

**Central Electricity Regulatory Commission  
New Delhi**

**RECORD OF PROCEEDINGS**

**Petition No. 226/2009**

Subject: Approval of tariff of Jhanor Gandhar GPS (657.39 MW) for the period from 01.04.2009 to 31.03.2014.

Date of Hearing: 25.11.2010

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

Petitioner: NTPC Ltd

Respondents: MPPTCL, MSEDCL, GUVNL, CSPDCL, ED, Govt. of Goa, ED, Admn. of Daman & Diu, ED, Admn. of Dadra & Nager Haveli.

Parties present: Shri C.K.Mondal, NTPC  
Shri Ajay Dua, NTPC  
Shri A.S.Pandey, NTPC  
Shri S.Jain, NTPC  
Shri Manoj Dubey, MPPTCL

This petition, filed by NTPC for approval of tariff of Jhanor Gandhar GPS (657.39 MW) (hereinafter referred to as 'the generating station') for the period from 01.04.2009 to 31.03.2014, was heard on 25.5.2010 and the Commission reserved its orders.

2. Meanwhile, the petitioner by affidavits dated 24.8.2010 and 21.10.2010, the filed additional information in the matter and in view of this, the petition was taken up for hearing today, after notice to the parties.

3. The representative of the petitioner submitted as under:

(a) The projected additional capital expenditure of Rs.545.45 crore( including IDC & FC etc.) claimed for the period 2009-14 mainly comprise of Renovation & Modernization (R&M) works approved by CEA, for life extension of Gas Turbines.

(b) On the issue of de-capitalization of the gross value of old assets as per the book value towards replacement of old components of Gas Turbines by new components, it was submitted that the de-capitalization value of old assets may be considered as 50% of the estimated value of new assets.

(c) The estimated value of de-capitalization of Rs.172 crore against capitalization of Rs.393 crore for R&M of Gas Turbines was worked out on the basis of billing rate provided in the main plant contract.

(d) Since the individual gross block of assets were not available, it had to rely on the value of billing rate.

4. The representative of the respondent, MPPTCL submitted as under:
  - (a) The benefits of de-capitalization of assets need to be passed on to the beneficiaries.
  - (b) The submission of the petitioner that in case of existing projects, additional capitalization has been dealt by Regulation 7 independent of Regulation 9, is incorrect, as the capital cost under Regulation 7 and additional capital expenditure under Regulation 9 Regulation 9 of the CERC (Terms and Conditions of Tariff) Regulations, 2009 (the 2009 Regulations) are to be read in combination and not in isolation.
  - (c) Regulation 9(2) of the 2009 Regulations provide for capitalization of expenditure after the cut-off date. However, the expenditure on R&M works claimed by the petitioner should be considered only upto the cut-off date.
  - (d) The recommendations of the CEA should be disclosed and copies sent to the respondents, since the respondents were paying charges for the electricity supplied.
5. In response to the above, the representative of the petitioner clarified as under:
  - (a) Details as required in Form 9A and 9B has been submitted;
  - (b) Specific item-wise details of de-capitalization has been submitted and copy furnished to the respondent;
  - (c) Copy containing approval of CEA for R&M of Gas Turbines has been submitted to the Commission vide affidavit dated 8.6.2010, a copy of which has been served on the respondents.
6. On a specific observation by the Commission that the billing rate could not be considered as the book value of assets, since the billing rates do not include expenses like IDC, IEDC and expenses for other services and goods required to put the asset in use, the representative of the petitioner clarified that the billing value did not include IDC, IEDC etc.
7. After hearing the parties, the Commission directed the petitioner to furnish on affidavit, latest by 20.12.2010, additional information on the following:
  - Details pertaining to the estimated gross value of assets to be replaced based on the billing rate taking into account the escalation for the period from the date of Letter of Award to the date of actual payment and corresponding IDC, IEDC, FERV etc. as on COD taken into books of account, along with complete details of the working.
8. Subject to the above, order in the petition was reserved.

Sd/-  
(Dr. N.C.Mahapatra)  
Chief Advisor (Law)