

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**RECORD OF PROCEEDINGS**

**Petition No.104/2010**

Subject: Approval of generation tariff for Salal Hydroelectric Project for the period from 1.4.2009 to 31.3.2014.

Date of hearing: 17.8.2010

Coram: Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member

Petitioner: NHPC Ltd

Respondent: PSEB, HPPC (DHBVNL &UHBVNL), BSES-BRPL, BSES-BYPL, UPPCL, RRVNL, NDPL, JVVNL, JoVVNL, UPCL, AVVNL, HPSEB, UT-Chandigarh, PDD-Jammu,

Parties present: Shri Sachin Datta, Advocate, NHPC  
Shri N.K.Chadha, NHPC  
Shri Prashant Kaul, NHPC  
Shri A.K.Tewari, NHPC  
Shri S.K. Meena, NHPC  
Shri Ansuman Ray, NHPC  
Shri M.M.Mishra, NHPC  
Shri K.K.Goel, NHPC  
Ms. Reshma Hemrajan, NHPC  
Ms. Niti Singh, NHPC  
Shri Padamjit Singh, HPPC  
Shri T.P.S.Bawa, HPPC

This petition has been filed by the petitioner, NHPC for approval of tariff for Salal Hydroelectric Project (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 as under:

(a) The petition has been filed taking into account the capital cost as approved by the Commission in order dated 7.1.2010 in Petition No. 154/2009.

(b) The petitioner has claimed a projected additional capitalization of Rs 83.13 crore for the period 2009-14. Out of this, an amount of Rs.54 crore for the year 2010-11 has been proposed to be incurred towards stamp duty in respect of the

land to be mutated and transferred from the Govt. of India to the generating station.

- (c) Instead of the MAT tax rate of 11.33% applicable for the year 2008-09, as per regulations, RoE based on the MAT tax rate of 16.995% for the year 2009-10 has been considered in the petition, in view of the increase in MAT tax rate through the Finance Act, 2009. Moreover, the MAT tax rate would be 19.931% for the year 2010-11. The above said increased MAT tax rate for the years 2009-10 and 2010-11 may be considered by the Commission for determination of tariff for the generating station. Any deferment in the application of the revised MAT tax rates would cause burden on the consumers.
- (d) The additional information sought for by the Commission, had been filed and copies served on the respondents.

3. The representative of the respondent, HPPC submitted as under:

- (a) A detailed reply has been filed and copy served on the petitioner.
- (b) As the overload capacity of the units is stated to be 'nil', the design specifications and performance guarantee tests values of these units are required to be submitted in order to confirm if there was any provision for short term or continuous load capacity.
- (c) It appears that the live capacity of the dam has been silted up and hence the conversion to a pure ROR generating station, from peaking station. The generating station was envisaged and designed as a peaking station and the beneficiary states have been denied the benefits of peaking due to silt problem which has not been controlled by the petitioner.
- (d) The petitioner should be directed to submit action plan for restoring live capacity and for giving peaking capability.
- (e) The FRL and the rated head indicated in Form -3 at page -12 of the petition is incorrect as the rated head could not exceed the FRL.
- (f) Detailed objections to the claim for additional capital expenditure have been submitted in the reply, which may be considered by the Commission.

4. In response, the learned counsel for the petitioner clarified as under:

- (a) Rejoinder to the reply filed by the respondent HPPC has been filed.
- (b) An amount of Rs.54 crore for the year 2010-11 has been proposed to be incurred towards stamp duty in respect of the land to be mutated and transferred from the Govt. of India to the generating station and depreciation has been calculated in terms of the provisions contained in Regulation 17 of the 2009 regulations.

5. The Commission directed the petitioner to submit the following information on affidavit, latest by 13.9.2010, with copy to the respondents, as under:

(a) To clarify as to whether the generating station was purely ROR or ROR with pondage, at the time of approval of the project by the Govt. of India;

(b) TEC of the project;

(c) Details, with proper justification as to why the generating station does not generate to a full capacity of 690 MW;

(d) Detailed information on scouring of reservoir for removal of silt;

(e) Estimate of the expected expenditure involved in the removal of silt accumulation at the bottom of dam to gain its full installed capacity;

(f) To clarify the details of FRL as 90.68 m and the rated head as 94.5 m indicated in Form-3 at page-12 of the petition and the correct FRL and rated head to be mentioned.

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

sd/-  
T. Rout  
Joint Chief (Legal)