

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.221/2009

Subject: Approval of tariff for Feroze Gandhi Unchahar TPS, Stage-I (420 MW) for the period from 1.4.2009 to 31.3.2014.

Date of hearing: 20.10.2011

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

Petitioner: NTPC Ltd

Respondents: UPPCL, JVVNL, AVVNL, JOVVNL, NDPL, BSES-BRPL, BSES-BYPL, HPPC,PSEB, HPSEB, PDD J&K, PD Chandigarh, UPCL.

Parties present: Shri Naresh Anand, NTPC
Shri Shankar Saran, NTPC
Shri Ajay Dua, NTPC
Shri Manish Garg, UPPCL
Shri Dushyat Manocha, Advocate, BYPL
Shri Abhishak Srivastava, BYPL

RECORD OF PROCEEDINGS

This petition has been filed by NTPC, the petitioner herein, for determination of tariff for Feroze Gandhi Unchahar TPS, Stage-I (420 MW) (hereinafter referred to as "the generating station") for the period from 1.4.2009 to 31.3.2014, based on the based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("the 2009 regulations").

2. The representative of the petitioner submitted as under:
- (a) This generating station was taken over from the *erstwhile* UPSEB and presently the PLF of the generating station is in the range of 85% to 90%.
 - (b) The projected additional capital expenditure of ₹51 crore (approx) comprises mostly of R&M schemes approved by CEA during 2007. Some of the schemes were implemented during the year 2008-09 which was admitted and allowed in tariff by the Commission and some of the identified schemes continued during the year 2009-10.
 - (c) Expenditure on other schemes has also been claimed during 2009-14 under Regulation 9(2) of the 2009 regulations which may be allowed.
 - (d) Additional information sought for by the Commission and rejoinder to the replies filed by the respondents, UPPCL and NDPL, has been filed and

copies served on the respondents. Commission may determine tariff of the generating station as prayed for.

2. The representative of the respondent No.1, UPPCL has submitted as under:
 - (a) The expenditure incurred or projected to be incurred for ₹4849 lakh (as per data given in reply) may not be admitted under the current regulations.
 - (b) Capitalisation of works under R&M expenses as per CEA approved schemes may be disallowed as the same was specifically included under O&M expenses.
 - (c) The benefits of expenditure to the respondents on capital addition schemes like fire control detection system, locomotive payment etc may to be examined taking in to consideration that the life of the generating station is only 4.93 years after completion of the period 2009-14.
 - (e) The actual expenditure claimed by the petitioner is in excess of the amount of CEA approved schemes, which may be examined.
 - (f) The petitioner has sought capitalization of expenditure on number of works which are yet to be undertaken during 2009-10. This would burden the respondents with higher fixed charges during 2009-10.
 - (g) The petitioner may be asked to clarify as to how the excess of depreciation recovered over loan has been utilized, as these amounts are required to be refunded to the respondents.
3. The learned counsel for the respondent, BSES-BRPL Ltd, submitted as under:
 - (a) The additional capital expenditure which was not allowed cannot be claimed and is beyond the purview of the 2009 regulations, considering the submissions of the petitioner in paragraphs 10 and 13 of the original petition.
 - (b) The submissions made by the respondent, UPPCL as above may be adopted.
4. In response, the representative of the petitioner mainly clarified as under:
 - (a) The expenditure claimed are in respect of CEA approved schemes which are implemented during the period 2004-09 and 2009-14 and these assets/works are necessary for efficient operation of the generating station. By amendment of the provisions of the 2009 regulations, the need for these assets has been recognized and hence the contentions of the respondents deserve no merit.
 - (b) As regards cost escalation due to actual /projected expenditure claimed, the apprehensions of the respondents are baseless, as the petitioner is aware of the regulations of the Commission which provide for refund of excess amount recovered in tariff.
 - (c) The respondents are purchasers of electricity from the generating station and are not owners of the same. The revenues earned form part of the

petitioner company which abide by the statutory rules and the regulations of the Commission. Hence, the submissions for refund of surplus funds to the respondents are baseless.

5. The Commission reserved its order in the petition.

Sd/-
(T.Rout)
Joint Chief (Law)
27.10.2011