

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEWDELHI**

**Record of Proceedings**

**Petition No.121/2010**

Subject: Approval of tariff of Rangit Hydroelectric Project (3x 20 MW) for the period from 1.4.2009 to 31.3.2014.

Date of Hearing: 10.2.2011

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

Petitioner: NHPC Ltd

Respondents: WBSEB, DVC, JSEB, BSEB, Dept of Power, Govt. of Sikkim.

Parties present: Shri Prashant Kaul, NHPC  
Shri S.K. Meena, NHPC  
Shri A.Singh, NHPC  
Shri S.Balaji, NHPC  
Shri R.B.Sharma, Advocate, BSEB

This petition has been filed by the petitioner, NHPC, for approval of generation tariff for Rangit Hydroelectric Project (3 x 20 MW) for the period from 1.4.2009 to 31.3.2014 (hereinafter referred to as "the generating station") 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 in terms of the directions of the Commission additional information/documents have been submitted by the petitioner and copies served on the respondents and prayed that the tariff for the generating station be determined for 2009-14.

3. The learned counsel for the respondent No.4, BSEB submitted as under:

(a) As per Regulation 9(2)(iv) of the 2009 regulations the claim for additional capitalization could only be permitted when the expenditure has been incurred on account of damage caused by natural calamities including geological reasons and also for additional work necessary for successful and efficient operation of the plant. The petitioner should claim the above expenses only under Regulation 10 for which an application for approval of detailed project report by the Commission was required to be made. Moreover, the items were in the nature of R&M/O&M category.

(b) Future changes in tax rate were required to be made by suitable provisions in the 2009 regulations.

- (c) Information as to how the petitioner intended to avail the tax holiday under Section 80-I A of the Income tax Act, 1961 has not been disclosed.
  - (d) The petitioner has not excluded the abnormal O&M expenses from the actual O&M expenses for the period 2003-08 as per Regulation 19(f)(i) of the 2009 regulations. Accordingly, the abnormal O & M Expenses should be excluded.
  - (e) Calculation of depreciation was not in accordance with the 2009 regulations and the Commission may exercise prudence check on the same.
3. In response, the representative of the petitioner clarified as under:
- (a) The claim has not been made for extension of the useful life of the project and hence Regulation 10 was not applicable. However, the claim has been made under Regulation 9(2) for successful and efficient operation of the generating station.
  - (b) No abnormal O&M expenses have been claimed. The O & M expenses claimed were towards major maintenance works which are usually undertaken after two or three years and hence the expenses during the years 2005-06 and 2006-07 were on higher side than the previous years.
  - (c) Calculation of depreciation has been made as per regulations specified by the Commission.
4. The Commission after hearing the parties reserved order in the petition.

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