

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 8/RP/2015**  
**in**  
**Petition No. 237/GT/2013**

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

**Date of Hearing: 16.07.2015**  
**Date of Order: 26.11.2015**

**In the matter of**

Review of Commission's order dated 6.4.2015 in Petition No.237/GT/2013 regarding approval of generation tariff of Assam Gas Based Power Project (291 MW) of North Eastern Electric Power Corporation Limited

**And**

**In the matter of**

North Eastern Electric Power Corporation Ltd.,  
Brookland Compound, Lower New Colony,  
Shillong – 793003, Meghalaya

**...Petitioner**

Vs

1. Assam Power Distribution Company Ltd.,  
Bijulee Bhawan, Paltan Bazar,  
Guwahati – 781001
2. Meghalaya Energy Corporation Ltd.,  
Short Round Road, Lumjingshai, Shillong – 793001
3. Tripura State Electricity Corporation Ltd, Agartala  
Banamalipur, Agartala – 799001
4. Power and Electricity Department, Government of Mizoram, Aizawl  
Govt. of Mizoram, Power House Complex,  
Electric Veng, Aizawl – 796001
5. Electricity Department, Government of Manipur, Imphal  
Government of Manipur  
Keishampet, Imphal – 795001
6. Department of Power, Government of Arunachal Pradesh,  
Government of Arunachal Pradesh,  
Bidyut Bhawan, Itanagar – 791111



7. Department of Power,  
Government of Nagaland, Kohima – 797001
8. North Eastern Regional Power Committee,  
NERPC Complex, Dong Parmaw,  
Lapalang, Shillong – 793006
9. North Eastern Regional Load Despatch Centre,  
Dongtiah, Lower Nongrah, Lapalang,  
Shillong – 793006

...Respondents

**Parties present:**

Shri P.C. Barman, NEEPCO  
Shri Devapriya Choudhury, NEEPCO  
Shri Rana Bose, NEEPCO  
Ms. Elizabeth Pyrbot, NEEPCO  
Shri K. Goswami, APDCL

**Order**

This application has been made by the petitioner, NEEPCO, for review of order dated 6.4.2015 in Petition No. 237/GT/2013 whereby the Commission had determined the tariff of Assam Gas Based Power Project (291 MW) (hereinafter “the generating station”) of North Eastern Electric Power Corporation Limited in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. Aggrieved by the said order, the petitioner has sought review of the said order dated 6.4.2015 on the ground of computation of balance useful life of the plant and calculation of depreciation for the period 2009-14. The respondent APDCL has filed its reply vide affidavit dated 8.6.2015 and the petitioner has filed its rejoinder. The review petition was admitted vide interim order dated 25.6.2015 on the said issue.

3. During the hearing on 16.7.2015, the representative of the petitioner submitted that the balance useful life considered by the Commission in order dated 6.4.2015 may be reviewed and depreciation may be allowed accordingly. He also pointed out that the



COD of the generating station is 1.4.1999 and accordingly submitted that the generating station has completed its 12<sup>th</sup> year of commercial operation on 31.3.2011 i.e. during the year 2010-11 and hence the balance depreciable value after a period of 12 years after the period of commercial operation is applicable from 2011-12 in terms of Regulation 17 (4) of the 2009 Tariff Regulations and not since 2009-10 as considered by the Commission in order dated 6.4.2015. Accordingly, the representative prayed for revising computation of depreciation and for the re-calculation of the annual charges approved for the period 2009-14. The representative of the respondent, APDCL, has objected to the above submissions and has prayed that the review petition may be rejected.

4. We have examined the matter. It is noticed that the petitioner could not complete the R&M works allowed vide order dated 6.9.2011 in Petition No. 295/2009 in respect of this generating station. The R&M expenditure was mainly allowed on Gas engines of Gas booster station. However, the Commission in its order dated 6.4.2015 after considering the judgment of the Appellate Tribunal for Electricity in Appeal No. 71 of 2012 (NTPC vs. CERC & ors) had extended the balance useful life of Gas Turbines by 10 years with effect from 1.4.2014 based on the submission of the petitioner that R&M works would be completed by 31.3.2014.

5. It is observed from Petition No. 455/GT/2014 filed by the petitioner for revision of tariff of the generating station for the period 2009-14 after truing-up in terms of the Regulation 6 (1) of the 2009 Tariff Regulations that the expenditure on Gas engines allowed under R&M vide Commission's order dated 6.9.2011 in Petition No. 295/2009 and order dated 6.4.2015 in Petition No. 237/GT/2013 petitioner has not been capitalized by the petitioner. It is however observed from Petition No. 41/GT/2015 filed by the petitioner for determination of tariff of the generating station for the period 2014-19 that the R&M works on Gas engines have been deferred beyond 31.3.2014 and the



expenditure on this count has been claimed during the period 2014-19. Considering the fact that major R&M work on Gas engines are proposed to be undertaken and completed during the tariff period 2014-19 by revision in phasing of expenditure and that the benefit of R&M would be passed on to the beneficiaries during the next tariff period (2014-19), the prayer of the petitioner for computation of balance useful life of the plant and the calculation of depreciation for the period 2009-14 no longer survives in this petition. Accordingly, the review petition is dismissed as infructuous.

6. Consequent upon the above, the depreciation allowed for the period 2009-14 is revised as under:

	<i>(₹ in lakh)</i>				
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Opening Gross Block	148103.44	148075.50	148074.39	148074.39	148363.91
Additional Capitalization	(-) 27.94	(-) 1.11	0.00	289.52	4080.50
Closing Gross Block	148075.50	148074.39	148074.39	148363.91	152444.41
Average Gross Block	148089.47	148074.95	148074.39	148219.15	150404.16
Value of freehold land included in Gross Block	150.17	150.17	150.17	150.17	150.17
Value of Gross block excluding Land	147939.30	147924.78	147924.22	148068.98	150253.99
Rate of depreciation	5.202%	5.202%	-	-	-
Depreciable Value @90%	133145.37	133132.30	133131.80	133262.08	135228.59
Balance Useful life of the asset (years)	14.92	13.92	12.92	11.92	10.92
Remaining Depreciable Value	33336.99	25648.40	17953.71	16793.91	17590.49
Depreciation for the period (spread over the remaining life)	<b>7695.80</b>	<b>7695.05</b>	<b>1290.08</b>	<b>1300.17</b>	<b>1476.12</b>

7. Based on above, the annual fixed charges in order dated 6.4.2015 in Petition No. 237/GT/2013 is modified as under:

	<i>(₹ in lakh)</i>				
	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>
Return on Equity	13709.30	14211.07	14224.76	14233.17	14533.29
Interest on Loan	1242.30	642.22	226.78	109.99	123.82
Depreciation	7695.80	7695.05	1290.08	1300.17	1476.12
Interest on Working Capital	1362.80	1386.96	1273.90	1300.08	1341.32
O&M Expenses	6663.90	7045.11	7446.69	7874.46	8325.51
<b>Total annual fixed charges</b>	<b>30674.11</b>	<b>30980.40</b>	<b>24462.21</b>	<b>24817.88</b>	<b>25800.06</b>



8. Petition No.8/RP/2015 is disposed of as above.

**-Sd/-**  
**(A.S. Bakshi)**  
**Member**

**-Sd/-**  
**(A.K. Singhal)**  
**Member**

**-Sd/-**  
**(Gireesh B. Pradhan)**  
**Chairperson**

