

RECORD OF PROCEEDINGS

DATE OF HEARING	:	November 21, 2007 at 11.00 hrs
CASE No.	:	52 of 2007
PETITIONERS	:	Tata Power Company Limited (“TPC”)
RESPONDENTS	:	None
INTERVENERS	:	(i) Bombay Small Scale Industries Association (“BSSIA”) (ii) Western India Glass Manufacturers’ Association (“WIGMA”)
MATTER	:	Petition filed by TPC seeking recovery through FAC mechanism, the variation in the actual price vis-à-vis approved expense, while generating expensive power from Unit No. 4 and effecting external power purchase
CORAM	:	Chairman and Members

TPC filed a Petition on October 16, 2007 seeking recovery through FAC mechanism, the variation in the actual price vis-à-vis approved expense, while generating expensive power from Unit No. 4 and effecting external power purchase. The Commission scheduled the hearing in the matter for November 21, 2007 in the presence of four consumer representatives authorised on a standing basis under the Electricity Act, 2003 (“EA 2003”). Notices were issued accordingly.

2. At the hearing held in the matter on November 21, 2007, Shri. Vidyadhar H. Wagle, Senior Manager-TPC referred to the averments made in the Petition. It was submitted that under the Tariff Booklet as applicable with effect from May 1, 2007, in terms of the Order dated April 30, 2007 in Case No. 70 of 2006 (in the matter of Multi-Year Tariff Petition of TPC-D for the Control Period FY 2007-08 to FY 2009-10), it has been provided that the mechanism of Fuel Adjustment Charge (“FAC”) shall be applicable *“on the base energy cost and not on the expensive energy cost considered for the calculation of Reliability Charge”*. It was submitted that the cost of generation from Unit No. 4, as well as costs involved in external power purchase, has considerably risen due to rise in fuel costs. The estimated purchase rate as projected in the petition (at internal page 8) was referred to in this regard. It was submitted that should the recovery of costs, as prayed for through FAC mechanism, not be allowed by the Commission, TPC will be saddled with an unrecovered amount of Rs. 61.06 crore or thereabouts, with interest thereon. The same will cause an adverse effect on the applicable tariff of TPC-D.

3. Shri. B.G. Maheshwari, Senior Manager-WIGMA objected to the grant of any rise in the tariff of TPC that may be applicable on member industries of WIGMA. Shri. Rakshpal Abrol, President-BSSIA objected to the estimates made by TPC with regard to procurement of hydro-electric power, contending that the said form of power has no

actual fuel component. Shri. Abrol further submitted that the tariff of TPC should not be allowed to be increased.

4. The Commission observed that TPC needs to apprise as to how recovery of costs towards generation of expensive power from Unit No. 4, and external power purchase, may be permitted in law through the FAC mechanism. The Commission further observed that TPC-D needs to submit a Petition for mid-term review, based on the actual expenses borne by it from April 2007 to September 2007. The reliefs as sought for under the present proceedings need to be considered during the public hearing of the said Petition. TPC-D needs to submit the said Petition on or before November 30, 2007. In this regard, the Commission further directed TPC-D to separately identify the fuel component in the estimated rise in energy purchase rate, while submitting the said Petition. TPC may take appropriate steps to withdraw the present petition. Shri. Wagle undertook to comply with the directions given by the Commission and withdraw the present petition.

The hearing in the matter concluded thereafter.

X-----X

List of Persons present at the hearing held on November 21, 2007

1. Dr. Ashok Pendse, Mumbai Grahak Panchayat.
2. Shri. Rakhspal Abrol, President, Bombay Small Scale Industries Assn.
3. Shri. B.G. Maheshwari, Sr. Manager, Western India Glass Mfgrs Assn.
4. Shri. V.H. Wagle, Sr. Manager, TPC.
5. Shri. Ashok Sethi, Sr. General Manager, TPC.
6. Shri. S.M. Joshi, Sr. Executive, TPC.
7. Shri. Abhishek, Sr. Officer, REL.
8. Shri. P.V. Anvekar, Sr. Executive Engineer, TPC.
9. Shri. S.R. Mehendale, Asst. Manager, TPC.
10. Shri. T.P. Mohan, Dy. General Manager, TPC.
11. Shri. J.D. Kulkarni, Dy. General Manager, TPTCL.