



केन्द्रीय विद्युत विनियामक आयोग
CENTRAL ELECTRICITY REGULATORY COMMISSION



Dr. Pramod Deo
Chairperson

DO No.2/8/Policy(Stat. Adv.)/2009/CERC
Dated the 20th April 2009

Dear Shri Sampath,

This has reference to communication of the Ministry of Power to the Central Commission regarding applicability of depreciation rates on fixed assets. Ministry of Power's letter No.25/9/2002-R&R dated 30.03.2009 from Director R&R is enclosed for reference.

2. The issue raised in the communication was considered by the Commission. The Commission hereby advises the Central Government under Section 79(2) of the Electricity Act, 2003 that, with due regard to the intention of the Tariff Policy as reflected in para 5.3 (c) of the Electricity Act, 2003 to align the depreciation rates for the purposes of tariff as well as accounting, Ministry of Power may advise the Ministry of Corporate Affairs to notify a general approval under Section 205(2)(c) of the Companies Act, 1956 stating that

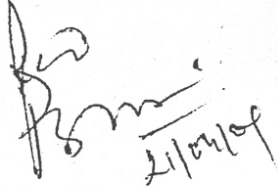
"The depreciation rates as specified by the Central Commission for generation and transmission and the depreciation rates as may be evolved by the Forum of Regulators (FOR) for distribution, shall be allowed to be used by the companies in the electricity sector for the purposes of their accounts".

3. The Commission is of the view that notification on above lines will obviate the need for specific references as in the instant case to Government of India for approval for adopting depreciation rates other than those stipulated in the Companies Act, for the purposes of accounts.

Warm regards,

Yours sincerely,


(Dr. Pramod Deo)


Shri V.S. Sampath
Secretary
Ministry of Power
Shram Shakti Bhawan, New Delhi- 110 001