

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Review Petition No. 46/2010**

**in**

**Petition No. 146/2008**

**Coram**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri S.Jayaraman, Member**
- 3. Shri V.S.Verma, Member**

**DATE OF HEARING: 27.7.2010**

**DATE OF ORDER: 27.9.2011**

**IN THE MATTER OF**

Review of order dated 5.1.2010 in Petition No. 146/2008 relating to determination of impact of additional capitalization during the period 2004-08 in respect of Talcher STPS, Stage-II (2000 MW)

**AND IN THE MATTER OF**

NTPC Ltd., New Delhi

**Petitioner**

Vs

- (1) Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
- (2) A.P. Eastern Power Distribution Co. Ltd., Visakhapatnam
- (3) A.P. Southern Power Distribution Co. Ltd., Tirupathi
- (4) A.P. Northern Power Distribution Co. Ltd., Warangal
- (5) A.P. Central Power Distribution Co. Ltd., Hyderabad
- (6) Tamil Nadu Electricity Board, Chennai
- (7) Karnataka Power Transmission Corporation Ltd., Bangalore
- (8) Bangalore Electricity Supply Corporation Ltd., Bangalore
- (9) Mangalore Electricity Supply Corporation Ltd., Mangalore
- (10) Chamundeshwari Electricity Supply Corporation Ltd., Mysore
- (11) Gulbarga Electricity Supply Co. Ltd., Gulbarga
- (12) Hubli Electricity Supply Co. Ltd., Hubli
- (13) Kerala State Electricity Board, Thiruvananthapuram
- (14) Electricity Department, Govt. of Puducherry, Puducherry

**...Respondents**



The Following were present:

1. Shri V.K.Garg, NTPC
2. Shri Ajay Mehta, NTPC

### ORDER

This application has been filed by NTPC Limited, the petitioner herein, seeking review of the order of the Commission dated 5.1.2010 in petition no. 146/2008 on the ground of error apparent on the face of record on the following issues:-

- a) Disallowance of capitalisation of loco amounting to ₹ 212.60 lakhs for the year 2004-05 on its transfer from Farakka STPS to Talcher STPS Stage-II.
- b) Disallowance of capitalisation of Diesel Locomotives Works amounting to ₹ 847.78 lakh for the year 2007-08 on its transfer from Barh STPS to Talcher STPS.

2. We had admitted the petition by order dated 6.7.2001 and directed to issue notice to the respondents for filing their replies.

3. The petitioner in its affidavit dated 26.8.2011 has placed on record a copy of the judgment dated 18.7.2011 passed in Appeal No. 64 of 2010 by the Appellate Tribunal for Electricity and has submitted that the said appeal which was filed against the impugned order dated 5.1.2010 has been disallowed in so far as capitalisation of assets on account of inter unit transfer is concerned. In view of the said judgment, the review



petition cannot be proceeded with in the manner in which the review was sought. The petitioner has further submitted that since the inter unit transfer / diverted items involve more than one generating station, its effect needs to be considered in the case of all generation stations and the same principle, namely, that in case of inter-unit transfer / diverted items, there shall not be any decapitalisation for tariff purpose in the transferor units and there shall not be capitalisation for tariff purpose in the transferee units, needs to be maintained in regard to all generating stations of the petitioner. With reference to Talcher STPS Stage-II, the petitioner has submitted that while not recognizing the inter-unit transfer of the diverted items from Farakka station and Barh station, the value of the assets which were subject matter of inter unit transfer / diverted items should continue to be maintained in the capital cost of Farakka and Barh station for tariff purpose.

5. We have considered the submission of the petitioner. In our order dated 5.1.2010 we had disallowed the inter unit transfer / diverted items from Farakka and Barh STPS to Talcher STPS Stage-II in the following terms.

“The claim of the Petitioner in respect of inter-unit transfer of various items (both positive and negative) is annexed to this Order. The Petitioner has several generating stations and inter-unit transfer of assets occur at frequent intervals. In the books of account, inter-unit transfers are effected by the Petitioner by de-capitalisation of asset at the sending generating station and capitalisation at the receiving station. The Commission in its various orders pertaining to additional capitalisation petitions of the petitioner has consistently taken a view that inter-unit transfers would not be considered in tariff as it results in frequent revision of tariff at both the generating stations and subsequent adjustments in depreciation and other factors of tariff at both the generating stations. In view of this, the positive and negative entries arising out on inter-unit transfers have been ignored for the purpose of tariff”.

6. The Appellate Tribunal in its judgment dated 18.7.2011 has upheld the above decision of the Commission as under:-

“17. The view taken by the Central Commission that the inter unit transfers would not be considered in tariff as it results in frequent revision of tariff at both the generating stations and other factors of tariff at both the generating stations, in our view is perfectly justified.”

7. In view of the above findings of the Appellate Tribunal, the present review petition has become infructuous and is accordingly dismissed. Consequently, the loco from Barh STPS and diesel locomotive works from Farakka STPS which have been transferred to Talcher STPS Stage – II shall remain on the capital base of Barh STPS and Farakka STPS respectively and the value of the assets would continue to be maintained in the capital cost of Farakka and Barh STPS for tariff purpose.

8. Review petition No. 46/2010 is disposed of in terms of the above.

**Sd/-  
(V.S.VERMA)  
MEMBER**

**Sd/-  
(S. JAYARAMAN)  
MEMBER**

**Sd/-  
(DR. PRAMOD DEO)  
CHAIRPERSON**

