

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 280/GT/2014**

Subject : Determination of tariff for Farraka Super Thermal Power Station Stage-III (500 MW) for the period 2014-19.

Date of hearing : **17.11.2015**

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

Petitioner : NTPC

Respondents : West Bengal State Electricity Distribution Co. Ltd & 4 Others

Parties present : Shri A.Basu Roy, NTPC  
Shri Ajay Mehta NTPC  
Shri Umesh Ambati, NTPC  
Shri Shyam Kumar, NTPC  
Shri Manoj Sharma, NTPC  
Shri Nishant Gupta, NTPC  
Shri K.K Sinha, NTPC  
Shri R.B Sharma, Advocate, GRIDCO  
Shri S.R Sarangi, GRIDCO

**Record of Proceedings**

This petition has been filed by the petitioner, NTPC for approval of tariff of Farraka Super Thermal Power Station Stage-III (500 MW) (“the generating station”) for the period from 1.4.2014 to 31.3.2019, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (“the 2014 Tariff Regulations”).

2. During the hearing, the representative of the petitioner made detailed submissions in the matter and prayed that the tariff of the generating station may be determined accordingly. He further submitted that the additional information as sought for by the Commission has been filed and copies served on the respondents. The representative added that rejoinder to the reply filed by the respondent GRIDCO has also been submitted.

3. The learned counsel for the respondent GRIDCO mainly submitted as under:

- (i) The capital cost admitted in Petition No. 282/GT/2014 for revision of tariff after truing-up for the period 2012-14 shall form the basis of determination of tariff for the period 2014-19.



- (ii) The claim of the petitioner for a total amount of ₹5700 lakh during 2014-16 towards construction of two lane bridge on Ganga feeder canal may not be allowed as the project work had already been completed without any necessity for such a two lane bridge. If need be the same can be constructed under CSR as the same would be used by public. The grant of additional capitalisation, if any, by exercise of “power to relax” would disturb the equilibrium and the same would result in unreasonable benefit to the petitioner.
- (iii) The claim of the petitioner for capitalisation of expenditure towards Ash Dyke Works under Regulation 14 (3) (iii) for the years 2015-16 and 2017-18 cannot be considered as no document in support of the said claim has been filed by the petitioner. Hence in terms of the judgment dated 10.2.2015 of the Tribunal in Appeal No. 13 of 2014, the claim may be rejected.
- (iv) The petitioner may be directed to furnish complete details in the working of effective tax rate of 23.9394% along with the tax audit report for 2013-14. The details of deferred tax liability and its treatment in books of accounts for 2014-19 may also be directed to submit.
- (v) Reply filed in the matter may be considered.

4. In response, the representative of the petitioner clarified as under:

- (i) The construction of two lane bridge is essential as the traffic remains blocked most of the time due to the repair of the poor/ dilapidated condition of the existing bridge and increased vehicular traffic over it due to increase material moment for the day to day needs of the plant and increased truck/ container movement for higher evacuation for dry ash. The existing single lane narrow bridge over the canal owned and maintained by Farraka Barrage Authority is very old.
- (ii) The audited certificate of capital cost based on additional capitalisation claimed for 2014-19 shall be submitted at the time of truing up after the actual expenditure has been incurred. However, for the period from COD of the generating station till 31.3.2014 the audited certificate for various additional capitalisation has been submitted in 282/GT/2014.
- (iii) The estimated tax rate is to be calculated based on the estimated profit and estimated tax for 2014-15 in terms of Regulation 25 (2) (ii) of the 2014 Tariff Regulations. Accordingly, the tax rate has been worked out as 23.93% considering the estimated profit before tax from generation as ₹7957.73 crore and estimated tax as ₹1905.03 crore for 2014-15. The actual tax rate details applicable for 2014-15 has been submitted vide affidavit dated 5.11.2015.
- (iv) The judgment of the Tribunal is not applicable in the instant case as the same pertains to condonation of delay in project execution while determining tariff of PGCIL.
- (v) Rejoinder filed in the matter may be considered.



5. The Commission after hearing the parties directed the petitioner to file additional information on affidavit, by 11.12.2015, with advance copy to the respondents on the following:

- (a) An expenditure for ₹5700.00 lakh (₹3000.00 lakh in 2014-15 and ₹2700 lakh in 2015-16) towards Enabling works (Construction of two lane bridge on Ganga Feeder Canal) has been made under Regulation 14(1)(ii) and 14 (1) (iii) of the 2014 Tariff Regulations, in this regard clarification shall be furnished on the following:
- i) As there exists a bridge constructed by Farakka Barrage Authority, the reason for construction of another bridge by NTPC shall be explained.
  - ii) The need of making two lane bridge for this generating station when it has already been commissioned shall be explained.
  - iii) The reason as to why the permission of Farakka Barrage Authority was sought for only on 9.8.2010 for construction of bridge specially when the investment approval for the project was accorded on 30.10.2006 and if the construction of bridge on Ganga feeder canal was within the original scope of work.
  - iv) Clarification as to whether the use of bridge is exclusively limited for this generating station or is common for all stages of the project and for local public. In case it is common to Stages I, II and III, clarification as to whether the cost has been apportioned to other stages also or if booked to stage-III alone.
- (b) Copy of Income Tax Return for the year 2014-15 as and when filed.
- (c) Clarify and furnish auditor's certificate that the actual tax paid in respect of generation business for the period 2014-15 amounting to ₹1869.25 crore does not include any deferred tax component materialized corresponding to the period upto 31.3.2009 & for the period 2009-14.
- (d) Details of deferred tax materialized for the year 2014-15.
- (e) Taxable profit for generation income (i.e. after claiming 80IA benefits etc) for the year 2014-15

6. The above information shall be submitted within the due date mentioned above. In case the information/ rejoinder is not filed within the said date, the matter shall be considered based on available records.

7. Subject to the above, order in the petition is reserved.

By Order of the Commission

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

