

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

RECORD OF PROCEEDINGS

Petition No. 32/2007

Subject: Approval of revised fixed charges after considering the impact of additional capital expenditure incurred during 2004-05 and 2005-06 for Farakka Super Thermal Power Station (1600 MW)

Date of hearing: 22.10.2009

Coram: Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Petitioner: NTPC Ltd

Respondents: WBSEB, BSEB, JSEB, GRIDCO, DVC, Power Department, Govt. of Sikkim, TNEB, Electricity Deptt, Puducherry, UPPCL, Power Development Department, Govt. of J&K, Srinagar, Union Territory of Chandigarh, Chandigarh, MPPTC L, GUVNL, Electricity Deptt, Daman & Diu, Electricity Deptt, Dadra and Nagar Haveli, DTL, and MSEDCL.

Parties present: Shri V.K.Padha, NTPC
Shri G.K.Dua, NTPC
Shri D.Kar, NTPC
Shri R.B.Sharma, Advocate, BSEB

Based on the directions contained in order dated 29.9.2009 in Review Petition No. 100/2008, the main petition was set down for hearing to consider the question of capitalization of IDC amounting to Rs. 23.09 lakh during 2005-06.

2. The representative of the petitioner submitted that it had filed application for review of order dated 22.7.2008, on two issues namely, capitalization of expenditure on RLA studies, and capitalization of IDC during 2005-06 and the Commission by its order dated 29.9.2009 while rejecting capitalization of expenditure on RLA studies had allowed review of order on the question of capitalization of IDC. Accordingly, the representative prayed that the tariff determined in the petition be revised, after consideration of IDC of Rs 23.09 lakh during 2005-06.

3. Learned counsel for respondent No.2, BSEB, submitted that the petitioner was not entitled to the claim for capitalization of IDC as the Commission in its order dated 22.7.2008 had given sufficient reasons for its rejection of the claim. Learned counsel

also pointed out that the petitioner had failed to point to any provision of the tariff regulations supporting capitalization of IDC and, therefore, no relief could be granted. Learned counsel submitted that the petitioner had questioned the findings of the Commission in the said order dated 22.7.2008 which could only be considered in an appeal, and not on a review, as there existed definitive limits for exercise of the power of review. To substantiate, the learned counsel referred to para 3 of the judgment dated 24.3.2009 of the Appellate Tribunal in Review Petition No. 1/2009 in Appeal No.64/2008 (H.M.Steel Ltd & ors-v-HPERC & ors) and submitted that the claim of the petitioner should be rejected. On merits, the learned counsel pointed out that in response to the order of the Commission dated 27.8.2007 directing the petitioner to furnish the information on the amount of liabilities and IDC included in the additional capital expenditure, the petitioner by letter dated 18.10.2007 had clarified that IDC had been included in the additional capital expenditure. He also submitted that the IDC for the year 2004-05 being zero, the claim of Rs 23.06 lakh as IDC during 2005-06 need to be verified and examined by the Commission as the source of inclusion of the said amount was not known to the respondent, BSEB. The representative of the respondent further submitted that the petitioner was not entitled to the claim for IDC as there exists no provision in the 2004 regulations for IDC in the additional capital expenditure on year to year basis and prayed that the claim of the petitioner be rejected.

4. In response, the representative of the petitioner submitted that in line with the accounting principles, IDC was an expenditure and all costs incurred towards the assets which are put to use should be considered by the Commission, failing which IDC would remain un-serviced. The petitioner submitted that the details furnished by it in the petition was subject to the scrutiny of the Commission and prayed that the objections raised by the respondent BSEB should not be rejected.

5. The Commission after hearing the parties, reserved orders on the petition.

Sd/-
(T.Rout)
Joint Chief (Legal)