

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No.40/2009

Subject: Determination of impact of annual fixed charges on account of additional capital expenditure incurred during the years 2004-05 and 2005-06, in respect of Rangit HE Project.

Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Date of Hearing: 16.7.2009

Petitioners: NHPC Ltd.

Respondents: WBSEDCL, DVC, JSEB, BSEB, Dept of Power, Govt of Sikkim.

Parties present: Shri Prashant Kaul, NHPC
Shri S.K.Meena, NHPC
Ms. Niti Singh, NHPC
Shri R.B.Sharma, Advocate, BSEB

This petition has been filed by the petitioner, NHPC for determination of impact of annual fixed charges on account of additional capital expenditure incurred during the years 2004-05 and 2005-06, in respect of Rangit HE Project (hereinafter referred to as "the generating station") based on the

2. The representative of the petitioner submitted that it had incurred additional capital expenditure on certain works which were required for successful operation of the generating station and prayed that the Commission allow the additional capital expenditure incurred for the purpose of tariff.

3. Learned counsel for the respondent, BSEB, objected to the claims of the petitioner for capitalization of assets on the ground that it includes (a) certain assets which had been purchased prior to the date of commercial operation (b) certain assets which are of minor nature and (c) certain assets which form part of O&M expenses. The learned counsel pointed out to the Annexures- III and IV of the petition and objected to certain items of expenditure incurred by the petitioner for the years 2004-05 and 2005-06 under the provisions of Regulation 34 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 ("the 2004

regulations"). The learned counsel also submitted that the petitioner has not categorized certain assets properly like the claim for computer related items which had been included under Regulations 34(1)(iv) and 34(3) of the 2004 regulations.

4. In response, the representative of the petitioner submitted that categorization of assets for capitalization have been done strictly as per provisions of Regulation 34 of the 2004 regulations and the items/assets which are not permitted for capitalization under the 2004 regulations have not been claimed. The representative further prayed that it may be allowed additional capitalization for the years 2004-05 and 2005-06 as per detailed justification submitted in the petition.

5. The Commission reserved orders in the petition.

Sd/-
(K.S.Dhingra)
Chief (Legal)