

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 16/GT/2013 (Docket No. 71/GT/2012)**

Subject: Revision of tariff of Dadri Gas Power Station (829.78 MW) for the period from 1.4.2009 to 31.3.2014-Truing up of tariff determined by order dated 14.6.2012 in Petition No. 224/2009.

Date of Hearing: 5.3.2013

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

Petitioner: NTPC Ltd., New Delhi

Respondents: UPPCL and 12 others

Parties Present: Shri Ajay Dua, NTPC  
Shri S. Saran, NTPC  
Shri Sameer Aggarwal, NTPC  
Shri S.K.Jain, NTPC  
Shri Rohit Chhabra, NTPC  
Shri Vivek Kumar, NTPC  
Shri R.B.Sharma, Advocate, BRPL  
Shri Manish Gupta, BYPL

**RECORD OF PROCEEDINGS**

The petition has been filed by the petitioner, NTPC in terms of proviso to Regulation 6(1) for truing-up of tariff of Dadri Gas Power Station (829.78 MW) ('the generating station') based on the final tariff order dated 14.6.2012 in Petition No. 224/2009 determined for the period from 2009-14 in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. During the hearing, the learned counsel for the petitioner submitted as under:

(a) The tariff of the generating station for the period 2009-14 was determined by the Commission in order dated 14.6.2012 in Petition No. 224/2009 based on the admitted capital cost as on 31.3.2009 and the projected additional capital expenditure admitted after prudence check. In terms of the proviso to Regulation

6(1) of the 2009 Tariff Regulations, the present petition has been filed for revision of tariff determined by the said order dated 14.6.2012.

(b) The schemes for which expenditure was approved by the Commission by its order dated 14.6.2012 are at various stage of award/execution and based on the physical progress of works, some of the schemes have been made part of the projected expenditure in this petition. Other schemes namely R&M of Gas Turbines (GTs) and C&I equipment are presently not expected to be capitalized by March, 2014 and would be claimed as and when executed and expenditure is capitalized by the petitioner.

(c) The additional information as sought for by the Commission has been filed and copy served on the respondents. Rejoinder to the reply of UPPCL has been filed.

(d) The prayer of the petitioner may be considered and tariff of the generating station may be revised as prayed for.

3. The representative of the respondent, UPPCL submitted as under:

(a) Against the expenditure of ₹378.81 crore allowed during the period 2009-14 the petitioner has proposed an expenditure of ₹12.91 crore to be incurred during 2009-14, which constitute only 3.41% of the approved capital expenditure. Moreover, the submission of the petitioner that R&M is for extension of life of GTs to 25 years and not for any performance improvement is not acceptable. The petitioner should bear the loss due to delay in implementation of R&M schemes since the factors are all controllable.

(b) As per order of the Commission, the balance life of the generating station as on 1.4.2009 is 17.27 years and the same is required to be considered.

(c) There is abnormal increase in the cost of the approved R&M schemes and the reasons for variation have not been furnished by the petitioner.

(d) The rate of return on equity shall be tried up in terms of the Regulation 15 of the 2009 Tariff Regulations and its amendment dated 23.6.2011.

(e) Additional capital expenditure actually incurred and duly audited and certified by the auditors shall be submitted by the petitioner.

4. The learned counsel for the respondent, BRPL submitted as under:

(a) Reply has been filed by the respondent.

- (b) The petitioner may be directed to file complete details of the additional capital expenditure incurred for the period 2009-12 duly audited and certified by the auditors as per Regulation 6(3) of the 2009 Tariff Regulations.
- (c) The actual tax rate paid against the generating station duly audited and certified by the auditors may be furnished by the petitioner. The petitioner may also clarify as to whether any benefits of tax holiday under Section 80-IA of the Income tax Act, 1961 has been availed.
- (d) Details as regards the list of assets forming part of the project but not in use and which is required to be taken out of capital cost for tariff shall be furnished by the petitioner.
- (e) The additional capital expenditure during the period 2009-14 was approved by the Commission after relaxation of Regulation 9(2) of the 2009 Tariff Regulations. The submission of the petitioner that R&M of Gas Turbines (GTs) and C&I equipment (which was approved by CEA vide letter dated 30.5.2008) cannot be fructified before March, 2014 clearly indicates that the urgency shown by the petitioner during the hearing of Petition No. 224/2009 was not real. Moreover, nothing has been mentioned as to when these works related to R&M is scheduled for completion. Based on the R&M works, the life of the generating station has been enhanced by 15 years and balance useful life was calculated for the purpose of depreciation. The petitioner may be directed to submit the revised scheduled date for completion of R&M works to calculate the balance useful life for calculating depreciation.
- (f) The additional capital expenditure of ₹13.53 lakh during 2010-11 towards Energy Management System stated to have been admitted vide order dated 14.6.2012 has not been allowed by the Commission.

5. In response to the above submissions, the representative of the petitioner clarified as under:

- (a) Regulation 15 of the 2009 Tariff Regulations clearly provide for grossing up of MAT/Corporate Income Tax rate applicable to the generating company.
- (b) The variations in the cost of the approved R&M schemes is on account of the open tendering process adopted by the petitioner.
- (c) The audited balance sheet with schedules and annexures as per regulations are submitted by the petitioner.

(d) Details of the list of assets de-capitalized have been furnished by the petitioner.

(e) Deprecation has been claimed as per the provisions of the 2009 Tariff Regulations.

6. The learned counsel for the respondent, Tata Power Delhi Distribution Ltd (TPDDL) prayed for grant of two weeks' time to file reply in the matter. This was accepted by the Commission.

7. Meanwhile, the petitioner is directed to furnish on affidavit, with copy to the respondents, the year-wise/item wise actual additional capital expenditure incurred during the years 2009-10, 2010-11, 2011-12 duly certified by auditors, on or before 25.3.2013.

8. Based on the above, the respondents shall file reply by 4.4.2013, with copy to the petitioner, who may file its rejoinder, if any by 11.4.2013.

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

By order of the Commission

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