

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 233/GT/2013

Subject: Revision of tariff of Farakka STPS Stage-I & II (1600 MW) for the period from 1.4.2009 to 31.3.2014 after truing up exercise

Date of Hearing: 6.3.2014

Coram: Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A.K.Singhal, Member
Smt Neerja Mathur, Member (EO)

Petitioner: NTPC Ltd., New Delhi

Respondents: WBSEDCL and 16 others

Parties Present: Shri Ajay Dua, NTPC
Shri A.S.Pandey, NTPC
Shri Umesh Ambati, NTPC
Shri Manish Garg, UPPCL & BYPL
Shri Sameer Singh, BYPL
Shri R.B.Sharma, Advocate, BRPL, JSEB and GRIDCO

RECORD OF PROCEEDINGS

The petitioner, NTPC, has filed this petition for revision of tariff of Farakka STPS, Stage-I & II (1600 MW) ('the generating station') for the period from 2009-14, after truing-up 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 Commission had determined the tariff of the generating station for the period from 1.4.2009 to 31.3.2014 vide its order dated 14.6.2012 in Petition No. 222/2009. This petition has been filed for truing-up and revision of tariff based on actual additional capital expenditure incurred for the period 2009-12 and projected additional capital expenditure for the period 2012-14.
 - (b) The gross block for the years 2009-10, 2010-11 and 2011-12 duly certified by auditors have been filed vide affidavit dated 17.9.2013.
 - (c) Additional information as sought for by the Commission and rejoinder to the replies filed by the respondents has been submitted (except GRIDCO) with copies served on respondents. Liberty to file rejoinder to the reply filed by GRIDCO may be granted.

- (d) De-capitalization of unserviceable wagons may not be allowed as the capitalization of replacement wagons is not permitted by the Commission.
 - (e) Tariff of the generating station may be allowed as prayed for in the petition.
2. The representative of the respondents, UPPCL & BYPL submitted as under:
- (a) Units I & II of the generating station has completed initial useful life of 25 years and the petitioner has claimed special allowance for these two units. Hence, the claim for additional capital expenditure which is common for all units may be *pro rated* over all the units and expenditure pertaining to units which have completed initial useful life should be settled from special allowance claimed by the petitioner. Accordingly, the expenditure on Lift pumps shall be *pro rated* over all the five units and expenditure incurred on Units I & II shall be met from the Special allowance claimed by petitioner.
 - (b) Expenditure may be *pro rated* on the basis of capacity.
 - (c) The petitioner may be directed to submit the reconciliation statement of 'capital liabilities'.
 - (d) Reply filed in the matter may be considered.
3. The learned counsel for the respondents BRPL, JSEB & GRIDCO submitted as under;
- (a) Reply filed on behalf of the respondent GRIDCO is adopted for the respondent, JSEB.
 - (b) The petitioner may be directed to submit the details of the additional capital expenditure incurred for the period 2009-10 to 2011-12 duly audited and certified by Auditors as per Regulation 6(3) of the 2009 Tariff Regulations
 - (c) The petitioner may submit the actual 'corporate Income tax rate' paid for the generating station duly audited and certified by Auditors
 - (d) The list of assets not in use is required to be submitted by the petitioner for the purpose of determination of tariff for the tariff period 2009-14.
 - (e) The submission of the petitioner to claim unserviceable assets (wagons) under 'exclusion category' is erroneous since the same are to be de-capitalized as these assets are not in use and are required to be taken out of capital cost for purpose of tariff.
 - (f) In terms of the provisions of Regulation 10 of the 2009 Tariff Regulations, the petitioner can either opt for R&M expenses and other expenses for additional capitalization in terms of Regulation 9(2) or opt for Special allowance.
4. In response to the above, the representative of the petitioner clarified as under:

- (a) Expenditure towards Lift pumps has been allowed by the Commission under Regulation 9(2)(ii) of the 2009 Tariff Regulations.
- (b) Expenditure under Regulation 9(2)(ii) cannot be linked to the useful life of the generating station/units as contended by the respondents. Also, the claim of the petitioner for Special Allowance for the generating station is maintainable.
- (c) Audited certificate for gross block for the years 2009-10, 2010-11 and 2011-12 has been filed vide affidavit dated 17.9.2013 and the details of the list of assets not in use has been submitted.
- (d) Rejoinder to the reply filed by BRPL may be permitted.

5. The Commission after hearing the parties allowed the prayer of the petitioner and granted time till 20.3.2014 to file its rejoinder to the reply of BRPL. Subject to this, order in the petition was reserved.

By order of the Commission

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