

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

RECORD OF PROCEEDINGS

Petition No.120/2009 alongwith I.A.No. 43/2009

Subject: Determination of impact of additional capital expenditure incurred during 2006-07, 2007-08 and 2008-09 in respect of National Capital Thermal Power Station, Dadri Stage-I (840 MW). Interlocutory application has been filed for amendment of Annexure-I to the petition.

Date of hearing: 25.2.2010

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

Petitioner: NTPC Ltd

Respondents: UPPCL, DTL, BSES-BRPL, BSES-BYPL, and NDPL.

Parties present: Shri V.K.Padha, NTPC
Shri Manoj Saxena, NTPC
Shri Sameer Agarwal, 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 period 2006-09 on fixed charges in respect of National Capital Thermal Power Station, Dadri Stage-I (840 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 items which were required for efficient and successful operation of the generating station. He also submitted that one spare Generator Transformer (GT) had been procured and capitalized during 2007-08 as it was absolutely essential for the generating station. The representative also submitted that certain inter-unit transfer of spares/equipments have been effected from other generating stations to ensure higher availability of generating units with lesser level of

inventory. The representative further 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 2004-06 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 and tariff determined accordingly. The representative of the petitioner submitted that it had filed the additional information as directed by the Commission and had served copy on the respondents.

3. The representative of the respondent, UPPCCL submitted that the petitioner had earned excess profit over and above the return on equity @16% and prayed that the petitioner be directed to refund the profit earned during the period 2006-09 in terms of the 2004 regulations. He also pointed out that the depreciation recovered in excess of the loan amount had not been adjusted by the petitioner. In response, the representative of the petitioner submitted that the respondent, UPPCCL had never raised any objections to the bills raised by the petitioner and added that the tariff allowed by the Commission was after prudence check of the additional capital expenditure incurred by the petitioner.

4. With regard to the capitalization of Muradnagar assets and land to the tune of Rs. 3.64 crore for the year 2006-07, the Commission sought clarification as to whether these assets should form part of the books of account of corporate office of the petitioner. In response, the representative of the petitioner clarified that the assets were being utilized to cater to the co-ordination activities of many of generating stations of the petitioner including the generating station and hence these assets had been capitalized in the books of account of the generating station.

5. As regards the exclusion of inter-unit transfer of DG set for 2007-08, the petitioner was directed to confirm as to whether the inter-unit transfer of D.G set was permanent or of a temporary nature. The petitioner was also directed to submit details as to which generating station the said asset was transferred along with reasons for such transfer.

6. With regard to capitalization of expenditure on purchase of a spare GT amounting to Rs. 10.54 crore, for 2007-08, the Commission sought clarification from the petitioner as under:

- (a) whether the failure of GT transformer was on account of design fault and if such failure was common to other generating stations;
- (b) whether any further failure of GT transformer had taken place in the generating station after purchase of spare GT transformer.

7. The petitioner was directed to submit the information as required at para 5 and 6 above, on affidavit, with copies to the respondents, latest by 22.3.2010.

8. Subject to the above, order in the petition was reserved.

Sd/-
T.Rout
Joint Chief (Law)