

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No.30/2009

Subject: Determination of impact of additional capital expenditure incurred during the years 2004-05, 2005-06, 2006-07 and 2007-08 on fixed charges in respect of Feroze Gandhi Unchahar Thermal Power Station Stage-I (420 MW).

Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Date of Hearing: 16.7.2009

Petitioners: NTPC Ltd.

Respondent : UPPCL, JVVNL, AVVNL, JoVVNL, DTL, NDPL, BSES –Rajdhani Power Ltd, BSES-Yamuna Power Ltd, HPPC, PSEB, HPSEB, PDD, Govt of J&K, PDD Chandigarh & UPCL

Parties present: Shri V.K.Padha, NTPC
Shri Sankar Saran, NTPC
Shri D.G.Salpekar, NTPC
Shri T.K.Srivastava, UPPCL
Shri Manish Garg, UPPCL

This petition has been filed by the petitioner, NTPC for determination of impact of additional capital expenditure incurred during the years 2004-05, 2005-06, 2006-07 and 2007-08 on fixed charges in respect of Feroze Gandhi Unchahar Thermal Power Station Stage-I (420 MW) (hereinafter referred to as “the generating station”)

2. The representative of the petitioner submitted that it had filed the additional information as directed by the Commission during the hearing on 12.5.2009. The representative also submitted that it had incurred the additional capital expenditure on certain R&M activities which had been approved by CEA and on certain other works which were required for efficient and successful operation of the generating station and prayed that the Commission allow the additional capital expenditure incurred for the purpose of tariff.

3. The representative of the respondent, UPPCL submitted that in terms of clause (5) of section 62 and clause (3) of section 79 of the Electricity Act, 2003, the Commission should direct the petitioner to submit the actual expenditure incurred and profits earned in respect of the generating station and in terms of Regulation 94 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, the petitioner should be directed to file periodical returns to the Commission, prior to the determination of tariff for the generating station. The representative further submitted that the petition has been filed belatedly and hence recovery of charges from the consumers based on additional capitalization, if any, would be difficult. The representative further pointed out that the claim for capitalization of some items for the year 2008 at Annexure –IX of the petition, should not be considered as the items were in the nature of repairs and spares, prudent to be classified under O&M expenses. The representative further pointed out that the copies of audited accounts enclosed in the petition bears only the signature and the stamp was not legible. The representative also submitted that the petitioner should clarify as to whether un-discharged liabilities (asset-wise) have been included in its claim.

4. In response, the representative of the petitioner submitted that its claim for additional capitalization was based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the 2004 regulations) and that the submission of the respondent to revisit the 2004 regulations was not tenable. The representative also submitted that there has been no delay in filing the petition as the Commission in its order dated 29.9.2008 in Petition No.27/2007 had given liberty to the petitioner to approach the Commission before 30.3.2009, for revision of tariff for the period 2004-09 for the second time, after finalization of accounts. The representative while pointing out that it has filed legible stamped copies of the audited accounts also clarified that there was no un-discharged liabilities included in its claim for additional capitalization.

5. On a query to the petitioner as to why spares which are not part of R&M expenses were sought to be capitalized, the representative of the petitioner clarified that the spares were critical spares required for smooth operation of the plant had already been capitalized in the books of accounts. The representative also submitted that in case capitalization of spares is not considered, the same could be taken into account for revising the O&M cost norms by the Commission.

6. The Commission reserved orders in the petition.

Sd/-
(K.S.Dhingra)
Chief (Legal)