

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 206/GT/2013**

Subject : Revision of tariff of Kahalgaon Super Thermal Power Station, Stage-II (1500 MW) for the period from 1.4.2009 to 31.3.2013, after truing-up exercise

**Petition No. 272/GT/2014**

Subject : Revision of tariff of Kahalgaon Super Thermal Power Station, Stage-II (1500 MW) for the period from 1.4.2009 to 31.3.2013 after truing-up exercise

Date of hearing : 11.11.2014

Coram : Shri Gireesh B. Pradhan, Chairperson  
Shri M. Deena Dayalan, Member  
Shri A.K. Singhal, Member  
Shri A.S. Bakshi, Member

Petitioner : NTPC Limited

Respondents : West Bengal State Electricity Distribution Company Limited and 23 Others

Parties present : Shri Ajay Dua, NTPC  
Shri A.K. Chaudhary, NTPC  
Shri Rajesh Jain, NTPC  
Ms. Suchitra Maggon, NTPC  
Shri Parimal Piyush, NTPC  
Shri Sachin Jain, NTPC  
Shri I. Uppal, NTPC  
Shri R.B. Sharma, Advocate, BRPL, GRIDCO & JSEB  
Shri Alok Sharma, Advocate, TPDDL  
Shri Himanshu Shekhar, JSEB  
Shri B.L. Sharma, JVVN, AVVN & JdVVN  
Shri Tarun Ahuja, JVVN, AVVN & JdVVN  
Shri S.R. Sarangi, GRIDCO

**Record of Proceedings**

Both the petitions were taken up for hearing on 11.11.2014.

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

- (i) These petitions have been filed for revision of tariff based on true-up of actual additional capital expenditure incurred for the period 2009-14, in respect of the generating stations.
- (ii) The Commission by its order dated 13.4.2012 in Petition No. 282/2009 had approved the tariff of the generating station for the period 2009-14.
- (iii) The expenditure incurred beyond the cut-off date was on account of the delay in coal transportation system due to non development of linked/ associated mines.
- (iv) On account of arbitration with M/s. HSCL, some of the works were offloaded to new parties. Hence, the expenditure on this account had spilled over beyond the cut-off date of the generating station. This expenditure may be allowed in terms of Regulation 44 of 2009 Tariff Regulations ('Power to relax').
- (v) Additional information sought for by the Commission has been filed and advance copies have been served on the respondents. Time may be granted to file the rejoinder to the reply filed by respondent, GRIDCO.

3. The learned counsel appearing for respondent BRPL, referred to pages 21 to 24 of the petition and submitted as under:

- (i) Auditor certificate in respect of capital cost and additional capital expenditure for the period 2012-13 and 2013-14 has not been furnished.
- (ii) Most of the claims for additional capital expenditure under Regulation 9 (2) (viii) are beyond the cut-off date of the generating station and hence cannot be considered. The judgment of the Tribunal dated 11.4.2014 in Appeal No. 188 of 2013 is squarely applicable to the instant case.
- (iii) Some of the expenditure claimed under exercise of 'Power to relax' cannot be permitted, since the Commission has notified the regulation for determination of tariff, after considering the views of all stakeholders.
- (iv) The claim for Initial spares under Regulation 9 (1) (ii) is not permissible, since the same is after the cut-off date. Moreover, the capitalisation of spares upto 2.5% of the project cost provided under the 2009 Tariff Regulations is a ceiling norm. The Commission in Petition No. 282 of 2009 had not allowed the claim of the petitioner on this count.
- (v) Expenditure for Coal Transport System are in the nature of non-performing assets and may not be allowed. Similarly, works related to Water and Cooling System which is expected to be completed during the 2014-19 period and hence cannot be considered for capitalisation. Hence, the additional capitalisation of ₹10 crore is not permissible under Regulation 9 (2) (viii).
- (vi) Submissions made above may be adopted on behalf of the respondents, GRIDCO and JSEB.

4. In response to the above, the representative of the petitioner prayed for grant of time to file reply.

5. The learned counsel for respondent, TPDDCL prayed for grant of time to file reply in the matter.

6. The Commission after hearing the parties accepted the prayer of the petitioner and granted time to file reply on the issues raised above by the respondent BRPL. The Commission also directed the petitioner to submit additional information, on affidavit, with advance copy to the respondents, on or before 9.12.2014 on the following:

(a) Auditor's certificate in respect of opening capital cost claimed as on 1.4.2009, as on 20.3.2010 and additional capital expenditure incurred during 2009-14.

(b) Details of liquidated damages received from the contractors in different packages under the contract.

(c) Amount of initial spares capitalized up to cut-off-date.

(d) The petitioner is aware that the linked mines viz Rajmahal expansion, Chuperbhita & Hurra-C are yet to be developed by CIL and the MGR system will not be in useful service to the station till the mines are developed. In this background, the capitalization of ₹234.78 crore for MGR system may be clarified.

(e) Details of additional capital expenditure of ₹21.56 crore claimed in 2009-10 (from 20.3.2010 to 31.3.2010).

(f) Reason for indicating the additional capital expenditure allowed by the Commission in order dated 13.4.2012 as ₹730.86 crore instead of ₹744.92 crore in the final true-up petition.

7. The above information shall be submitted by the petitioner within the due date mentioned above.

8. The matter shall be listed for hearing on 13.1.2015.

By order of the Commission

-S/d-  
(T. Rout)  
Chief (Law)