

CENTRAL ELECTRICITY REGULATORY COMMISSION

RECORD OF PROCEEDINGS

Petition No.126/2009 with I.A.38/2009

Subject: Determination of impact of additional capital expenditure incurred during 2006-09 on fixed charges of Kahalgaon STPS, Stage-I (840 MW) - Interlocutory application has been filed for amendment of Annexure-I to the petition.

Date of hearing: 9.2.2010

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

Petitioner: NTPC Ltd

Respondents: WBSEDCL, BSEB, JSEB, GRIDCO, DVC, PD Govt. of Sikkim, TNEB, UT Puducherry, UPPCL, MPPTCL, GUVNL, ED Admn of Daman & Diu, ED Admn of Dadra & Ngar Haveli, MSEDCL, NDPL, BSES-Rajdhani Power Ltd, BSES-Yamuna Power Ltd, PDD Govt. of J&K, PDD Chandigarh .

Parties present: Shri V.K.Padha, NTPC
Shri Ajay Dua, NTPC
Shri D.Kar, NTPC
Shri R.B Sharma, Advocate, BSEB
Shri R.Krishnaswami, TNEB
Shri S.Balaguru, TNEB

This petition has been filed by the petitioner, NTPC for impact of additional capital expenditure incurred during 2006-09 on fixed charges of Kahalgaon STPS, Stage-I (840 MW) (hereinafter referred to as "the generating station") based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as "the 2004 regulations").

2. The representative of the petitioner submitted that it had incurred additional capital expenditure on certain works which were required for efficient and successful operation of the generating station. The representative of the petitioner submitted that the interlocutory application had been filed for amendment of Annexure-I of the petition taking into account the revised calculations for annual fixed charges, based on the additional capital expenditure incurred for the year 2006-09 and the principles laid down in the judgments of the Appellate Tribunal dated 13.6.2007 and 16.3.2009 in Appeal Nos. 139,140 etc of 2006 and Appeal Nos.133, 135 etc of 2008 respectively, and prayed that the application be taken on record and tariff determined accordingly. The

representative of the petitioner submitted that it had filed the additional information as directed by the Commission and had served copy on the respondents.

3. The representative of respondent No.7 TNEB submitted that most of the items/works within the original scope of works sought to be capitalized after the cut-off date should not be permitted. He also submitted that the petitioner has not provided break-up of the details of the claims made in the petition. The representative pointed out that though the petitioner in the petition has excluded the capitalization and de-capitalization of mandatory spares on the ground that the same was not allowed by the Commission, it had considered mandatory spares as part of O&M expenses for its other generating stations. The representative submitted that exclusion of negative entries arising out of de-capitalization of unserviceable assets should not be allowed. He further submitted that since the petitioner was following accrual system of accounting, the claim under the head "balance payment" could not arise after a lapse of 20 years. The representative also sought a direction on the petitioner to explain the nature of balance payments in its claim for additional capitalization.

4. The learned counsel for the respondent No.2, BSEB that the petitioner be directed to submit the year-wise capital expenditure incurred and duly audited and certified by statutory auditors as was being done by other central utilities. He also submitted that the claim of the petitioner for un-discharged liabilities on the strength of the judgment of the Appellate Tribunal for Electricity in Appeal Nos.133, 135 etc of 2008 was not be permissible as the Commission cannot revisit the tariff already decided in order dated 29.9.2008 and 11.12.2008 in Petition No.27/2007, except in case of correction of any ministerial or clerical error or on review. The learned counsel pointed out that the negative entry of Rs.39.28 lakh shown as final payment adjustment in respect of "400 kV switchyard" was the over-capitalization made and the petitioner has been claiming tariff on the said amount from the year of capitalization. He prayed that the petitioner be directed to submit the details indicating the genesis of over-capitalization and its subsequent reversal.

5. In response, the representative of the petitioner submitted that it had filed its rejoinder, to the reply filed by the respondent BSEB and prayed that the same may be taken into consideration by the Commission.

6. On a specific direction by the Commission to explain the expenditure on replacement of economizer in Stage-I boilers which were rendered unserviceable due to design deficiencies, the representative of the petitioner submitted that the word design deficiency has been used wrongly. The representative submitted that the replacement of economizer tubes were necessary due to their frequent failures due to poor quality of coal being supplied to the generating station than the coal for which it was designed. He further submitted that the boilers were designed to burn coal with ash content from 35-40% and the coal received in the generating station in the last few years contained ash upto 45- 50%.

7. On a query by the Commission as to whether the problem was witnessed in Farakka STPS (another generating station of the petitioner) as it was also burning the

same quality of coal as being burned in the generating station, the representative submitted that it would furnish the required information in due course.

8. The Commission directed the petitioner to furnish the following information, on affidavit, latest by 2.3.2010.

(a) Nature of problems leading to replacement of economizers of boilers of Stage-I may be elaborated clearly and to clarify as to whether similar problems have been witnessed at Farakka STPS or not.

(b) Design coal quality, range of coal quality for which boilers were designed and actual quality of coal being fed to the boilers in Kahalgaon STPS and Farakka STPS (for last five years).

(c) Average PLF of the generating station since its date of commercial operation.

(d) Copies of the Court orders, along with the details of land acquired and land for which enhanced compensation has been paid.

9. Subject to the above, order in the petition was reserved.

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