

CENTRAL ELECTRICITY REGULATORY COMMISSION

RECORD OF PROCEEDINGS

Petition No.127/2009 with I.A.40/2009

Subject: Revision of fixed charges for the period 2004-09 due to additional capital expenditure incurred during 2008-09 at Anta GPS (419.33 MW)-Interlocutory application has been filed for amendment of Annexure-I to the petition.

Date of hearing: 29.4.2010

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

Petitioner: NTPC Ltd

Respondents: UPPCL, JVVNL, AVVNL, JoVVNL, NDPL, BSES-Rajdhani Power Ltd, BSES-Yamuna Power Ltd, HPGCL, PSEB, HPSEB, PDD, Govt of J&K, PDD Chandigarh and UPCL

Parties present: Shri V.K.Padha, NTPC
Shri R.Srinivasan, NTPC
Shri R.A.Goyal, NTPC
Shri D.G.Salpekar, NTPC
Shri V.Ramesh, NTPC
Shri G.K.Dua, NTPC
Shri Ajay Dua, NTPC
Shri D.Nandi, NTPC
Shri H.S.Bawa, NTPC
Shri S.K.Singh, NTPC
Shri Manish Garg, UPPCL

This petition has been filed by the petitioner, NTPC for determination of impact of additional capital expenditure incurred during the year 2008-09 for Anta Gas Power Station, Stage-I (419.33 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 pointed out that the generating station consists of three Gas Turbines (GTs) of 88.71MW capacity and one Steam Turbine (ST) of 153.20 MW capacity and submitted that it has claimed an expenditure of Rs 253.85

crore for major R&M works in respect of GT-1, GT-3 and other associated works. He also submitted that the three GTs of the generating station had already served life of more than 15 years and some of the equipments had outlived its useful life of 15 years from the date of commercial operation of the station (1.8.1990) and the R&M work has been carried out for life extension from 15 years to 25 years or 1,000,000 Equivalent Operating Hours (EOH) as prescribed by Original Equipment Manufacturers (OEM). The representative further submitted that the GTS have life profiles which are sensitive to load variations and grid frequency and at high temperature impacts the life of the components and the grid frequency. He also submitted that beyond the limit of EOH as prescribed by OEM, the machine reaches threshold condition, wherein the hot gas path components like GT Rotor, vane carrier etc needs to be replaced, taking in to consideration the safety and reliability of the machine. The representative added that in addition to the OEM recommendation, engineering assessment is also done and machine opened for overhaul and a periodic inspection A, B and C is conducted after 4000, 8000, 16000 hours respectively , as prescribed by the OEM. The representative of the petitioner prayed that the additional expenditure incurred for life extension be allowed, keeping in view the requirement of extended life of Gas Turbines under the 2009 regulations.

3. In reply, the representative of the respondent, UPPCL, submitted that in addition to the life extension works as recommended by OEM, the petitioner has undertaken separate engineering assessment and has incurred additional expenditure which may not be considered. He also pointed out that while enhancement of life of the GTs upto 31.7.2015 allow only a period of 6 years for recovery of cost of R&M works, the impact of the said enhancement of life on account of such massive expenditure on R&M should be prospectively considered. The representative further submitted that the claim for an expenditure of Rs.12 lakh for position controller was in the nature of O&M expenses and may not be considered in the capital cost. The representative pointed out that there has been over recovery of cost by the petitioner from its consumers which was against the spirit of the Electricity Act and submitted that the issues raised by it in its reply have not been specifically answered to by the petitioner.

4. In response, the representative of the petitioner clarified that during the GTs life of 15 years, assessment was done at frequent intervals for requirements beyond OEM, and based on the recommendations, the replacements are made considering the severity of the grid, engineering assessment and the physical condition, keeping in view the safety and reliable operations of machines beyond the prescribed hours. He also submitted that beyond the threshold limits, replacements are done based on the intervening inspections. As regards position controllers, the representative submitted that these were critical items which were not required to be replaced at regular intervals (one time replacement) and hence, the replacement cost may be considered in capital cost. As regards the submission of respondent pertaining to over recovery of cost, the representative of the petitioner clarified that it has raised bills on its consumers in accordance with the tariff determined by the Commission. He also added that the objections raised by the respondent, UPPCL were beyond the scope of the present petition and hence may not be considered. The representative further submitted it

would be conducting RLA study of the steam turbine after its useful life of 25 years on 31.7.2015 for which R&M work would be carried out separately.

5. The Commission directed the petitioner to submit the Performance Acceptance Test Report for GT-I and GT-III for which R&M has been carried out, latest by 14.5.2010.

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

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