

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

RECORD OF PROCEEDINGS

Petition No.229/2009

Subject: Approval of tariff for Tanda Thermal Power Station (440 MW) for the period from 1.4.2009 to 31.3.2014.

Date of hearing: 13.5.2010

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

Petitioner: NTPC Ltd

Respondents: Uttar Pradesh Power Corporation Ltd (UPPCL), Lucknow

Parties present: 1. Shri V.K.Padha, NTPC
2. Shri G.K.Dua, NTPC
3. Shri Ajay Dua, NTPC
4. Shri Shyam Kumar, NTPC
5. Shri S.K.Mandal, NTPC
6. Shri Vivake Kumar, NTPC
7. Shri Manish Garg, UPPCL

This petition has been filed by the petitioner, NTPC, for approval of tariff for Tanda Thermal Power Station (440 MW) (hereinafter referred to as "the generating station") for the period from 1.4.2009 to 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 regulations").

2. The representative of the petitioner submitted that the generating station was taken over by the petitioner in January 2000 from the erstwhile UPSEB, and after taking over, the petitioner had formulated various R&M schemes for revival of the units of the generating station. He also submitted that the Commission had allowed an expenditure of Rs.173.83 crore during the period 2000-04 in respect of R&M works, to revive the generating station and by order dated 23.1.2009 the Commission had allowed additional capital expenditure of Rs.46.89 crore during the period 2004-06. The representative further submitted that the benefits of R&M, based on the enhancement of operational norms w.e.f 1.4.2007, have been passed on the respondents/beneficiaries. He further added that there has been consistent improvement in the

performance of the generating station from the date it was taken over and had achieved a PLF of 92% during the previous year as against the PLF of 30% at the time of taking over. The representative further submitted that the respondent being a sole beneficiary of the generating station, has been enjoying the benefits of improved performance of the generating station. The representative also submitted that some of the left over schemes during the previous period was to be implemented during the period 2009-14, and hence the estimated expenditure on these schemes has been claimed as projected additional capital expenditure in the petition. The representative further submitted that it has filed the additional information as directed by the Commission and copy has been served on the respondent. He also added that the parties had completed their pleadings in the matter.

3. The representative of the respondent, UPPCL submitted that the petitioner has recovered excess tariff of Rs 230.18 crore during the previous period which should be refunded along with interest. The representative also submitted that the claim of the petitioner for additional capitalization of Rs 110.9 crore may be disallowed as the petitioner has taken the benefit of the compensation allowance in terms of Regulation 10(4), over and above the provisions contained in Regulations 9(1), 9(2) and 19(e) of the 2009 regulations. In this regard, the representative prayed that the reply filed by it against Petition No. 245/2009 (Kahalgaoon STPS, Stage-I) of the petitioner, may be considered. The representative further submitted that the petitioner has earned extra interest on working capital (IWC) amounting to Rs 125.52 crore, on account of liberal norms for computation of the IWC. He also pointed out that there was a need to revise the norms specified by the Commission in respect of IWC, under the 2009 regulations, since the Reserve Bank of India has specified guidelines on 9.4.2010, on the Base rate to replace the existing PLR (for calculating the IWC) with effect from 1.7.2010. The representative further submitted that the petitioner may be directed to submit the revenue requirement details in terms of the provisions of the "Procedures for calculating the expected revenue from tariffs and charges Regulations, 2010", notified by the Commission on 12.4.2010.

4. In response to the submission of respondent, regarding excess recovery of tariff, the representative of the petitioner clarified that it has recovered tariff as determined by Commission in terms of the relevant regulations after prudence check and as such, the respondent was not entitled for any relief. As regards IWC, the representative of the petitioner clarified that the submission of the respondent was irrelevant, since the Commission had notified the regulations for determination of tariff only after hearing the views of all the stakeholders, including the respondent. As regards revision of PLR in terms of the guidelines of the RBI, the representative of the petitioner clarified that it had claimed IWC based on the rates specified by the Commission in the 2009 regulations, and any subsequent change in the interest rates would not form part of the said regulations. As regards submission of revenue requirement details, the representative clarified that it would submit the details, in terms of the "Procedures for calculating the expected revenue from tariffs and charges Regulations, 2010", in due course.

5. The prayer of the petitioner seeking exemption from filing the details as per Form 9A and 9B, for existing station as on 1.4.2009, was rejected by the Commission and the petitioner was directed to submit the same, latest by 31.5.2010.

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

Sd/-
T.Rout
Joint Chief (Law)