

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Shri Ashok Basu, Chairman
2. Shri K.N. Sinha, Member
3. Shri Bhanu Bhushan, Member

Petition No. 35/2004

In the matter of

Approval of revised fixed charges due to additional capitalisation for the year 2000-01, 2001-02 and 2002-03 for Talcher Thermal Power Station (460 MW)

And in the matter of

National Thermal Power Corporation Ltd.

.... **Petitioner**

Vs

Grid Corporation of Orissa Ltd.

.... **Respondent**

The following were present:

1. Shri V.B.K. Jain, NTPC
2. Shri I.J. Kapoor, GM(C), NTPC
3. Shri Robin Mazumdar, NTPC
4. Shri S.B. Dasgupta, NTPC
5. Shri S.K. Samui, SM(C), NTPC
6. Shri M.S. Umesh, AGM(Law), NTPC
7. Shri Balaji Dubey, Dy. Mgr (Law), NTPC
8. Shri Guryog Singh, DGM(C), NTPC
9. Shri Satya Prakash, NTPC
10. Shri A. Sardana, NTPC
11. Shri G.K. Dua, NTPC

**ORDER
(DATE OF HEARING: 22.7.2004)**

The petition is filed for approval of revised fixed charges for additional capitalisation due to the impact of R&M works undertaken by the petitioner for the years 2000-01, 2001-02 and 2002-03 at Talcher Thermal Power Station (Talcher TPS). Shri V.B.K. Jain, appearing for the petitioner sought permission to file an amended petition so as to include the expenditure on account of R&M for the year 2003-04 as well. He submitted that at the time of filing of the original petition the accounts for that year were not finalised. In order to avoid multiplicity of

proceedings, we allow the petitioner to file the amended petition to claim additional capitalisation on account of R&M for the year 2003-04 as well.

2. The tariff for Talcher TPS for the years 2000-01 to 2003-04 was approved by the Commission by its order dated 19.6.2002 read with order dated 5.11.2003 in Petition No.62/2000. While approving tariff in Petition No.62/2000, the Commission in its order dated 19.6.2002 had observed that all kinds of R&M expenditure could not be allowed as “pass through” for the purpose of additional capitalisation unless the Commission was satisfied that it would result in corresponding benefit to the end consumer. Therefore, the Commission felt that the question of capitalisation of expenditure on R&M needed to be looked into in every case on merits, considering its impact on economy and efficiency of the generating station. In the proceedings before the Commission in Petition No.62/2000, it was indicated by the petitioner that as a result of R&M, the life expectancy of the generating station was likely to be increased by 15-20 years. The petitioner in the present petition has not indicated the efficiency parameters achieved as a result of undertaking R&M of Talcher TPS. The representative of the petitioner submitted that R&M works have been undertaken in accordance with the agreement with the respondent. The petitioner shall, while filing the amended petition, indicate in specific terms the increase in life of each of the unit of the generating station as a result of R&M, the parameters agreed with the respondent and those actually achieved as a result of R&M, including the efficiency improvements on operational parameters. The petitioner should also indicate unambiguously whether any major capital dozing would be required during the extended life once the R&M has been completed.

3. In the proceedings in Petition No.62/2000 it was further indicated by the petitioner that R&M works would be completed by October 2003. At the hearing it was clarified that all R&M works except the work relating to cooling tower etc. had been completed. The estimated cost of the remaining works is about Rs.6 crore. He stated that the left over works are likely to be completed during the current year, that is, by 31.3.2005. Let these details also be included in the amended petition.

4. All the details as per the preceding paragraphs shall be included by the petitioner while filing the amended petition. Let the amended petition be filed by 20.8.2004 with advance copy to the respondent. The respondent may file its counter-reply by 10.9.2004 with a copy to the petitioner who may file its rejoinder, if any, by 20.9.2004.

5. List this petition on 23.9.2004.

IA No. 58/2004

6. IA has been filed by the respondent to seek extension of time for filing of reply to the main petition. We have already allowed the petitioner to file amended petition whose copy is to be supplied to the respondent who has also been allowed time up to 10.9.2004 for filing of reply to the amended petition. In view of this, the present IA has become infructuous and accordingly stands disposed of.

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(ASHOK BASU)
CHAIRMAN

New Delhi dated the 28th July 2004