

schemes for employees including generation incentive scheme for the years 1995-96 to 2000-01, power charges and corporate expenses need to be filed. We, therefore, directed the petitioner, NTPC to provide these details.

2. Shri Garg submitted that an interlocutory application had also been filed for approval of arrears of water charges of Rs.9.16 crores for the period 1983 to 2000. He further submitted that due to revision in rates for water charges from Rs.71 per Million Gallon to Rs.4500 per Million Gallon, an additional amount of Rs.12.16 crore per year with effect from, 2.4.2002 should also be included in the base O&M expenses as water charges.

3. Shri Garg prayed that an anticipated additional capitalisation of Rs.10.56 crores, Rs.45.88 crores and Rs.54.02 crores for the years 2001-2002, 2002-2003 and 2003-2004 respectively be approved by the Commission for the purpose of final determination of tariff. Shri S. Sowmyanarayanan on behalf of TNEB stated that as per CERC's tariff notification dated 26.3.2001, tariff revision during the tariff period on account of capital expenditure within the approved cost incurred during the tariff period might be entertained by the Commission only if such expenditure exceeded 20% of the approved cost. Since the additional capital expenditure of Rs.113.61 crores was less than 20% of the project cost of Rs.2235.25 crores, therefore, the same should not be considered for determination of the tariff.

4. Shri Sowmyanarayanan further submitted that depreciation rate charged by the petitioner was very high. The petitioner had already recovered more than 75%

of the amount towards depreciation. The balance value to be depreciated works out to 25% of the total value of the plant. The balance amount to be depreciated from 1.4.2001 was Rs.38.22 crores per annum which is 1.71% of the project cost and this amount had to be recovered during the remaining useful life of the plant i.e. 15 years as on 1.4.2001. He further submitted that the cumulative depreciation was more than outstanding cumulative loan.

5. Shri Sowmyanarayanan on the issue of outstanding loan stated that as per the Commission's order dated 9.10.2002 in Petition No. 29/2002, the total outstanding loan as on 1.4.2001 was Rs.177.77 crores whereas the petitioner NTPC had shown a repayment of loan of Rs.271.58 crores during the tariff period. The entire notional loan was cleared during the year 2002-2003 itself and no interest on loan was chargeable through tariff. It was further stated on behalf of TNEB that there was overall 20% increase under all heads in O&M expenses. Shri Sowmyanarayanan submitted that O&M expenses should be based on norms and not on actuals. The excess expenditure, if any, should be absorbed by the petitioner, NTPC itself.

6. Shri Sowmyanarayanan raised the point regarding the value of spares. He stated that the spares in working capital were charged at 40% of the O&M expenses by the petitioner. He stated that the value of spares should be 1% of value of the capital cost at the beginning of each year. On the issue regarding storage of oil, Shri Sowmyanarayanan stated that it was possible to get fuel at a short notice and stock of oil for 60 days at the plant was not justified. He further submitted that increase in revenue on account of increase in ROE from 12-16%

should be passed on to the SEBs by way of reduction in tariff in the case of new stations.

7. On the issue of target availability, Shri Sowmyanarayanan submitted that actual PLF for the plant was more than 85%. Ramagundam STPS achieved more than 85% PLF on a sustained basis for past 8 years and it achieved a PLF of 91% during 2000-2001. Therefore, the target availability should be raised to 85%.

8. Shri K.J. Alva, Controller of Accounts for KPTCL submitted that GCV of coal was certified by the petitioner, NTPC itself but in all propriety, it should be certified by an independent agency. He further submitted that while considering the additional capitalisation, any depreciation claimed should be deducted from the additional capital amount claimed. On the issue of development surcharge, Shri Alva submitted that levy of development surcharge had been stayed by Karnataka High Court.

9. The information/details asked for as per Para 1 above shall be filed by the petitioner within two weeks from the date of this order, duly supported by an affidavit with advance copy to the respondents. Subject to this direction, hearing concluded and order reserved.

**Sd/-
(G.S. RAJAMANI)
MEMBER**

**Sd/-
(ASHOK BASU)
CHAIRMAN**

New Delhi dated the May, 2003