

CENTRAL ELECTRICITY REGULATORY COMMISSION
6th & 7th Floor, Core-3, SCOPE Complex, Lodhi Road, New Delhi – 110 003
(Tel. No. : 24361145 Fax No. : 2436 0010)

PUBLIC NOTICE

**Sub : Draft Second Amendment to Regulations on Terms and
Conditions of Tariff.**

In exercise of powers conferred under Electricity Act, 2003, (the Act), the Commission has made draft regulations to amend the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004.

2. Notice is hereby given under sub-section (3) of Section 178 of the Act read with Section 23 of the General Clauses Act, 1897, that the suggestions/comments on the draft regulations may be sent to the undersigned latest by 03.06.2005. The draft regulations are annexed to this public notice.

3. The suggestions/comments received after that in the Commission's office shall not be considered while finalizing these regulations.

Sd/-
(A.K. SACHAN)
SECRETARY
18.05.2005

CENTRAL ELECTRICITY REGULATORY COMMISSION

Notification

New Delhi ,2005

No. L-7/25(5)/2003-CERC- In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (36 of 2003), and all other powers enabling in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations to amend the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004, hereinafter referred to as “the principal regulations”, namely: --

1. **Short title and commencement:**

(1) These regulation may be called the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Second Amendment) Regulations, 2004.

(2) These regulations shall be deemed to have come into force with effect 1.4.2004.

2. **Amendment of Regulation 17:** For regulation 17 of the principal regulations following shall be substituted, namely: -

17. Capital Cost: Subject to prudence check by the Commission, the actual expenditure incurred on completion of the project shall form the basis for determination of final tariff. The final tariff shall be determined based on the admitted capital expenditure actually incurred up to the date of commercial operation of the generating station and shall include capitalised initial spares subject to following ceiling norms as a percentage of the original project cost as on the cut off date:

(i) Coal-based/lignite-fired generating stations	-	2.5%
(ii) Gas Turbine/Combined Cycle generating stations	-	4.0%

Provided that where the Commission has given ‘in principle’ acceptance to the estimates of completed capital cost and financing plan, the same shall be a guiding factor in applying prudence check on the actual capital expenditure.

Provided further that where the power purchase agreement entered into between the generating company and the beneficiaries provides a ceiling of actual expenditure, the capital expenditure shall not exceed such ceiling for determination of tariff;

Provided also that in case of the existing generating stations, the capital cost admitted by the Commission prior to 01.04.2004 shall form the basis for determination of tariff.

Note

- 1. The project developer is at liberty to seek “in-principle” acceptance of the project capital cost and financing plan through a petition before taking up a project. Petition shall contain information regarding salient features of the project including capacity, location, site specific features, fuel, beneficiaries, breakup of capital cost estimates, financial package, schedule of commissioning, reference price level, estimated completion cost including Foreign exchange component, if any consent of beneficiary licencees to whom the electricity is proposed to be sold etc.*
- 2. Copy of the petition shall be served on the proposed beneficiary licencees and posted on the Web site of the company.*
- 3. Within 10 days of filing of petition for in-principle acceptance of the completed project cost estimates the petitioner shall publish notice in at least two national daily English newspaper and one local vernacular newspaper indicating name and address of promoter, salient features of the project, estimated capital cost and commissioning schedule, name of beneficiaries etc. The language of the notice in clear vernacular newspaper shall be the language of that newspaper. The notice should also indicate the address of Web site on which the petition, in full, has been posted.*
- 4. The prudence check of the actual capital expenditure or the scrutiny of the capital cost estimates and financing plan by the Commission shall be limited to the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology, and such other matters for determination of tariff.*