

**Central Electricity Regulatory Commission
New Delhi**

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

Date of hearing: 9.2.2012

Petition No.229/2009

Subject: Approval of Tariff for Tanda Thermal Power Station (440 MW) for the period from 1.4.2009 to 31.3.2014

Petitioner: NTPC Ltd., New Delhi

Respondent: Uttar Pradesh Power Corporation Ltd. (UPPCL)

Parties Present: Shri Ajay Dua, NTPC
Shri Naresh Anand, NTPC
Shri Rohit Chabra, NTPC
Shri Shankar Saran, NTPC
Shri S.Majumdar, NTPC
Shri Manish Garg, UPPCL

Record of Proceedings

The petitioner, NTPC has filed this petition for approval of tariff for Tanda Thermal Power Station (440 MW) (*hereinafter referred to as the 'generating station'*) for the period from 1.4.2009 to 31.3.2014 based on the CERC (Terms and Conditions of Tariff) Regulations, 2009 (2009 Tariff Regulations).

2. During the hearing, the representative of the petitioner submitted as under:

- (i) The generating station is a taken over station which had a Plant Load Factor (PLF) of 20% (approx) at the time of takeover by the petitioner, and at present has a PLF above 90%.
- (ii) The projected expenditure claimed are mainly due to the replacement/refurbishment of old assets, which are to be continued for sustenance of efficient performance of the generating station.

- (iii) The additional capitalization claimed under Regulations 9(1) and (2) of the 2009 Tariff Regulations are in respect of works/assets within the original scope of work of the generating station. No generating station can operate on a sustainable basis to achieve the level of performance parameters specified by the Commission without incurring capital expenditure on various items from time to time.
- (iv) The projected capital expenditure claimed under Regulation 9(2)(ii) on account of change in law and Regulation 9(2)(iii) relating to deferred works in respect of Ash pond and Ash handling may be allowed.
- (v) The cost incurred towards development of infrastructure for implementation of the scheme based on the Government of India notification dated 27.4.2010, which requires the generating stations to supply power to rural households within a radius of 5 km. from the existing/upcoming projects, may be allowed
- (vi) The recovery of RLDC charges, etc. has not been pressed on account of the consolidated order of the Commission dated 6.2.2012 in respect of the petitions filed by the petitioner separately on this count. Similarly, decision as regards the claim for water charges as raised in Petition No.121/MP/2011, may be considered in the instant case.
- (vii) Additional information as sought for by the Commission and rejoinders to replies submitted by the respondents has been filed and copies served on the respondents.

3. The representative of respondent, UPPCL submitted as under:

- (i) The additional capitalization claimed by the petitioner is primarily on account of life extension and if the generating station is operated beyond its useful life, then the benefits of such capitalization beyond the useful life may be made available to the respondents/beneficiaries. Also, the accumulated depreciation may be reduced from the original project cost in terms of Regulation 10(3) of the 2009 Tariff Regulations.
- (ii) The additional capitalization claimed by the petitioner may be disallowed, as huge amounts have to be paid by the beneficiaries on account of Return on Equity, depreciation and Interest on loan, till the useful life of the generating station.

- (iii) In view of consideration of additional capital expenditure, it would be prudent not to allow the claim for Special allowance under Regulation 10(4) of the 2009 Tariff Regulations.

4. In response to the above, the representative of the petitioner clarified as under:

- (i) The provisions of Regulation 10 pertaining to R&M for extension of life are not applicable in this case upto 2012-13 and compensation allowance has been claimed for 2013-14. The projected additional capital expenditure is towards sustenance of performance and not towards life extension.
- (ii) Most of the replacement/refurbishment works being done are those being continued from the previous tariff period and the same have been done for the successful operation of the generating station.
- (iii) The benefits of improved performance and parameters of the generating station like Heat Rate etc are passed on to the beneficiaries.
- (iv) Expenditure incurred towards facilities provided for the employees of the generating station who reside at far off places are unavoidable and the same may be considered.

5. The Commission, after hearing the parties, reserved its order in the petition.

By Order of the Commission

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