of guidelines for renovation and modernisation of coal/lignite based thermal power stations, such works which are of O&M nature is to be met from O&M charges. Hence proposed expenditure of Rs. 8.48 Cr. cannot be allowed as additional capitalization.
- (v) The Petitioner shall also clarify that consent to operate the SSTPS unit 6 was granted by the RSPCB vide their order dated 10.09.2012 whereas the unit-6 was commissioned on 30.12.2009, i.e., much earlier prior to the consent of RSPCB. Petitioner may kindly state the reasons for the same.
- (vi) Further, the consent granted by RSPCB vide their order dated 03.06.2006 was conditional and valid upto 03.01.2009. Petitioner may clarify as to what have been the reasons for not complying the conditions till date.

- (vii) RVUN vide their letter dated 16.02.2010 while furnishing the reply to the comments/suggestions made by the stakeholders in the matter of Tariff Petition for FY 2009-10 filed by RVUN for STPS Unit-6, had submitted the break-up of revised project cost of STPS Unit 6. In this break up of project cost it has been mentioned that the head "PH waste Treatment/disposal, PH Sewage treatment/ disposal and recycle of water from guard pond and A Dy" was included in BOP.
- (viii) As per the aforesaid break up of project cost of STPS Unit-6, the preliminary investigation and consultancy charge of Rs. 3.21 Cr was also a part of project cost. Therefore, present proposal of Rs 8.48 Cr for the same work as addl. capitalization means dual recovery of the same work. The petition in question may therefore be dismissed straightway.
- (ix) From the above, it may be perused that the present work was already included in the original capital cost of Unit 6 and thus the petition filed under Repudiation 17 (2) (iv) of RERC Tariff Regulation 2014 do not stand, hence may be dismissed.
- (x) The proposal in question is beyond the cut-off date and are also not essential for efficient and successful operation of any of the units of the generating station, therefore, the present petition may be dismissed.
8. Petitioner, in reply to the comments of Stakeholder submitted as under:
- (i) The requirement of the proposed additional capitalization is not essential for the operation of the power station but it is pertinent to mention that it is to protect the environment & save precious water which is responsibility of every one and mandatory for power station to follow norms of Pollution Control Board.

- (ii) The proposed work of Sewerage Treatment Plant is out of the scope of works covered under Cl. 4.3.2 of the guidelines for the R&M works.
- (iii) Pollution Control Board vide its letter dated 03.06.2006 has granted its consent for establishment of STPS Unit 6 along with the condition that the SSTPS shall commission the Effluent Treatment Plant and Sewage Treatment Plant.
- (iv) The directions of RSPCB to provide Effluent Treatment Plant for plant site & Sewage Treatment Plant for residential colony have already been complied and this petition is filed for approval of remaining work for Sewerage Treatment Plant at plant site, however the consent to operate was obtained regularly and has been enclosed.
- (v) The order for consultancy service for the above work was awarded to M/s Creative Computer, Jaipur vide letter dated 02.11.2010. The consultant has submitted the Detailed Project Report on 31.01.2012.
- (vi) In view of above Petitioner has prayed to accord in-Principle approval of additional capitalization for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit 1-6 with cost of Rs 8.48 Cr.

Commission's View

9. The Commission has considered the submissions of the Petitioner and Stakeholder.
10. Commission observes that the Petitioner has proposed the aforesaid work in compliance of Rajasthan State Pollution Control Board orders issued vide letters dated 03.06.2006 and 10.09.2012 and under Regulation 17 (2) (iv) of RERC Tariff Regulations, 2014.

11. It is contended by the Petitioner that the work for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit 1 to 6 is essential for compliance of the orders issued by Rajasthan State Pollution Control Board vide its letters dated 03.06.2006 and 10.09.2012 and for efficient and successful operation of any of the Units of the Plant. Petitioner therefore has requested for in-principle approval of proposed additional capitalization at Suratgarh Thermal Power Station Unit 1 to 6 under Regulation 17 (2) (iv) of RERC Tariff Regulations, 2014.
12. Commission considered the proposal of the Petitioner in the light of the Regulation 17 (2) of RERC Tariff Regulations, 2014 which read as under:
- “17. Additional capitalization*
- (2) The capital expenditure incurred on the following counts after the cut-off date may, at its discretion, be admitted by the Commission, subject to prudence check:*
- (i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court;*
 - (ii) Change in law;*
 - (iii) Deferred works relating to ash pond or ash handling system in the original scope of work;*
 - (iv) Any additional works/ services, which have become necessary for efficient and successful operation of a generating station or transmission system but not included in the original capital cost.” (emphasis added)*
13. As per the above Regulation, this Commission can consider any work as additional capitalisation if the same was not included in the original scope of work.
14. In light of the above Regulation, Commission has looked into the break-up of project cost of STPS Unit 6. It is observed that the Petitioner in the detailed breakup of the cost under the head “PH waste Treatment/disposal, PH Sewage treatment/ disposal and recycle of water from guard pond and A

Dy" has included the cost of proposed works in the project cost under the BOP contract.

15. Commission observes from the records that Petitioner while giving the breakup of STPS Unit-6 had included the present work in the project cost under BoP contract. Since the work for which additional capitalisation is sought for now was part of original scope of work and was included in BoP contract, Petitioner cannot again seek for additional capitalization relying on Regulation 17 of Tariff Regulations, 2014.
16. Commission, therefore, rejects the proposal for additional capitalization for providing, laying and jointing of Sewer System at Suratgarh Thermal Power Station Unit 1 to 6, ADM block & CRPF residences.
17. The petition stand disposed of accordingly.

(S.C. Dinkar)
Member

(R.P. Barwar)
Member

(Vishvanath Hiremath)
Chairman