

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No. 125/2007

In the matter of

Approval of revised fixed charges considering the impact of additional capital expenditure incurred during the period 2004-05 to 2006-07 and impact of year-wise lignite price for the period 2004-09 determined on energy charges and capacity charges for NLC TPS –I (600 MW)

And in the matter of

Neyveli Lignite Corporation Limited, Chennai
vs

...Petitioner

Tamil Nadu Electricity Board, Chennai

...Respondent

Petition No. 126/2007

And In the matter of

Approval of revised fixed charges considering the impact of additional capital expenditure incurred during the period 2004-05 to 2006-07 and impact of year-wise pooled lignite price for the period 2004-09 determined on energy charges and capacity charges for NLC TPS –I (Expansion) (2x210 MW).

And in the matter of

Neyveli Lignite Corporation Limited, Chennai
vs

...Petitioner

1. Tamil Nadu Electricity Board, Chennai
2. State Power Purchase Co-ordinate Centre, Bangalore,
3. Kerala State Electricity Board, Thiruvananthapuram,
4. Pondicherry Electricity Department, Pondicherry

...Respondents

The following were present:

1. Shri.R.Suresh, NLC
2. Shri.A.Ganesan, NLC
3. Ms. Ratna Choudhury, NLC
4. Shri.S.Soumyanarayanan, TNEB

5. Ms. Ayilium Jayamary, TNEB
6. Shri.R.Krishnaswami, TNEB

ORDER

(Date of Hearing: 22.11.2007)

The petitioner Neyveli Lignite Corporation Limited, has filed the above petitions for approval of revised fixed charges considering the impact of additional capital expenditure incurred during the period 2004-05 to 2006-07 and impact of year wise lignite price for the period 2004-09 determined on energy charges and capacity charges, for NLC TPS –I (600 MW) and NLC TPS –I Expansion (2x210 MW) (hereinafter referred to as “the generating stations”).

2. Heard the representatives of the parties.
3. The representative of the TNEB, hereinafter referred to as “the first respondent” submitted that the petitioner had not furnished details regarding the additional capitalization and the annual audited statement, duly certified by auditor. It was also submitted that the petitioner had capitalized expenditure on minor assets and had also not furnished the outstanding liability included in the expenditure sought to be capitalized.
4. In the light of the replies filed and the oral submissions made at the hearing, certain additional information is required from the petitioner. The petitioner is accordingly directed to submit the following information, along with soft copies thereof, latest by 31.1.2008, with an advance copy to the respondents, who may file their reply by 15.2.2008.

- (i) Certificate to the effect that the additional capitalization claimed had actually been paid for each year and did not include any undischarged liability and in case it included any undischarged liability, the details thereof;
- (ii) Certificate to the effect that all assets as per gross fixed assets and the assets now sought to be capitalized were in use, as on 1.4.2004, 1.4.2005, 1.4.2006 and 1.4.2007; and in case any of the assets was not in use or was unserviceable, other than assets mentioned in the petition, the list of these assets along with other details, such as, the capital cost, date on which assets were put in service and cumulative depreciation recovered.
- (iii) Amounts of undischarged liability in gross block as on 1.4.2004, 1.4.2005, 1.4.2006 and 1.4.2007.
- (iv) Details regarding gross block of unserviceable assets as on 1.4.2004, 1.4.2005, 1.4.2006 and 1.4.2007, along with details of dates on which these assets were put in service, cumulative depreciation recovered.
- (v) Segregation and consolidation of the additional capital expenditure under the different categories as per clauses (2) and (3) of Regulation 18 of the 2004 regulations at one place, with proper justification
- (vi) Details of common services /assets for each year of additional capitalization.
- (vii) Complete audited financial statements for the years 2004-05 to 2006-07, along with auditors note /comments and station wise reconciliation of the additional capitalization claimed.

5. As regards working out the lignite transfer price based on the estimated cost of mine closure, it is obligatory on the part of the mine user to send progressive mine closure plan and provision for such expenditure has to be kept under some head and accordingly has to be considered as a cost component, in

working out the lignite transfer price. The petitioner is directed to furnish the calculation for determination of year- wise transfer price of lignite from 2004-05 to 2008-09 to the first respondent.

6. A view on the further course of action shall be taken after considering the details to be submitted by the petitioner and the responses, if any, from the respondents.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 14th January, 2008

Sd/-
(BHANU BHUSHAN)
MEMBER