

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 188/GT/2013**

Subject: Approval of revised tariff of Singrauli Super Thermal Power Station (2000 MW) for the period from 01.04.2009 to 31.03.2014 after the truing up exercise.

Date of Hearing: **19.11.2013**

Coram: Shri Gireesh B. Pradhan, Chairperson  
Shri V.S. Verma, Member  
Shri M.Deena Dayalan, member  
Shri A.K. Singhal, Member

Petitioner: NTPC Ltd., New Delhi

Respondents: UPPCL & ors

Parties Present: Shri Ajay Dua, NTPC  
Ms. Rakhi Dua, NTPC  
Shri Vivek Kumar, NTPC  
Shri S Saran, NTPC  
Shri Y.R. Dhingra, NTPC  
Shri R.B. Sharma, Advocate, BRPL  
Shri Sanjay Srivastav, BRPL  
Shri Padamjit Singh, PSPCL  
Shri Manish Garg, UPPCL & BYPL

**RECORD OF PROCEEDINGS**

This petition has been filed by the petitioner, NTPC for approval of revised tariff of Singrauli Super Thermal Power Station (2000 MW) (the generating station) for the period from 01.04.2009 to 31.03.2014 after truing up exercise in terms of Regulation 6(1) of the 2009 Tariff Regulations.

2. During the hearing, the representative of the petitioner submitted as under:
- (a) The tariff of the generating station for the period 2009-14 was determined by the Commission vide order dated 07.08.2012 in Petition No. 225/2009.
  - (b) The capital cost considered for the generating station is based on the actual capital expenditure incurred for the years 2009-12 and the projected additional capital expenditure for the years 2012-13 and 2013-14 based on the latest estimates and the status of work.
  - (c) Audited financial statements for the years 2009-10, 2010-11 and 2011-12 have been submitted.
  - (d) It is evident from statement of reasons pertaining to 2009 Tariff Regulations that there is no difference in methodology of grossing up of ROE. The Commission in its various orders in respect of various other generating stations of the petitioner has allowed the grossing up of ROE based on the applicable corporate Income Tax Rate for the period 2009-14. Hence, the submissions of UPPCL may be rejected.
  - (e) Additional submissions/clarification as sought for by the Commission has been filed and copies of the same has been served on the respondents. Rejoinder to the reply of UPPCL and BRPL has been filed.
  - (f) Tariff for the generating station may be allowed as prayed for in the petition.

3. The representative of the respondent, UPPCL & BYPL referred to his reply and submitted as under:
- (a) The generating station has been allowed compensation allowance and special allowance in terms of the relevant provisions of the 2009 Tariff Regulations. The claim of the petitioner towards expenditure on Generator Transformer along with its de-capitalization under Regulation 9(2)(ii) cannot be permitted as there is no change in law involved. Hence, there is no reason for capitalization of the same during the year 2009-10.
  - (b) The claim of the petitioner in respect of expenditure towards the scheme for supply of power within 5km radius of the generating station is not permissible as the said scheme has been withdrawn by the Ministry of Power, GOI.
  - (c) The expenditure of ₹330.80 lakh towards Renovation relay panel of CHP and ₹77.65 lakh towards Retrofitting of microprocessor claimed under Regulations 5, 6 and 7 of the 2009 Tariff Regulations is not permissible as the scheme was approved by CEA during the period 2001-04. Similarly, the expenditure of ₹13.39 lakh for Chlorine leak absorption system cannot be considered for additional capitalization.
  - (d) The expenditure claimed towards Environment and Ash utilization (Sl. nos 1 & 2 of Form 9(ii)) cannot be permitted since the credit towards sale of fly ash has not been given to the beneficiaries. Moreover, the expenditure claimed under this head shall be met by the petitioner from the revenue earned from the sale of fly ash.
  - (e) Time to file detail reply may be given.
4. The learned counsel for the respondent, BRPL referred to his reply and submitted as under:
- (i) The details of additional capital expenditure incurred for the period from 2009-10 to 2011-12 duly audited and certified by the auditors has not been submitted by the petitioner.
  - (ii) The list of assets forming part of the project is required to be submitted by the petitioner for the purpose of determination of tariff for the tariff period 2009-14.
  - (iii) The actual tax rate paid against this generating station on return of equity as per proviso under Regulation 15(3) of the 2009 Tariff Regulations shall be furnished.
  - (iv) The claim for expenditure in respect of certain items/assets under Regulation 5, 6 and 7 of the 2009 Tariff Regulations are not covered under the additional capitalization in Regulation 9(2) as these expenditures are to be met from the compensation allowance under Regulation 19(e) or from the special allowance under Regulation 10(4) of the 2009 Tariff Regulations. Hence, the commission may reject the said claims.
  - (v) Reply filed in the petition may be considered.
5. The representative of the respondent, PSPCL submitted as under:
- (a) Since, utilization of Fly ash is mandatory in terms of the MOE&F, GOI notification, the petitioner shall be directed to furnish the details as regards the quantity of fly ash sold through NVVNL.
  - (b) The petitioner has submitted that two GTs are being procured to keep one GT as spare and another GT to be returned to Rihand STPS. In this regard the petitioner may be directed to adopt the method of pooling of GTs in order to avoid unnecessary expenditure for spare GT.
  - (c) Copy of the CEA letter dated 26.5.2003 pertaining to the expenditure on Retrofitting of microprocessor shall be provided.
  - (d) Time may be granted to file reply in the matter
6. In response to the above, the representative of the petitioner clarified as under:

- (a) Details of the additional capital expenditure for the period 2009-12 duly audited and certified by the statutory auditors has already been submitted on 5.7.2013 in terms of the direction of the Commission and copy of the same have been served on the respondents.
- (b) The generating station is more than 25 year old and is operating on 90% PLF. The Generator Transformer is vital equipment for the generating station and the lead time for procurement of the same is very high. High value equipments of this nature cannot be claimed under compensation allowance. As the asset is required for ensuring target availability for the station, the expenditure claimed may be permitted.
- (c) The expenditure towards 5 km scheme has been undertaken on the basis of GOI scheme and some of the infrastructure facilities have been handed over to the respondent, UPPCL after completion. However, no work has been awarded pursuant to withdrawal of the same.
- (d) Since expenditure on Ash utilization has already been allowed vide order dated 7.8.2012 in petition no 225/2009. The same may be allowed.
- (e) The MOE&F notification as regards fly ash utilization provides that the proceeds from the sale of fly ash shall be maintained in a separate fund which is to be utilized as per procedure laid down in the said notification. Since, the expenditure towards DAETP and ash water recirculation system cannot be met from the said fund, the Commission may allow the expenditure claimed.
- (f) Assets not forming part of Capital cost have been de-capitalized and taken out of the capital cost and the list of the assets have been submitted.

7. The Commission after hearing the parties directed the petitioner to submit the report on affidavit indicating the infrastructure facilities handed over to the respondent, UPPCL as regards power supply within 5km radius scheme, on or before 2.12.2013.

8. The respondents PSPCL and UPPCL are directed to file their replies by 4.12.2013 with copy to the petitioner who shall file its rejoinder by 11.12.2013. Replies received after the specified date shall not be entertained.

9. Subject to the above, Commission reserved its order in the petition.

By order of the Commission

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