

Central Electricity Regulatory Commission

4th Floor, Chanderlok Building, 36Janpath, New Delhi-110001

Phone 23353503 Fax No. 23753923

Dated 21.10.2010

Ref: L/67/2010-CERC

PUBLIC NOTICE

Subject: Developing Benchmarks of Capital Cost-Model for Benchmarking Capital Cost of Thermal Power Station.

The Comments/suggestion/objection on the Developing Benchmarks of Capital Cost-Model for Benchmarking Capital Cost of Thermal Power Station were invited to reach the Commission by 22.10.2010 and accordingly public hearing was fixed on 26.10.2010. Request have been received for extension of time for submission of the comments and adjourn the public hearing.

2. The date of submission of the comments/suggestion/objections on the Developing Benchmarks of Capital Cost-Model for Benchmarking Capital Cost of Thermal Power Station is extended till 29.10.2010. The public hearing has been adjourned for 11.11.2010 at 3.00 p.m.

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

Dated the 17th September, 2010

PUBLIC NOTICE

**Subject: Developing Benchmarks of Capital Cost – Model for
 Benchmarking Capital Cost of Thermal Power Stations.**

The Tariff Policy notified by the Central Government under Section 3 of the Electricity Act, 2003 provides that when allowing the total capital cost of the project, the Appropriate Commission would ensure that these are reasonable and to achieve this objective, requisite benchmarks on capital costs should be evolved by the Regulatory Commissions

Sub-clause (2) of Clause 7 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 stipulates that subject to prudence check by the Commission, the capital cost shall form the basis for determination of tariff: provided that prudence check of capital cost may be carried out based on the benchmark norms to be published separately by the Commission from time to time.

The Commission accordingly initiated action for developing benchmark norms and, in that behalf, had engaged a consortium of consultancy firms for developing benchmarks of capital cost for thermal power stations of unit sizes 500 MW, 600 MW, 660 MW and 800 MW including developing a model for benchmarking which should be self-validating i.e. as the data of new projects gets added to the data base, the benchmark should get revised automatically. The model so developed was examined in the Commission. The Commission has decided to circulate the model for public consultation.

An Explanatory Memorandum titled “Developing Benchmarks of Capital Cost – Model for Benchmarking Capital Cost of Thermal Power Stations of unit sizes 500 MW, 600

MW, 660 MW and 800 MW. ” giving the basis/criteria of the model developed by the consortium is annexed to this public notice and can also be downloaded.

Comments are invited from all the Stakeholders on the aforementioned explanatory memorandum by 11th October, 2010 to enable the Commission to finalize the benchmark norms of capital cost of thermal power stations based on the model and publish the same for the purpose of prudence check as provided in sub-clause (2) of clause (7) of the regulations referred to above.

Sd/-
(Alok Kumar)
Secretary