

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 59/2001

In the matter of

Approval of Generation Tariff of Loktak HE Project

And in the matter of

National Hydroelectric Power Corporation Ltd **Petitioner**

Vs

Assam State Electricity Board and others **Respondents**

The following were present:

1. Shri B. Datta,, Sr. Advocate, NHPC
2. Shri S. Datta, Advocate, NHPC
3. Shri S.K. Gupta, Chief Engineer, NHPC
4. Shri S.K. Meena, TE (Eng.), NHPC
5. Shri S.K. Agarwal, CE, NHPC
6. Shri V.K. Kanjalia, ED (Comml.), NHPC
7. Shri Prashant Kaul, Sr. Manager, NHPC
8. Shri Nain Singh, CE (O&M), NHPC
9. Shri S.C. Pal, SM(C) TPS, NHPC
10. Shri K.S. Raman, M (F&A), NHPC
11. Shri N.G. Chanda, MeSEB
12. Shri C.D. Saio, MeSEB
13. Shri M.K. Adhikary, ASEB

**ORDER
(DATE OF HEARING 13-2-2002)**

We have heard Shri B. Datta, Senior Advocate, supported by Shri V.K. Kanjalia, Executive Director, NHPC and Shri S.K. Agarwal, Chief Engineer, NHPC. Shri M.K. Adhikary has been heard on behalf of ASEB and Shri N.G. Chandra on behalf of Meghalaya State Electricity Board.

2. The representative of ASEB stated that documents relating to original approval of the project by CEA had not been submitted along with the petition. He further pointed out that the primary energy charge worked out by ASEB came to 35.43 paise/kWh based on normative value of the Station Heat Rate of 2000 K Cal for Kathalguri and Assam Gas based Power Stations in North-Eastern Region instead of 60.64 paise/kWh claimed by the petitioner. Referring to Form No. 12 filed along with the petition regarding O&M expenses, the representative of ASEB pointed out that there were wide variations of expenditure on the consumption of stores and spares and that the expenditure under the head "others" appeared to be on higher side for which no explanation had been furnished by the petitioner. He also pointed out that the approved project cost had been shown as Rs.126.72 crores but for the purpose of calculation of depreciation, the total project cost of Rs.136.52 crores has been considered.

3. It was explained by the representatives of the petitioner that variation in approved project cost vis-à-vis total cost was on account of expenditure incurred by the petitioner on balance payments on tunnels, pen stock, repairs of roads and bridges after commissioning of the project in 1983-84. It was stated that the project was started by the Central Government and was subsequently handed over to the petitioner for completion. We direct the petitioner to place on record, the documents relating to TEC, the exact approved cost of the project, expenditure incurred on the execution of the project on the date of transfer of the

project to the petitioner and the expenditure incurred thereafter, with proper justification.

4. The representative of Meghalaya State Electricity Board pointed out that the cost of power component of the project had been shown as Rs.106.96 crores whereas the approved capital cost had been taken as Rs.126.72 crores. No satisfactory explanation for the variation could be furnished by the representatives of the petitioner present at the hearing. We, therefore, direct the petitioner to file a suitable affidavit clarifying the point raised on behalf of Meghalaya State Electricity Board.

5. In accordance with CERC notification dated 26.3.2001, the rate of primary energy of all hydro electric stations is to be taken as 90% of the lowest variable charges of the Central Sector Thermal Power Station of the concerned region. For this purpose, the variable charges of coal-based station are to be taken into consideration. Since there is no coal based station in the Central Sector in the North Eastern Region, for the purpose of calculating the rate of primary energy supplied from Loktak Hydro Electric Project, the Commission proposes to take into consideration the lowest variable charges of central sector coal based stations in the Eastern Region, since power systems of North Eastern and Eastern Regions are synchronised. The petitioner and respondents may place on record their views on the proposal of the Commission.

6. In addition to the above, we direct the petitioner to place the following additional information on record.

- (i) Method of charging the tariff from the beneficiaries from date of commercial operation, alongwith related working, if any.
- (ii) TEC of the Authority (Original as well as revised, if any) giving details of financial package indicating equity, various debt packages, repayment schedule, interest rates including similar details for loan allocated from the Corporate Office, if any. Justification of Debt –Equity ratio may also be provided.
- (iii) Asset wise reconciliation of actual vis a vis approved cost.
- (iv) Details of audited expenditure-incurred upto date of commercial operation alongwith source of funding, duly audited.
- (v) Assetwise and Yearwise details of audited expenditure incurred after date of commercial operation alongwith audited source of funding alongwith reasons thereof.
- (vi) Documentary proof regarding rate of interest on Working Capital as applicable from time to time.
- (vii) The figures for the year 2000-01 should indicate the existing tariff being claimed by the petitioner in the year and not the figures worked out as per the Commission's Notification dated 26-3-2001.
- (viii) Changes, if any, in the information furnished in the petition after finalisation of audited accounts as on 31.3.2001.
- (ix) In Form Nos.7 & 12 that there is sudden increase (i.e. from Rs.12.42 crs. to Rs.20.17 crs.) in O& M expenses from 1996-97 to 1997-98. The petitioner should clarify the same and submit justification for annual increase in O&M expenses under a given head in excess of 20%. Head-wise break-up of corporate office expenses allocated to O & M expenses alongwith justification for annual increase in O&M expenses under a given head in excess of 20% may also be submitted.
- (x) In Form No.6, after repayment of entire loan in the year 2001-2002, depreciation of Rs.4.68 Crs has been claimed for the years 2002-03 & 2003-04 on the basis of spreading the balance depreciation over balance useful life of 16 years. The petitioner may submit the calculation

regarding depreciation recovered in tariff upto 2000-01 and also for working out the balance life of 16 years.

- (xi) In the year 1994-95, there has been reduction of Rs.0.45 Crs in equity. Similarly in the years 1992-93 & 1993-94, there has been reduction in gross loan by Rs.0.05 Crs. & Rs.0.22 Crs. respectively.

7. The above details shall be filed by the petitioner within two weeks duly supported by affidavit of receipt of copy of this order with an advance copy to the respondents who may file their submissions within two weeks thereafter. Final order shall be issued by the Commission based on the information to be filed by the parties without any further hearing of the petition.

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(G.S. RAJAMANI)
MEMBER

Sd/-
(D.P. SINHA)
MEMBER

New Delhi dated the 22nd February, 2002