

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.140/GT/2013

Subject: Revision of tariff for the tariff period 2009-14 in respect of Baira Siul Power Station.

Date of hearing: 12.9.2013

Coram: Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

Petitioner: NHPC

Respondents: PSPCL & others

Parties present: Shri Parag Saxena, NHPC
Shri S.K.Meena, NHPC
Shri J.K.Jha, NHPC
Ms. Gayatri Devi, NHPC
Shri Padamjit Singh, PSPCL
Shri R.B.Sharma, Advocate, BRPL

RECORD OF PROCEEDINGS

This petition has been filed by the petitioner, NHPC for revision of tariff for the period from 1.4.2009- 31.3.2014 in respect of Baira Siul Hydro Power Station (the generating station) based on the Provisions of Regulation 6(1) of the 2009 Tariff Regulations.

2. The representative of the petitioner submitted as under:

- a) This petition has been filed for revision of tariff of the generating station determined by the Commission for the period from 1.4.2009- 31.3.2014 vide order dated 15.6.2011 in Petition No 90/2010 which was revised by order dated 31.8.2012 in Review Petition No 19/2011.
- b) There is significant difference between additional capital expenditure allowed and the actual capital expenditure incurred for the period 2009-10, 2010-11 and 2011-12.
- c) There are certain works which are not claimed/allowed under additional capitalization in the original petition and have become necessary for operation of generating station. These works have been undertaken as per requirements.
- d) Additional information as sought for by the commission has been submitted and copies have been served on the respondents.
- e) Rejoinder to the reply filed by the respondent, BRPL has been submitted.
- f) Tariff of the generating station may be determined as prayed for in the petition.

3. The representative of the respondent, PSPCL referred to the petition and submitted as under:

- (i) No proper explanation/justification has been given by the petitioner as regards the difference between the expenditure allowed by the Commission and the actual expenditure incurred for the period 2009-12.
- (ii) As regards claim of ` 7.7.Crore towards land compensation the petitioner may be directed to submit clarification as to whether the legal remedies if any has been exhausted by the petitioner and as to why the said payment has been delayed till now.
- (iii) Time may be granted to file reply in the matter

4. The learned counsel for the respondent, BRPL submitted as under:
 - (a) Reply in the matter has been filed which may be considered
 - (b) The petitioner may be asked to submit and claim the actual tax paid to the government since the return on equity has been grossed up with normal corporate tax for the period from 2009-12 in this petition.
 - (c) Any claim for additional capitalization under Regulation 9(2) can be allowed at the discretion of the Commission only when such capital expenditure has been incurred.
 - (d) The claims of the petitioner for additional capital expenditure under Regulation 9(2)(iv) which were earlier not approved by the Commission for the period 2009-12 have been claimed in this petition on the ground that the same has been actually incurred. these claims are not permissible since the expenditures pertain to minor assets/items like tools and tackles which are not permissible in terms of proviso to Regulation 9(2)(v) of the 2009 Tariff Regulation.
 - (e) The de-capitalization of minor items are required to be adjusted in the capital cost as per proviso under regulation 7(1) © of the 2009 Tariff regulation.
5. The representative of the petitioner clarified as under:
 - (i) The Regulation 15 of the 2009 Tariff Regulations clearly provides that grossing up and truing up of tax rate are applicable to the generating company as a whole and not for the generating station as a whole.
 - (ii) There is no significant difference between the proposed capital expenditure allowed by the Commission and expenditure incurred by the petitioner. The contention of the respondent as regards expenditure for minor assets is incorrect as these assets are necessary for successful and efficient operation of generating station. The impact of difference in additional capital expenditure allowed with those incurred is not significant on the annual fixed charges and the overall tariff when compared to the total purchase cost of the respondents.
 - (iii) The provision has been made towards expenses for land compensation based on Statutory Auditors Certificate and the same has not been actually incurred.
 - (iv) Rejoinder filed in the matter may be considered.
6. The Commission directed the respondent, PSPCL to file its reply on or before 26.9.2013, with copy to the petitioner who may file its rejoinder on or before 04.10.2013. The Commission also directed the petitioner to submit information on affidavit on the following:
 - (a) Details of year of capitalization of the spares,
 - (b) Certificate to the effect that the spares were not part of the capital base for the purpose of tariff along with the details of the petitions/orders in which the spares were disallowed/excluded for the purpose of tariff.
7. Subject to the above, the Commission reserved its order in the petition.

By order of the Commission

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