

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

RECORD OF PROCEEDINGS

Petition No. 44/2009

Subject: Determination of impact of additional capital expenditure incurred during the period 2004-05 to 2007-08 in respect of Kawas GPS (656.20 MW)

Date of Hearing: 28.10.2010

Coram: Shri S.Jayaraman, Member
Shri M.Deena Dayalan, Member

Petitioner: NTPC Ltd

Respondents: MPPTCL, MSEDCL, GUVNL, CSEB, ED, Admin of Daman & Diu, ED, Govt. of Goa, and ED, Admn of Dadra & Nagar Haveli.

Parties present: Shri S.K.Sharma, NTPC
Shri Ajay Dua, NTPC
Shri A.S.Pandey, NTPC
Shri Manoj Dubey, Advocate, MPPTCL
Shri D.K. Srivastava, MPPTCL

Based on the directions contained in order dated 28.9.2010 in Review Petition 27/2010, the main petition was set down for hearing to consider the question of capitalization of ERP expenditure amounting to Rs. 78.31 lakh in respect of Kawas GPS (656.20 MW) (hereinafter referred to as "the generating station") during the year 2007-08.

2. The representative of the petitioner submitted that that the only issue raised by the petitioner in the Review Petition No.27/2010 was the capitalization of Enterprise Resource Planning (ERP) expenditure during the year 2007-08 and the Commission has allowed its prayer in the review petition by its order dated 28.9.2010. He also submitted that in terms of the said order, tariff for the generating station should be revised.

3. The representative of the respondent submitted as under:

(a) The claim of the petitioner for ERP expenditure in the present petition appears to be in terms of Regulation 18(2)(iii) whereas, in the original petition, the claim has been made in terms of Regulation 18(2)(iv) of the 2004 regulations;

(b) The petitioner has also raised the issue of capitalization of ERP expenditure in Appeal No.63/2010 filed by it before the Appellate Tribunal, which was pending;

- (c) The claim towards ERP expenditure could be adjusted against the unutilized O&M amounts, over and above the actual expenses, which was available to the petitioner, pursuant to the order of the Commission dated 3.2.2009 in Petition No. 79/2005 allowing O&M norms as applicable to the gas based generating station without warranty spares;
 - (d) The justification of the claim of the petitioner for Rs.113.34 lakh in the original petition on the ground of technology obsolescence/up-gradation, was examined and disallowed by the Commission in its order dated 30.12.2009, on the ground of minor assets;
4. In response, the representative of the petitioner clarified as under:
- (a) The hearing of the petition was confined to the issue of capitalization of ERP expenditure and all other extraneous issues raised by the respondent, MPPTCL was not tenable;
 - (b) The claim for ERP expenditure has been made under Regulation 18(2)(iv) and not under Regulation 18(2)(iii);
 - (c) It has been made clear in Appeal No. 63/2010 that the review petition on the issue of capitalization of ERP expenditure was pending before the Commission. However, the issue was not under the consideration of the Appellate Tribunal till the disposal of the same by the Commission;
 - (d) The submission of the respondent, MPPTCL that excess unutilized O&M amounts are available with the petitioner was untrue. The actual O&M expenses incurred for the generating stations was much higher than the normative O&M expenses allowed by the Commission;
 - (e) The expenditure towards ERP was to augment IT infrastructure in order to meet higher levels of performance and optimization of resources and the benefits which manifest over a period of time are being availed by the respondents.
5. The learned counsel for the respondent, MPPTCL prayed for ten days time to file additional submissions in the matter, which was granted.
6. The respondent was directed to file its additional submissions on affidavit, latest by 9.11.2010, with copy to the petitioner, who may file its response within 16.11.2010.
7. Subject to the above, order in the petition was reserved.

Sd/-
Dr.N.C.Mahapatra
Chief Advisor (Law)