

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 28/GT/2013(Docket No. 73/GT/2012)

Subject: Approval of tariff of Auraiya Gas Power Station (663.36 MW) for the period from 1.4.2009 to 31.3.2014.

Date of Hearing: **19.3.2013**

Coram: Dr. Pramod Deo, Chairperson
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 Sachin Jain, NTPC
Shri S.Dewasi, NTPC
Shri Binit Kumar, NTPC
Shri Rohit Chhabra, NTPC
Shri V.Ramesh, NTPC
Shri Y.R.Dhingra, NTPC
Shri K.K.Narang, NTPC
Shri Vivek Kumar, NTPC
Shri Bhupinder Kumar, NTPC
Shri Padamjit Singh, PSPCL
Shri R.B.Sharma, Advocate, BRPL

RECORD OF PROCEEDINGS

The petition has been filed by the petitioner, NTPC for approval of tariff of Auraiya Gas Power Station, (663.36 MW) ('the generating station') for the period from 1.4.2009 to 31.3.2014, based on the CERC (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations'), after truing up.

2. During the hearing the representative of the petitioner submitted as under:
 - (a) The tariff of the generating station for the period from 1.4.2009 to 31.3.2014 was determined by Commission's order dated 23.5.2012 in Petition No. 270/2009.
 - (b) In accordance with the proviso to Regulation 6(1) of the 2009 Tariff Regulations, this petition has been filed for revision of tariff, for truing up.
 - (c) The item-wise justification for the variation in actual capital expenditure incurred for the period from 2009-10 to 2011-12 and projected additional capital

expenditure claimed during the years 2012-13 and 2013-14 with respect to those allowed by the Commission has been provided by the petitioner.

(d) Rejoinder to the reply filed by the respondent may be permitted.

(e) The tariff of the generating station for the period 2009-14 may accordingly be determined in terms of the claims made in the petition.

3. The representative of the respondent No.1, UPPCL submitted as under:

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

(b) 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.

(c) The impact of delay in the implementation of scheme of R&M of hot path gas components on operating performance shall be explained by the petitioner.

(d) The cost incurred towards the shifting of asset, as explained against the claim towards 'Refurbishment of GT rotor' has to be borne by the vendor and not by the beneficiaries.

(e) The actual receivables arrived at in the calculation of working capital as in Form 13-B of the petition is not clear.

(f) The estimated useful life of the project shall be considered as 15.59 years, subject to the final outcome of the review petition filed by the petitioner in R.P. 15/2012.

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 petitioner may be directed to furnish the works in progress and the assets added on account of additional capital expenditure and de-capitalization, if any, during the respective years of 2010-13.
 - (f) The additional capital expenditure of ₹11.90 crore has been claimed during 2013-14 for supply of electricity within the radius of 5 km of power station set up by the CPSU around central power plants, under Regulation 9(1) of the 2009 Tariff Regulations. This may be considered as part of the Corporate Social responsibility of the petitioner. Since the Commission can allow the same in its discretion as additional capital expenditure as per provisions of Regulation 9(2)(ix), the same may be disallowed.
 - (g) The petitioner has reduced the claim for additional capital expenditure against the expenditure allowed by the Commission in its order dated 23.5.2012. Hence, no purpose has been achieved by providing additional capital expenditure on projected basis.
 - (h) The claim towards refurbishment of rotor is more than 33% of the approved cost and therefore proper justification needs to be provided by the petitioner supported by certificate from statutory auditors. Similarly, in respect of additional capitalization of ₹29.00 lakh towards DCP fire tender, the de-capitalization of ₹8.00 instead of ₹9.31 lakh (2011-12) should be corrected and allowed in the year 2010-11.
 - (i) The petitioner may be directed to provide the new scheduled completion date of R&M works to calculate the balance useful life for the purpose of depreciation.
5. The representative of the respondent, PSPL submitted as under:
- (a) Against the total additional capital expenditure of ₹268.00 lakh for 2012-13, the petitioner may be directed to submit the actual expenditure.
 - (b) In respect of the calculations for interest on working capital as at page 25 of the petition, 'the liquid fuel stock', the Commission in exercise of its powers under Regulation 94 of the CERC (Conduct of Business) Regulations, 1999 may direct the petitioner to provide the actual fuel stock during the period from January to March, 2009.
6. 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 audited balance sheet with schedules and annexures as per regulations are submitted by the petitioner.

(c) The additional capital expenditure of ₹11.90 crore claimed during 2013-14 for supply of electricity within the radius of 5 km of power station may be allowed since no funds are available to consider the same under the CSR.

(d) Time to file rejoinder against the reply of the respondents.

7. 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.

8. The respondents TPDDL and PSPCL are directed to file replies in the matter by 9.4.2013, if not filed earlier, with copy to the petitioner, who may file its rejoinder, if any by 16.4.2013.

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

By order of the Commission

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(T. Rout)
Joint Chief (Law)