

CENTRAL ELECTRICITY REGULATORY COMMISSION

RECORD OF PROCEEDINGS

Petition No.127/2009 with I.A.40/2009

Subject: Revision of fixed charges for the period 2004-09 due to additional capital expenditure incurred during 2008-09 at Anta GPS (419.33 MW)-Interlocutory application has been filed for amendment of Annexure-I to the petition.

Date of hearing: 27.10.2009

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

Petitioner: NTPC Ltd

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

Parties present: Shri V.K.Padha, NTPC
Shri D.G.Salpekar, NTPC
Shri Ratnesh, NTPC
Shri Manoj Saxena, NTPC
Shri Ajay Garg, NTPC
Shri Manish Garg, UPPCL

This petition has been filed by the petitioner, NTPC for determination of impact of additional capital expenditure incurred during the year 2008-09 for Anta Gas Power Station, Stage-I (419.33 MW) (hereinafter referred to as “the generating station”) based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (hereinafter referred to as “the 2004 regulations”).

2. The representative of the petitioner submitted that it had incurred additional capital expenditure on certain works which were required for efficient and successful operation of the generating station. He also submitted that some of the equipments installed at the generating station had already served life of more than 15 years and some of the equipments had outlived its useful life as prescribed by Original Equipment Manufacturers (OEM). The representative pointed out that the Commission has

specified the Central Electricity Regulatory Commission (Terms and Conditions of Tariff), Regulations 2009 (hereinafter referred to as “the 2009 regulations”) applicable for the period 2009-14, wherein, the useful life of gas/liquid fuel based thermal generating stations has been prescribed as 25 years and the petitioner was therefore required to undertake R&M works involving replacement of the components which had exhausted their useful life. The representative further added that R&M works were required to overcome obsolescence in the area of Gas Turbine control system. The representative of the petitioner prayed that the additional expenditure incurred for life extension be allowed, keeping in view the requirement of extended life of Gas Turbines under the 2009 regulations.

3. The representative of the petitioner submitted that the interlocutory application had been filed for amendment of Annexure-I of the petition taking into account the revised calculations for annual fixed charges, based on the additional capital expenditure incurred for the year 2008-09 and the principles laid down in the judgments of the Appellate Tribunal dated 13.6.2007 and 16.3.2009 in Appeal Nos 139,140 etc of 2006 and Appeal Nos.133, 135 etc of 2008 respectively, and prayed that the application be taken on record.

4. The representative of respondent No.1, UPPCL submitted that the revision of annual fixed charges claimed by the petitioner in the Interlocutory application No.40/2009, based on the above said judgments of the Appellate Tribunal may not be allowed as appeal against the judgments were pending before the Hon’ble Supreme Court.

5. In response, the representative of the petitioner pointed out that there was no stay of the operation of the orders of the Appellate Tribunal and in the absence of interim order of stay, there was no bar for the petitioner to claim revision of annual fixed charges. He further submitted that the tariff for the generating station be determined by the Commission, based on the judgments of the Appellate Tribunal, subject to the final decision of the Hon’ble Supreme Court in the said appeals.

6. The prayer of the petitioner in the I.A. for amendment was allowed. The amended calculations were taken on record. The tariff, after amendment, will be considered in accordance with law.

7. The petitioner was directed to submit the following information on affidavit, along with soft copies, latest by 20.11.2009, with advance copy to the respondents:

- (a) Detailed report of the RLA/Life extension studies;
- (b) Detailed proposal of R&M indicating the scope of R&M, based on the above reports;
- (c) Cost benefit analysis along with the funding pattern and the anticipated time frame for completion of work;

- (d) Estimated life extension from a reference date;
- (e) Approval of board for incurring the R&M expenditure;
- (f) Consent of beneficiaries, if any;
- (g) Cost-Element wise break-up of the expenditure of Rs.10539 lakh and Rs.14074 lakh incurred on the Renovation of GT-I and GT-2;
- (h) Basis of computation of the de-capitalization value of the original assets replaced during R&M;
- (i) A detailed write-up of the bidding process, including the number of bidders who participated in the bidding process, along with the RFP and RFQ documents;
- (j) Guaranteed operational parameters as guaranteed by the R&M contractor of the gas turbines;
- (k) Reconciliation in respect of CWIP ("Software" Sl. no. 24 at Page-41) capitalized, with additions at Schedule-6 of the balance sheet (Ref. Page-36 and 37).
- (l) Certificate to the effect that the de-capitalised spares for which exclusion has been sought are the ones which were disallowed for the purpose of tariff during the previous tariff period.

8. The respondents may file their response, if any, on the information to be filed by the petitioner, latest by 30.11.2009, with a copy to the petitioner, who may file its rejoinder, if any, by 7.12.2009

9. The petition shall be re-notified for hearing on 15.12.2009.

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