

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition Nos. 220/GT/2013 and Petition No. 132/GT/2014

Subject : Revision of tariff of Bhilai Expansion Power Plant (2 x 250 MW) for the period from 21.10.2009 to 31.3.2014-Truing up of tariff determined by Commission's order dated 29.7.2010 in Petition No. 308/2009

Date of Hearing : **7.7.2015**

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

Petitioner : NTPC SAIL Power Company Private Limited

Respondents : DNH Power Distribution Corporation Ltd. & 3 Others

Parties present : Shri M.G. Ramachandran, Advocate, NTPC-SAIL
Ms. Ranjitha Ramachandran, Advocate, NTPC-SAIL
Ms. Anushree Bardhan, Advocate, NTPC-SAIL
Ms. Swapna Seshadri, Advocate, DNHPDCL
Ms. Yogmaya Agnihotri, Advocate, CSPDCL
Shri Arvind Banerjee, CSPDCL
Shri Abhinav Jindal, NSPCL
Shri D. G. Salpekar, NSPCL

Record of Proceedings

The learned counsel for the petitioner submitted that the additional information sought for by the Commission has been filed and copies have been served on the respondents. He also submitted that rejoinder to the replies filed by the respondent have been submitted. Accordingly, the learned counsel prayed that the tariff of the generating station may be revised as prayed for in the petition.

2. The learned counsels for the respondent, DNHPDCL and UT of Daman & Diu submitted as under:

a) Though the Commission had allowed the entire additional capitalisation, on projected basis vide order dated 29.7.2010 in Petition No. 308/2009, the petitioner has not incurred any of the additional capital expenditure as projected by it.

b) The Commission vide order dated 31.3.2013 in Petition No. 151/MP/2012 had relaxed the cut-off date of the generating station from 31.3.2012 to 31.3.2013. From Form-9 of the petition, it is evident that the petitioner has incurred completely different amounts as against those allowed by the Commission in order dated 29.7.2012. The petitioner without adhering to the schedule has capitalised works even in 2013-14 without claiming additional capitalisation in the original petition. The petitioner is taking advantage of the cut-off date extension granted by the Commission and is claiming delayed capitalisation on all aspects including main BHEL package etc. which were not placed by the petitioner before the Commission.

c) In terms of the 2009 Tariff Regulations, the additional capital expenditure which was projected and allowed by the Commission is required to be trueed up at the end of the tariff period and the generating companies cannot claim something in the true-up petition which had not been claimed in the original petition. In respect of Kawas generating station of NTPC, the Commission in tariff order dated 1.8.2013 had decided that any additional capitalisation which was allowed in the tariff order but not incurred by generating company cannot be passed on in tariff. This has been upheld by the Appellate Tribunal for Electricity and hence, may be considered in the present case.

d) The claim of the petitioner for additional capitalisation under Regulation 9 (1) cannot be considered. The cut-off date was extended to 31.3.2013 after relaxation of Regulation 9 (1) primarily for capitalisation of township works. No further relaxation can be granted to the petitioner.

e) Some of the claims of the petitioner for additional capitalisation are in the nature of O&M expenses and some of the claims are against the provisions of the regulations. These are not permissible under the 2009 Tariff Regulations.

3. The learned counsel for the respondent, CSPDCL submitted as under:

a) IDC upto the date of commercial operation may only be allowed to be capitalised. Since, this respondent is not responsible for the delay, the IDC allowed to the petitioner may be re-examined and only the justified IDC may be permitted to be capitalised.

b) The Commission in order dated 29.7.2010 had allowed the deduction of ₹29 crore towards O&M charges. Accordingly, the actual water charges of ₹57.61 crore may be deducted from O&M charges.

c) The Mahad Reservoir is the property of Govt. of Chhattisgarh. Hence, the amount of ₹110 crore deposited as advance by the petitioner with the Water Resource department of the Govt. of Chhattisgarh for building Mahad reservoir for supply of Industrial water for 30 years should not be permitted to be capitalised by the petitioner for the purpose of tariff. The Commission may allow the petitioner to recover this amount separately from the beneficiaries at the weighted average rate of interest after setting of the depreciation.

- d) As O&M charges of the entire project has been allowed by the Commission, separate O&M charges in respect of transmission line may not be allowed as the petitioner is a generator and does not have a transmission licence.
- e) Reply filed in the matter may be considered.
4. In response to the above, the learned counsel of the petitioner clarified as under:
- a) In Form-9 of Petition No. 132/GT/2014, the year wise actual capital expenditure incurred has been submitted. Hence, the submission of the respondent that the petitioner has not incurred any projected additional capitalisation admitted by the Commission may be rejected.
- b) The main BHEL package etc. as referred by the respondent, DNHPDCL are covered under original approved scope of work and full justification for completing the said works after COD has been provided by the petitioner. The respondent may not be permitted to reopen the issues settled by the Commission in order dated 4.7.2013 extending the cut-off date.
- c) Form-11 furnished by the petitioner in Petition No. 132/GT/2014 pertains to details of depreciation calculation and not related to claims of expenditure/capitalisation of works.
- d) The issue of delay in declaration of commercial operation of generating station and IDC has been settled by the Commission in order dated 29.7.2010. Hence, the question of re-examining the same is not justified. Similarly, the issue of water charges, capitalisation for construction of dedicated transmission line and the amount of ₹110 crore paid to the Water Resource department have been dealt by the Commission in order dated 29.7.2010.
- e) Since the total project cost after the consideration of the actual additional capital expenditure as claimed by the petitioner is well within the overall project cost as per original estimate. Though there may be deviation in the cost for some individual packages, considering the overall project cost and the actual additional capital expenditure together, the Commission may consider the tariff on the total project cost including the additional capital expenditure.
- f) Rejoinder to the replies filed by the petitioner may be considered.
5. The Commission after hearing the parties reserved its order in the petition.

By Order of the Commission

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