

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 18/GT/2013

Subject: Approval of tariff of Badarpur Thermal Power Station (705 MW) for the period from 1.4.2009 to 31.3.2014 - Truing up of tariff determined by order dated 23.5.2012 in Petition No. 332/2009.

Date of Hearing: 11.6.2013

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

Petitioner: NTPC Ltd., New Delhi

Respondents: TPDDL and 4 others

Parties Present: Shri Ajay Dua, NTPC
Shri S. Saran, NTPC
Shri K K Narang, NTPC
Shri Bhupinder Kumar, 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 Garg, Advocate, BYPL
Shri Debarun Saha Roy, representative, BYPL
Shri Aman, Advocate, TPDDL

RECORD OF PROCEEDINGS

The petition has been filed by the petitioner, NTPC for truing-up of tariff of Badarpur Thermal Power Station (705 MW) ('the generating station') for the period from 2009-14 Tariff regulations in accordance with the CERC (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. During the last hearing on 5.3.2013, the learned counsel for the respondents, TPDDL, BRPL and BYPL prayed for some more time to file replies in the matter and the petitioner was also directed to file the auditor certificate along with its rejoinder.

3. The representative of the petitioner, NTPC submitted that the additional capitalization as allowed vide order dated 23.5.2013 was about ₹268 crores but there has been a slight delay in the execution of CW system because of tendering of the

cooling tower package, there has been delay in capitalization of some works. Hence, the capitalization of expenditure expected during the 2009-14 period was ₹117 crores. Accordingly, revision of tariff based on projected capitalization as per the provisions of the 2009-14 Tariff regulations. The representative of the petitioner prayed that the tariff as claimed may be allowed.

4. The learned counsel for BRPL submitted as under:

- (a) The petitioner has not submitted the details of the additional capital expenditure incurred for the period 2009-12 duly audited and certified by the auditors. Hence, the determination of tariff cannot be done without the statutory documents.
- (b) The contention of the petitioner for revision of the capital cost by including the expenditures and thereby modifying the capital cost as on 31.3.2009 is flawed and the same may not be accepted by the Commission.
- (c) The petitioner may submit the actual 'corporate Income tax rate' paid for the generating station duly audited and certified by the auditors.

5. The learned counsel for the respondent, TPDDL submitted that it has not yet received a copy of the rejoinder filed by the petitioner.

6. The learned counsel for BYPL submitted that it has filed its reply on 30.4.2013. However, as the same has not been received by the petitioner, a copy was served during the hearing. The learned counsel then submitted as under:

- (a) No reconciliation of additional capital expenditure with gross block as per the audited financial statements duly audited and certified by the auditors has been furnished along with the petition.
- (b) The petitioner has continued to gross up the return on equity by the 'normal tax rate' as against 'corporate Income tax rate'. Therefore, the petitioner may be directed to carry out necessary rectification in Form IA.
- (c) There is a significant variation in 'actual claim during the years 2009-10 & 2010-11, allowed vide order dated 23.05.2012' and 'currently claimed'. Therefore, the petitioner may be directed to provide comparative details of additional capital expenditure claimed/approved in relation to the amount currently being claimed as part of trueing up exercise.

7. In response, the representative of the petitioner submitted as under:

- (a) The auditor certificate for additional capitalization during the year 2009-12 has been submitted on 25.4.2013 and the copies have been served to the respondents.

- (b) Since the capital cost as on 31.3.2009 has been revised subsequent to the order dated 10.12.12 in Petition. No 194/2009, the changes in capital cost need to be considered in this petition.
- (c) Since the replacement of MBOA & spares is not allowed, the de-capitalization of old assets of MBOA & spares should not be considered for reduction of capital cost and be allowed under exclusion. Therefore, the items which are not part of capital cost (MBOA & spares) may not be considered for de-capitalization.
- (d) The variation of actual expenditure for the years 2009-10 & 2010-11 has already been furnished in the amended petition.
8. The Commission after hearing the parties reserved its order in the petition.

By order of the Commission

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