

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

PETITION No. RP/6/2011

Sub: Review of the order of Hon`ble Commission dated 31.8.2010 in Petition No. 230/2009 pertaining to fixation of tariff in respect of NLC TPS-I Expansion (2x210 MW) for the period from 1.4.2009 to 31.3.2014.

Date of hearing : 3.11.2011

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

Petitioner : Neyveli Lignite Corporation Limited (NLC)

Respondents : Tamil Nadu Electricity Board, Power Company of
Karnataka Ltd., Kerala State Electricity Board and
Puducherry Electricity Department.

Parties present : Shri R. Suresh, NLC
Shri S.Vallinayagam, Advocate for the TNEB
Shri S.Balaguru, TNEB

RECORD OF PROCEEDINGS

The representative of the petitioner submitted that it has filed the required information as per the record of proceedings dated 4.8.2011 and rejoinder to the reply of TANGEDCO. He further submitted that all these stations of the NLC are under the Net Fixed Asset method which means that every five years, the project cost is getting adjusted/dented. He further submitted that before, the regulatory regime, the beneficiaries through agreements were allowing capitalization of common assets. Even the tariff regulation of 2001-2004 of the Commission also allowed common assets through additional capital expenditure. However, the treatment of common assets in a different manner during 2009-14 is a matter of concern to the petitioner. He requested that the treatment of common assets should be made differently in case of NLC and the common assets should be considered in full. As regards the rotor, the representative of the petitioner submitted that the expenditure is absolutely necessary and should be segregated and allowed after prudence check so that the interest of the petitioner may be protected under the NFA method.

2. The learned counsel of the TANGEDCO submitted that up to 2004 tariff regulations, there was provision for prudence check and the claims of NLC for additional capital expenditure were being allowed after prudence check. Under 2009 regulations, compensation allowance has been provided under Regulation 19 (e) of the 2009 tariff regulations to meet such expenditure. He further submitted that expenditure which are within the original scope of work are allowed under Regulation 9 of the 2009 tariff regulations. The expenditure on spare rotor which was not within the original scope of work and is not covered under any of the provisions of Regulation 9 (2) of the 2009 tariff regulations should be disallowed. The learned counsel further submitted that the issue was raised in Review Petition No. 14/2009 which was disallowed. Again it was raised in Petition No. 230/2009 and was disallowed. The petitioner in present petition is seeking review of the order in Review Petition No. 14/2009, which is not permissible.

3. The representative of the petitioner, in response submitted that the compensation allowance under Regulation 19 (e) of the 2009 tariff regulations is for the purpose of meeting the routine expenditure and cannot be used for meeting any major expenditure like rotor.

4. The Commission after hearing the parties, directed the review petitioner to submit the following information/clarification, on or before 23.12.2011, with an advance copy to the respondents:

- (i) Segregate each item of common assets for the period 2009-14 into different categories of assets such as minor assets, capital assets, assets acquired for hospital purposes and O & M nature of assets along with their cost and justification;
- (ii) Clarification to the effect that there is no duplicity in the claim of common assets and direct assets; and
- (iii) Detailed reasoning of the cause of development of crack in the rotors of Unit-I and Unit-II and findings of OEM in this regard.

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

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