

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**RECORD OF PROCEEDINGS**

**Petition No.256/2009**

Subject: Approval of tariff for Ramagundam STPS, Stage-III (500 MW) for the period from 1.4.2009 to 31.3.2014.

Date of hearing: 22.4.2010

Coram: Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member

Petitioner: NTPC Ltd

Respondents: APTRANSCO, APEPDCL, APSPDCL, APNPDCL, APCPDCL, TNEB, KPTCL, BESCO, MESCOM, CESC, GESCOM, HESCO, KSEB, ED, Puducherry.

Parties present: Shri V.K.Padha, NTPC  
Shri A.Dua, NTPC  
Shri S.K.Mondal, NTPC  
Shri Ajay Dua, NTPC  
Shri R.Krishnaswami, TNEB  
Shri S.Balaguru, TNEB.

This petition has been filed by the petitioner, NTPC, for approval of tariff for Ramagundam STPS, Stage-III (500 MW) (hereinafter referred to as "the generating station") for the period from 1.4.2009 to 31.3.2014, 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 the date of commercial operation of the generating station was 25.3.2005 and the tariff for the generating station for the period 2009-14 has been filed in terms of the 2009 regulations specified by the Commission. He further submitted that in addition to the additional capital expenditure covered under Regulations 9(1), 9(2) and 19(e) of the 2009 regulations it has claimed additional expenditure which are necessary for the efficient operation of the generating station during its life time and detailed legal submissions on the admissibility of such expenditure has been filed. The representative also submitted that it has furnished details for determination of tariff after taking into account the orders of the Commission and the judgments and orders dated 13.6.2007 of the Appellate Tribunal in Appeal Nos. 139,140 etc. of 2006. On the issue of submission of details including liabilities as required in Form 9A and 9B for the existing generating stations as on 1.4.2009, the representative of the petitioner referred to its affidavit dated 5.4.2010

and pointed out that the issue regarding opening the capital cost for the tariff period was well settled by the Commission in its order dated 24.7.2008 in Petition No. 29/2007 and prayed that it may be exempted from filing the said particulars, as on 1.4.2009. The representative also submitted that it has filed additional information as required by the Commission and has served copy to the respondents.

3. In reply, the representative of the respondent No. 6, TNEB, submitted that the regulation which governs the opening capital cost to be admitted for tariff purposes in case of existing projects specified by the Commission for both the tariff periods viz 2004-09 and 2009-14 provides that in case of existing projects, the capital cost admitted by Commission prior to 1.4.2004 and 1.4.2009 respectively, shall form the basis for tariff determination. With regard to the prayer of the petitioner seeking exemption in filing details as required under Form 9A and 9B, the representative of TNEB pointed to the judgment of the Tribunal dated 10.12.2008 in Appeal No. 152/2007 and submitted that the Tribunal had ordered that the equity deployed in excess of 30% of the project cost would carry notional interest and the same was to be added to the project cost. He further submitted that Regulation 17 of CERC (Terms and Conditions of Tariff) Regulations, 2004, applicable for the period 2004-09, pertaining to capital cost provides that "subject to prudence check by the Commission, the actual expenditure on completion of the project shall form the basis for determination of tariff". He also submitted that the words 'shall form the basis for' in the judgment of the Tribunal should not be interpreted to mean that the capital cost allowed earlier has to be considered for determination of tariff, as the notional interest though actually not incurred, has been ordered to be added to the capital cost for determination of tariff.

4. The Commission directed the petitioner to submit the following information on affidavit, with advance copy to the respondents, latest by 14.5.2010:

- (a) Details, including the opening amount of liabilities, as required in Form 9A and 9B for the existing generating stations, as on 1.4.2009;
- (b) Justification of the expenditure regarding ash water decant channel & pump house and Ash Silo-2 fabrication and erection works (5 (i) and 5 (iv)) along with explanation for the reason for delay in execution of these works. Also, to indicate as to how the generating station was managed without completion of these works;
- (c) The additional expenditure for Rs 55 lakh for strengthening the bunker is due to development of cracks/deformation. The petitioner to clarify as to whether the development of cracks/deformation was due to fault in design or poor workmanship.

5. The respondents are directed to submit their reply, with copy to the petitioner, by 24.5.2010. Rejoinder if any, by 31.5.2010.

6. Subject to the above, order in the petition was reserved.

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