

**Central Electricity Regulatory Commission
New Delhi**

RECORD OF PROCEEDINGS

Petition No. 20/2010

Subject: Approval of tariff for of NLC TPS –I (600MW) for the period 2009-14.

Date of Hearing: 26.10.2010

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

Petitioner: Neyveli Lignite Corporation Ltd, Chennai

Respondent: TamilNadu Electricity Board, Chennai

Parties present: Shri R.Suresh, NLC
Shri R.Krishnaswami, TNEB

This petition has been filed by the petitioner Neyveli Lignite Corporation Ltd (NLC), for approval of tariff for of NLC TPS –I (600MW) (hereinafter referred to as ‘the generating station’) for the period 2009-14, 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 as under:
 - (a) The present petition has been filed for approval of tariff for of the generating station for the period 2009-14.
 - (b) The additional capital expenditure proposed for the period 2009-14 has been claimed under Regulation 9 (2) (iv) of the 2004 regulations in respect of works/assets which are necessary for better maintenance and for sustaining productivity;
 - (c) Most of the works for which capitalization has been claimed mainly pertain to replacement and up-gradation of existing systems which have become obsolete or old for which no provision exists in the 2009 regulations specified by the Commission. Hence, the Commission should consider relaxation of the provisions in terms of Regulation 44 of the 2009 regulations and allow the said expenditure.
 - (d) The generating station has completed 25 years of useful service and the units of the generating station would be completing Life Extension Period (LEP) during the period 2009-14. The generation from the station

would be tapered down in a phased manner and was to be closed down by the year 2014;

(e) The respondent as a sole beneficiary has requested the petitioner to continue the generation of 600 MW during the period 2009-14 and hence the prayer made in the petition may be considered;

(f) Special Allowance for the units have been claimed under extended life based on the capped UI rate of Rs 4.08 paise/kWh payable by the respondent for availing power from the units after retirement, after deducting the energy rate for each year;

(g) In view of the above, the prayer in the petition be allowed and tariff for the generating station be determined accordingly.

3. In response, the representative of the respondent submitted as under:

(a) The tariff claimed in the present petition was not in accordance with the provisions of the 2009 regulations;

(b) Separate petition should be filed by the petitioner to claim relaxation of the provisions of the 2009 regulations, for consideration of the Commission.

4. On a specific query by the Commission as to the number of years the respondent was willing to draw power from the generating station and whether the proposed expenditure was acceptable to the respondent, the representative of the respondent submitted that the matter would be required to be placed before the competent authority of the respondent for a decision.

5. On a further query by the Commission as to whether the assets proposed for additional capitalization was absolutely necessary for running the generating station, the representative of the petitioner clarified that the generating station could run for the next five years smoothly, provided certain additional inputs in the form of assets/works as proposed, are undertaken.

6. The Commission after hearing the parties directed as under:

(a) Respondent to specifically indicate the period or the number of years for which the respondent wanted the petitioner to run the generating station before the same was to be phased out, along with the highest ceiling of tariff acceptable to it;

(b) Petitioner to revise the tariff petition in line with the 2009 regulations after excluding any compensation allowance and special allowance which are not admissible; Also, the expenditure in respect of assets which are required for efficiency improvement are not to be included in the claim for additional capital expenditure;

(c) Petitioner to submit the minimum additional expenditure in respect of assets/works which are essentially required to run the generating station for a specified period of time as indicated by the respondent in their affidavit;

(d) Petitioner to indicate the requirement of additional Operation & Maintenance (O&M) expenses over and above the normative O&M expenses, if any, giving reasons and proper justification for the same.

7. The Commission directed the respondent to submit the information at 6 (a) above, on affidavit, with copy to the petitioner, latest by 12.11.2010.

8. The Commission granted liberty to the petitioner to amend the present petition in terms of the above directions, latest by 30.11.2010, with copy to the respondent, who may file its reply, within 7.12.2010. Rejoinder, if any, by 14.12.2010.

9. Matter shall be listed for hearing on 21.12.2010.

Sd/-
T.Rout
Joint Chief (Law)