

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 17/RP/2017

in

Petition No.342/GT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K. Iyer, Member

Date of Order: 03.10.2017

In the matter of

Review of Commission's order dated 24.2.2017 in Petition No.342/GT/2014 pertaining to approval of tariff of Vindhyachal Super Thermal Power Station Stage-III (1000MW) for the period 2014-19.

And

In the matter of

NTPC Ltd
NTPC Bhawan,
Core-7, SCOPE Complex,
7, Institutional Area, Lodhi Road,
New Delhi-110003

...Petitioner

Vs

1. Madhya Pradesh Power Management Company Limited,
Shakti Bhavan, Vidyut Nagar, Jabalpur-482 008
2. Maharashtra State Electricity Distribution Company Limited,
'Prakashgard', Bandra (East)
Mumbai-400 051
3. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan
Race Course, Baroda – 390007
4. Chhattisgarh State Power Distribution Company Ltd,
Dhagania, Raipur-492 013
5. Electricity Department, Govt. of Goa,
Vidyut Bhavan, Panaji, Goa



6. Electricity Department
Administration of Daman & Diu,
Daman-396 210

7. Electricity Department
Administration of Dadra and Nagar Haveli,
Silvassa

...Respondents

Parties present:

Shri Ajay Dua, NTPC
Ms. Suchitra Maggon, NTPC
Shri Manish Jain, NTPC
Shri Sachin Jain, NTPC
Shri Rajeev Choudhary, NTPC
Shri Anurag Naik, MPPMCL
Shri Ajasra Gupta, MPPMCL

ORDER

This application has been made by the petitioner, NTPC for review of order dated 24.2.2017 in Petition No. 342/GT/2014, whereby the Commission had determined the tariff of Vindhyachal Super Thermal Power Station Stage-III, (1000 MW) for the period 2014-19 in terms of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (“the 2014 Tariff Regulations”).

2. Aggrieved by the order dated 24.2.2017, the petitioner has submitted that there is error apparent on the face of record and has sought review of the said order, on the issue of “disallowance of CCTV surveillance system for Stage III and Installation of CCTV in Stage-III Cable Gallery.”

3. The matter was heard on 11.7.2017 and the Commission after hearing the petitioner reserved its order in the petition.



4. The respondent, Madhya Pradesh Power Management Co. Ltd. (MPPMCL) has filed its reply on dated 31.07.2017 and the petitioner has filed its rejoinder to the same vide affidavit dated 10.08.2017. Based on the submissions of the parties and the documents available on record, we proceed to examine the relief prayed for by the petitioner.

Disallowance of CCTV surveillance system for Stage III and Installation of CCTV in Stage-III Cable Gallery.

5. The petitioner in the original petition had claimed projected additional capital expenditure of Rs. 500 lakh (Rs. 100.00 lakh in 2015-16, Rs. 200.00 lakh in 2016-17 and Rs. 200.00 lakh in 2017-18) for CCTV Surveillance System for Stage-III and Rs. 200 lakh (Rs. 100.00 lakh in 2016-17 and Rs. 100.00 lakh in 2017-18) for installation of CCTV in Stage-III cable gallery under Regulation 14(3)(iii) of the 2014 Tariff Regulations on account of higher security of plant. In justification, the petitioner has submitted that the expenditure towards CCTV Surveillance System has been proposed to be incurred for improving the safety & security of the plant equipments as per the advice of National Security Agencies. The petitioner has further submitted that the installation of CCTV in cable gallery was advised by CISF during the technical audit for keeping a watch, detection of fire at an initial stage and for monitoring any movement inside the cable gallery.

6. However, the Commission vide order dated 24.2.2017 had rejected the claim of the petitioner and had observed as under:

“18. We have considered the matter. It is noticed from the submissions of the petitioner that it is not clear as to the nature of directions given by the agencies for requirement of this asset. The petitioner has not, in our view demonstrated the requirement of this expenditure in proper documentary



evidence. In the absence of these, we are not inclined to allow to expenditure under this head. It is noticed that the petitioner is granted Compensation allowance and the expenses can be met from the Compensation Allowance allowed to the generating station. Accordingly, the prayer of the petitioner is not allowed.”

7. The petitioner in the present review petition has submitted that the projected additional capital expenditure claimed towards CCTV surveillance system for Stage-III is proposed under Regulation 14 (3) (iii) for improving the Safety & Security of Plant Equipments and for monitoring the locations which are unmanned in line with the advice of top National Security Agencies. Being a security issue, high confidentiality has been advised by the said agency and instructed the petitioner not to quote or reproduce any part of recommendations in any manner. Therefore the petitioner could not produce the same. With regard to expenditure on installation of CCTV in cable gallery, the petitioner has submitted that the letter dated 2.2.2013 of the Assistant Commandant, CISF, submitted with original petition no. 342/GT/2014, is statutory in nature and the claim of the petitioner is as per Regulation 14(3)(iii) and the disallowance of the said claim is an error apparent on the face of record.

8. The respondent Madhya Pradesh Power Management Co Ltd. vide its affidavit dated 31.7.2017 has submitted that surveillance is a function which is a part of routine O&M activity. Commission has already granted the O&M expense amounting to Rs.101321.8 lakh (Rs.1013.218 Crores) for the control period 2014-19 to the petitioner. The same must be used to take care of routine surveillance activity and associated installation of CCTV etc. Moreover the petitioner has also been allowed Rs. 300 lakhs towards



Compensation allowance during control period 2014-19 to meet such type of expenditure. MPPMCL has also stated that the amount claimed by the petitioner was exorbitant, unreasonable and unjustified. This Compensation allowance coupled with O&M expenses can very well take care of the proposed expenditure on CCTV installation. The Commission has rightly disallowed the same holding that it can be met from Compensation allowance.

9. The respondent has stated that there is no error apparent on the face of record and disallowance of additional capitalization of expenditure on CCTV is a considered decision of commission and therefore there is no case for review.

10. The petitioner in its rejoinder filed vide affidavit dated 10.8.2017 has submitted that the projected capital expenditure for the work of Installation of CCTV in Stage-III Cable Gallery as claimed in the instant station is in accordance with the advise of CISF for keeping a watch & detecting the fire at an initial stage and for monitoring any movement inside cable gallery. Further the projected capital expenditure on CCTV surveillance system is being carried out in line with the advice of top National Security Agencies for improving the Safety & Security of Plant Equipments and continuous monitoring of the locations which are unmanned. Therefore the above capital expenditures are in line with the specific directions from the agencies which are responsible for National/ Internal security and are in accordance with Regulation 14(3)(iii) of 2014 Tariff Regulations. Therefore the same cannot be covered or met from O&M expenses as allowed by the Commission.



11. The petitioner has also stated that Compensation allowance is allowed for meeting the expenses on new assets of capital in nature which are not admissible under Regulation 14. The claim of work of CCTV surveillance system for Stage III and Installation of CCTV in Stage-III Cable Gallery is in accordance with Regulation 14(3)(iii) of 2014 Tariff Regulations. Therefore the contention of answering respondent is devoid of reasons and is liable to be rejected.

Analysis and decision

12. We have examined the matter in the light of submission made in the review petition and the records available in the Commission. The Commission in the order dated 24.2.2017 has disallowed the claim of the petitioner of Rs. 700 lakh (Rs. 500 lakh for CCTV surveillance system & Rs. 200 lakh for installation of CCTV in cable gallery) during 2014-19 under Regulation 14 (3) (iii) of the 2014 Tariff Regulations with the observation that the Petitioner has not demonstrated the requirement or justification of CCTV surveillance system and installation of CCTV in stage-III and cable Gallery.

13. The petitioner in the review petition has submitted that the projected additional capital expenditure claimed towards CCTV surveillance system for Stage-III is proposed under Regulation 14 (3) (iii) for improving the Safety & Security of Plant Equipments and monitor the locations which are unmanned in line with the advice of top National Security Agencies.

14. The Respondent, MPPMCL, has contended that the said expenditure on the CCTV Surveillance system and CCTV in Stage-III cable gallery can be



met through regular O&M and/or compensation allowance allowed to the station. The Petitioner vide affidavit dated 25.7.2017 in reply to the Commission's directions in ROP of the hearing dated 11.07.2017 has clarified that the expenditure on CCTV is being made through the 'Capital addition Budget' and not from Miscellaneous Bought Out Assets (MBOA) budget. Thus, CCTV Surveillance system and CCTV in Stage-III cable gallery is in nature of capital assets and may be met out of compensation allowance.

15. The Commission in the impugned order has taken a view that in the absence of proper documentary evidence justifying the requirement of the asset, the expenses for CCTV was not allowed and therefore, the Commission directed the petitioner to meet any such expenses from Compensation allowance which is provided for meeting expenditure of those capital nature of assets which are not admissible under Regulation 14. Regulation 17(1) of the 2014 Tariff Regulations specifies Compensation allowance as under;

“(1) In case of coal-based or lignite-fired thermal generating station or a unit thereof, a separate compensation allowance shall be admissible to meet expenses on new assets of capital nature which are not admissible under Regulation 14 of these regulations, and in such an event, revision of the capital cost shall not be allowed on account of compensation allowance but the compensation allowance shall be allowed to be recovered separately.”

16. Hence, any expense of capital nature of assets can be allowed either under Regulation 14 (Additional Capitalisation) or else it could be met from Compensation allowance allowed under Regulation 17. Since, the



Commission has not admitted the expenses under Regulation 14, therefore the same was directed to be met from Compensation allowance.

17. The Petitioner has submitted that the letter regarding CCTV in cable gallery from Assistant Commandant, CISF dated 02.02.2013 was submitted with the original petition no. 342/GT/2014 and the Commission did not consider this letter from CISF while passing the Order dated 24.02.2017 wherein it was stated that proper documentary evidence in support of requirement was not demonstrated by the petitioner. As regards CCTV surveillance system for stage-III, National Security Agencies have advised the petitioner to maintain high confidentiality and also instructed not to quote or reproduce any part of the recommendation. Thus it could not be produced by the petitioner.

18. In the impugned order, the Commission has, after considering all documents placed before it, directed the petitioner to meet the expenditure towards CCTV surveillance system and CCTV in cable gallery from compensation allowance. We do not find any error apparent on the face of the record. At review stage, there is no scope for considering the petition on merit. Therefore, we disallow the prayer of the petitioner.

19. Petition No. 17/RP/2017 is disposed of in terms of above.

Sd/-
(Dr. M.K.Iyer)
Member

Sd/-
(A. S. Bakshi)
Member

Sd/-
(A. K. Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson

