

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

- 1 S hri D.P. Sinha, Member**
- 2 Shri G.S. Rajamanl, Member**
- 3 Shri K.N. Sinha, Member**

**Petition No. 60/2001**

**In the matter of**

Approval of Generation Tariff of Chamera HE Project Stage I

**And in the matter of**

National Hydroelectric Power Corporation Ltd. ... Petitioner

Vs

1. The Chairman, Punjab State Electricity Board, Patiala
  2. The Chairman, Haryana Vidyut Prasaran Nigam Ltd.,  
Panchkula
  3. The Chairman, Delhi Vidyut Board, Delhi
  4. The Chairman, Uttar Pradesh Power Corporation Ltd.,  
Lucknow
  5. The Chairman & Managing Director,  
Uttaranchal Power Corporation, Dehradun
  6. The Chairman, Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,  
Jaipur
  7. The Chairman, Himachal Pradesh State Electricity Board,  
Shimla
  8. The Principal Secretary, Power Development Deptt.,  
Jammu (J&K)
  9. The Chief Engineer & Secretary, Engineering Deptt.,  
Chandigarh
- ...
- Respondents

The following were present:

1. Shri B. Dutta, Sr. Advocate for NHPC
2. Shri Sachin Datta, Advocate, NHPC
3. Shri S.K. Agarwal, CE (T), NHPC
4. Shri D.S. Ahluwalia, Sr. Manager (F&A), NHPC
5. Shri H.D. Khunteta, GM (F&A), NHPC
6. Shri N.K. Shekhawat, AO, NHPC
7. Shri Rupesh Sood, DM(F&A), NHPC

8. Shri Ansuman Ray, TE (Comml.), NHPC
9. Shri S.K. Gupta, Engineer, NHPC
10. Shri S.K. Meena, TE (Electrical), NHPC
11. Er. P. Kumar, NHPC
12. Shri R.K. Arora, XEN (T), HVPNL
13. Shri V.K. Gupta, SE, RRVPNL

**ORDER (DATE OF HEARING  
2.1.2002)**

This petition has been filed by National Hydroelectric Power Corporation Ltd. for approval of tariff for Chamera Stage I Hydro Electric Project (Chamera HEP Stage I) (3x180 MW =540 MW) for the period from 1.4.2001 to 31.3.2004 based on terms and conditions of tariff notified by the Commission on 26.3.2001.

2. The revised investment approval for Chamera HEP Stage I (3x180 MW) was accorded by Ministry of Power vide its letter dated 19.10.1995, according to which the generation portion of the project was completed at Rs.2114.02 crores, including IDC of Rs.605.49 crores.

3. All the three units of Chamera HEP Stage I were commissioned on 1.5.1994

4. Tariff for Chamera HEP Stage I, for the period from 1.4.1997 to 31.3.2002 was approved by Ministry of Power vide notification dated 8.2.1999. Consequent to notification of terms and conditions of tariff by the Commission on 26.3.2001, applicable with effect from 1.4.2001, the petitioner filed this petition for approval of tariff in respect of Chamera HEP Stage I for the period from 1.4.2001 to 31.3.2004 based on the terms and conditions of tariff contained in the notification issued by the Commission.

5. The replies to the petition have been filed by Haryana Vidyut Prasaran Nigam Ltd. (respondent No.2), Uttar Pradesh Power Corporation Ltd. (respondent No.4) and Rajasthan Rajya Vidyut Prasaran Nigam Ltd (respondent No.6). We propose to deal with the issues raised on behalf of the petitioner and respondents in the succeeding paragraphs while dealing with individual components of tariff.

### **Capital Cost**

6. In accordance with the terms and conditions of tariff notified by the Commission, the actual expenditure incurred on completion of the project is to form the basis for fixation of tariff. It is further provided that where the actual expenditure exceeds the approved project cost, the excess expenditure as allowed by CEA or an appropriate independent agency, is to be considered for the purpose of fixation of tariff. The terms and conditions notified by the Commission further provide that the capital expenditure of the project should be financed as per the approved financial package set out in the techno-economic clearance of CEA or as approved by an appropriate independent agency. A reasonable amount of capitalised initial spares are to be included in the project cost.

7. Ministry of Power had notified the tariff for the period 1.4.1997 to 31.3.2002 considering the gross block of Rs.2063.84 crores, excluding the initial spares of Rs.2.66 crores as on 31.3.1997. The commission recognizes the gross block of Rs.2063.84 crores considered by Ministry of Power to arrive at a gross block of 31.3.2001 for the purpose of fixing tariff for the period covered by this petition. In addition, an amount of Rs.48.71 crores was considered as additional capitalisation on account of FERV during 1994-95 to 1996-97 by Ministry of Power vide notification dated 14.5.1999. Considering this, the gross block as on 31.3.1997 works out as under:

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Gross block as on 31.3.1997 = Rs.2063.84 crores  
Addl. Capitalisation on account  
of FERV during 1994-95 to  
1996-97 Total as on 31.3.1997 Rs. 48.71  
crores Rs.2112.55  
crores

### **ADDITIONAL CAPITALISATIONS**

8. In the tariff proposal submitted by the petitioner, it has taken into account the additional capitalisation since 1997-98. The details of amount claimed by the petitioner on account of additional capitalisation those allowed and disallowed by us on that account are given hereunder year-wise :

(Rs. in crores)

Financial Year	ACE Claimed	ACEAIJowed <sup>1</sup>	ACE Disallowed	FERV Disallowed
1997-98	(-) 104.59	(-)121.07	0.08	16.40
1998-99	17.11	0.28	0.25	16.58
1999-00	25.68	19.34	1.19	5.15
2000-01	tZ99^	3.59	037^	9.03
<b>TOTAL</b>	<b>(448.81</b>	<b>(497.86</b>	<b>1.89</b>	<b>47.16</b>

9. While allowing additional capitalisation, we have been guided by the following factors :
- Payments made in terms of arbitration award and settlement of final bill for such works, contracts for which were awarded before the date of commercial operation of the project have been allowed
  - Compensation paid of land has been permitted
  - Reduction in capitalisation on account of adjustment of depreciation during construction period on the advice of CAG and also reduction on account of disposal of old assets has been considered
  - Expenditure incurred on construction of staff quarters, roads which were in original scheme but completed later on, water supply plant at employees colony, etc. for the benefit of the employees at the remote location of hydro electric project for smooth and efficient operation of the project have also been allowed
  - Expenditure incurred for replacement of existing equipment, facility which has become obsolete or the equipment has outlived its utility, have been allowed



- (f) Amount under ERV for the years 1997-98 to 2000-01 has been separately approved by GOI/CERC and has been allowed on actual payment basis. As such, claim under ERV capitalisation in the present petition has not been allowed for tariff purposes.
- (g) Expenditure incurred on minor nature of works which could have been covered under O&M expenses has also not been allowed for capitalisation.

10. The year-wise details of expenditure disallowed for the purpose of additional capitalisation are given hereinbelow :

(Rs. in lakhs)

1997-1998	(i)	Acquisition of new machinery	3.00
	(ii)	Miscellaneous	5.00
1998-1999	(i)	Building GPM	1.00
	(ii)	Other buildings	3.00
	(Hi)	Workshop	3.00
	(iv)	Misc. plant & machinery (other expenditure)	11.00
	(v)	Transmission lines	5.00
	(vi)	Misc. Assets (Equipment)	1.00
	(vii)	Communication system	1.00
1999-2000	(i)	Building - others (soil conservation)	26.00
	(ii)	Misc. Plant & machinery (other equipments)	4.00
	(Hi)	Generating plant and machinery (Misc. Power Plant)	13.00
	(iv)	Dam (Consultancy Charges)	40.00
	(v)	Tunnel/Channel (other charges)	8.00
	(vi)	Assets and equipments (other Misc. equipment)	2.00 26.00
	(vii)	Minor assets less than Rs.5,000/-	
2000-2001	(i)	Building (others)	3.00
	(ii)	Generating plant and machinery (others)	7.00
	(Hi)	Sub-station equipment (stand by transformers)	2.00
	(iv)	Furniture, fixture and equipment (Replacement of old machine; water filter and air handling system for power house)	5.00
	(v)	Misc. assets/equipment (Night vision device, standby battery bank, wheel aligner for workshop and misc. purchases)	12.00
	(vi)	Communication system	
	(vii)	Minor assets less than Rs.5,000/-	2.00
TOTAL			189.00

11. Financing of additional capital expenditure has been considered from the EDC loans disbursed during respective years, and balance of amount has been considered from equity.

12. It has been stated on behalf of the respondents that the petitioner has applied equity more than 50% of the capital cost. It has, therefore, been prayed that ROE on excess equity may not be allowed. In accordance with the terms and conditions of the tariff notified by the Commission on 26.3.2001, the capital expenditure of the project should be financed as per the approved financial package set out in the techno-economic clearance of the CEA or as approved by an appropriate independent agency. Chamera HEP Stage I, as already discussed in this order, was commissioned on 1.5.1994. Ministry of Power already notified the tariff for the period from 1.4.1997 to 31.3.2002 and the present tariff petition before the Commission is for the period from 1.4.2001 to 31.3.2004. The respondents in this case are already paying tariff for the energy drawn from this project based on the Ministry of Power tariff notification. The Commission recognises the gross block as on 31.3.1997 as approved by Ministry of Power and added additional capitalization between the period 1.4.1997 to 31.3.2001 to arrive at gross block as on 31.3.2001. The gross block as on 31.3.2001 adds up to Rs.2014.69 crores (Rs.2112.55 crores-Rs.121.07 crores + Rs.0.28 crores + Rs. 19.34 crores + Rs.3.59 crores) after considering the additional capitalisation allowed during the period from 1997-98 to 2000-01. The debt and equity follows from the gross block as on 1.4.1997 and the additional capitalisation allowed by the Commission for which the debt and equity have been considered by the Commission in the same proportion of debt and equity as on 1.4.1997. Accordingly, the interest on loan and the return on equity shall be computed on the amount of debt and equity so arrived.

### **Foreign Exchange Rate Variation (FERV)**

13. FERV has been allowed by the Central Government/Commission from the date of commercial operation of the project in 1994-95 up to 2000-01. It is observed from FERV Notification No. 2/9/NHPC/Tariff dated 14.5.1999 issued by Ministry of Power in respect of Chamera HEP Stage I that two different methods for calculating FERV have been adopted. Up to the year 1996-97, FERV amount was capitalised. However, for the subsequent years, it was allowed on actual payment basis. Therefore, for the purpose of calculation of tariff for Chamera HEP Stage I, FERV amount capitalised by the Central Government has been included in the capital cost up to the year 1996-97. FERV considered above has been notionally divided into the ratio of 50:50 in to loan and equity and has been added under respective heads for tariff calculation purposes. Notional payment of normative loan has been assumed on the basis of pro-rata repayment of foreign (EDC) loan.

### **Repayment of Loan and Interest on Loan**

14. As provided in the Commission's Notification dated 26.3.2001, interest on loan capital is to be computed on the outstanding loan, duly taking into account the schedule of repayment as per the financial package approved by CEA or an appropriate independent agency, as the case may be. The interest on loan has been computed based on actual repayment schedule and actual interest rate indicated by the petitioner in the petition. The interest on additional capitalisation has also been worked out for the debt drawn from EDC loan. The year-wise interest on loan payable by the respondents for various years is as under:-

(Rs. in crores)

2001-2002	18.09
2002-2003	9.21
2003-2004	r-



## **Depreciation**

15. As per the terms and conditions of tariff notified by the Commission, the rate base for the purpose of depreciation is to be historical cost of the assets. The depreciation has to be calculated as per the straight line method. Further, the total depreciation to be recovered in the tariff during the life of the project shall not exceed 90% of the approved original cost, which shall include additional capitalisation. As per the petition, an amount of Rs. 129.06 crores had been recovered till 1996-97 on account of depreciation. Ministry of Power in its tariff notification dated 8.2.1999 had considered gross block of Rs.2063.84 crores, excluding initial spares of Rs.2.66 crores for the purpose of recovery of depreciation. Depreciation recovered during the tariff period from 1.4.1997 to 31.3.2001 including depreciation as component of FERV allowed up to 31.3.1997 has also been taken into account. For the purpose of present tariff period, that is, 1.4.2001 to 31.3.2004, depreciation has been worked out on the gross block of Rs.2014.69 crores, approved by us in para 12 of this order. Ministry of Power while notifying the tariff on 8.2.1999 considered weighted average rate of depreciation. In view of this, weighted average depreciation rate has been calculated using the asset-wise break up of the gross block as on 31.3.2001 furnished in the petition. This rate works out to 2.44%. Based on the application of the above weighted average depreciation rate on the gross block of Rs.2014.69 crores, the depreciation payable for different years has been worked out and is indicated below:

(Rs. in crores)

2001-2002	49.16
2002-2003	49.16
2003-2004	49.16

## **Advance Against Depreciation**

16. The Commission in the norms of tariff notified on 26.3.2001 has made a provision for advance against depreciation, in addition to allowable depreciation. Advance against depreciation is permitted wherever original scheduled loan repayment exceeds the depreciation

allowable. The amount of advance against depreciation is to be worked out by applying the ceiling of  $1/12^m$  of the original loan amount less depreciation allowed. For working out advance against depreciation for the present tariff period,  $1/12^h$  of the loan amount of Rs.1476.77 crores, which includes a sum of Rs. 1452.41 crores of original loan considered by Ministry of Power for the purpose of tariff and an amount of Rs.24.36 crores to finance FERV allowed by the Central Government from 1994-95 to 1996-97, has been considered. In addition,  $1/12^m$  of the loan disbursed upto 2000-01 has also been considered. Advance Against Depreciation for different years of the tariff period in this case has been worked out as under:

(Rs. in crores)

Year	
2001-2002	47.06
2002-2003	23.19
2003-2004	00.00

### **Return on Equity (ROE)**

17. As per the notification issued by the Commission on terms and conditions of tariff, return on equity is to be computed on the paid up and subscribed capital at the rate of 16%. The petitioner has claimed return on equity on account of Rs.663.21 crores for each year during the present tariff period. However, in view of the fact that we have considered gross block of Rs.2014.69 crores as on 31.3.2001, equity of Rs.530.05 crores has been taken and return on equity at the rate of 16% has been allowed on that amount. On these considerations, year-wise ROE works out as under:

(Rs. in crores)

2001-2002	84.81
2002-2003	84.81
2003-2004	84.81

## O&M Expenses

18. The Commission has prescribed the procedure for arriving at base O&M expenses for the year 1999-2000 in the notification issued on 26.3.2001. The average of actual O&M expenses including insurance but excluding abnormal O&M expenses for years 1995-1996 to 1999-2000 gives the O&M expenses for the year 1997-98. This average of O&M expenses for the year 1997-98 is escalated twice at the rate of 10% per annum to arrive at the base expenses for the year 1999-2000. The base O&M expenses of 1999-2000 are further escalated at the rate of 6% per annum to arrive at permissible O&M expenses for the relevant year. Where increase in the O&M expenses in a year is more than 20% over the O&M expenses of previous years, such expenses are to be explained. The O&M expenses wherever was more than 20% over the previous year, was supported by explanation by the petitioner in the form of an affidavit filed on 13.3.2002. Year-wise O&M expenses as furnished by the petitioner and percentage increase are as under:

Year	O&M expenses (Rs. in crores)	% increase
1995-96	36.7	-
1996-97	38.2	4.07
1997-98	65.9	72.45
1998-99	87.0	32.10
1999-00	52.0	-ive

19. O&M expenses during 1997-98 exceed the O&M expenses of the previous year by more than 20%. Similarly, there is an increase of 32.10% during 1998-99 over the previous year. The petitioner has submitted an affidavit to explain the expenses for 1997-98 and 1998-99. It is explained that some of the NHPC employees at Chamera HEP Stage I are governed by Central DA pattern. As a result of implementation of Fifth Pay Commission with effect from 1.1.1996 their pay and allowances have also increased. It is further explained that during 1997-98 there was pay revision of other NHPC employees at Chamera HEP Stage I governed by Industrial DA pattern, which has resulted in an increase on account of pay and allowances and "staff welfare

expenses", the total impact of which is Rs.14.05 crores. It has also been seen that insurance expenditure has increased from Rs.0.1 crores during 1996-97 to Rs.10.2 crores during 1997-98 and thereafter the trend is steady. According to the petitioner, increase in insurance expenses during 1997-98 and onwards is on account of corporate policy of providing insurance coverage to all fixed assets of the project viz. generating plant machinery, Civil and hydro-mechanical works etc as also the employees located in remote areas. The total increase of O&M expenses during 1997-98 on account of insurance and employee cost is Rs.24.7 crores. If this expenditure is deducted, net O&M expenses during 1997-98 would be Rs.41.2 crores, which represents 7.8% increase over the expenses for the year 1996-97. So far as O&M expenses for 1998-99 are concerned, there is an increase of 32.1% over the previous year. An amount of Rs.23.70 crores included in O&M expenses is on account of Chamera HEP Stage II. Therefore, these expenses are not to be booked against Chamera HEP Stage I. After deduction of this amount, O&M expenses for 1998-99 are reduced to Rs.63.30 crores, which are less than those for 1997-98.

20. The petitioner has filed an affidavit to place on record the year-wise details of staff welfare expenses, which are extracted hereunder and has furnished explanation to justify the increases:

(Rs. in lakhs)

S. No.	Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Contribution to fund	121.98	229.12	766.35	370.56	183.25
2.	Retirement benefits payment	100.85	20.41	106.74	40.84	38.90
3.	LTC	15.71	48.74	19.44	46.12	8.30
4.	Medical expenses	41.78	53.69	70.58	61.33	57.03
5.	Liveries and uniform	0.02	56.01	8.05	41.50	3.47
6.	Grants and subsidies to sports, canteen, etc.		0.30	0.36	0.38	1.85
	Other Misc. expenses	16.57	0.08	6.83	3.78	0.02
8.	Post retirement medical scheme	0	0	0	278.46	21.30
9.	School expenses	23.59	25.34	40.05	48.63	40.34
10.	Transport expenses	212.41	204.73		234.55	187.81
11.	Training programme	0.22	0.23	0.161	5.96	3.35
12.	Productivity Linked Incentive (under section 31A of payment of Bonus Act)	34.16	31.35	65.87	88.88	55.87
	<b>TOTAL</b>		671.01		1220.99~1	601.50^

21. We have considered the explanation furnished by the petitioner to justify O&M expenses during 1997-98 and 1998-99. The increases in O&M expenses during these years is on account of mandatory and obligatory expenses over which the petitioner had no control. We, therefore, allow actual expenses for the years 1995-1996 to 1999-2000 to be considered for the purpose of calculation of O&M base for the base year of 1999-2000, except the expenses on account of Productivity Linked Incentive under Section 31A of Payment of Bonus Act, under the category Staff Welfare Expenses, the reasons for which are given in the succeeding paragraph:

22. The expenses incurred under the head Productivity Linked Bonus are on account of incentive paid to the employees for maintaining high plant availability to achieve higher generation availability for which incentive payment is made separately. The petitioner company should make Productivity Linked Bonus payment out of these incentive payments. Therefore, Productivity Linked Bonus cannot be permitted to be charged on O&M expenses and should be met by the petitioner out of its own profits. On these considerations, we have not allowed the Productivity Linked Incentive paid by the petitioner to its employee as a charge on O&M expenses.

23. Therefore, O&M expenses for the years 1995-96 to 1999-2000 considered for the purpose of computation of O&M expenses are as under:

Rs. in crores

1995-1996	27.40
1996-1997	28.01
1997-1998	52.14
1998-1999	58.46
1999-2000	50.06

24. Based on the above, O&M expenses for different years of the tariff period allowed by us are summarised hereinbelow:

(Rs. in crores)

2001-2002	1	
2002-2003		62.27
2003-2004		66.00

### Interest on Working Capital

25. As per the Commission's notification 26.3.2001, interest on working capital covers the following :

- (a) Operation and Maintenance expenses for one month;
- (b) Maintenance spares at actuals but not exceeding one year's requirements less value of one fifth of initial spares already capitalized for the first five years;
- (c) Receivables equivalent to two months of average billing for sale of electricity.

26. The interest rate for this purpose shall be the cash-credit rates prevailing at the time of tariff filing. The annual average prime lending rate of State Bank of India of 11.5% as applicable at the beginning of the tariff period, that is, 1.4.2001, has been taken for the purpose of calculating interest on working capital. The interest on working capital to be recovered from the respondents is as per the following details:

(Rs. in crores)

2001-2002	6.42
2002-2003	5.93
2003-2004	5.53

27. The actual details of maintenance spares would be available on completion of the tariff period. In view of this, average of 5 years spares consumed, (including repairs and maintenance of machinery) as furnished by the petitioner has been considered for the purpose of calculating working capital. This is, however, subject to adjustment between the parties, once the actual spares consumed during different years of the tariff period is known. The Commission could be approached in the event of any disputes.

28. The revised fixed charges payable by the respondents to the petitioner year-wise are as under:

(Rs. in crores)

	Particulars	2001-02	2002^03	2003-04
1	Interest on Loan	18.09	9^T	3.82
2	Interest on Working Capital	6.42	5.93	5.53
3	Depreciation	49.16	49.16	49.16
4	Advance Against Depreciation	47.06	23.19	0.00
5	Return on Equity	84.81	84.81	i
6	O&M Expenses	58.74	62.27	66.00
	<b>Total</b>	<b>264.28</b>	<b>234.57</b>	<b>209.32</b>

29. In accordance with the Commission's Notification dated 26.3.2001, the annual fixed charges are to be divided into capacity charge and primary energy charge. The annual fixed charges are indicated in para 28 of this order. The primary energy charge is to be computed in accordance with clause 3.5.3 of the Commission's notification. The capacity charge shall then be computed as indicated below:

$$\text{Capacity Charge} = (\text{Annual fixed charge} - \text{primary energy charge})$$

Primary Energy Charges

## **Primary Energy Charges**

30. As per the notification dated 26.3.2001, the primary Energy Charges are to be worked out on the basis of paise per kWh rate ex-bus energy scheduled to be sent out from the Generating Station after adjusting for the free power delivered to the home state.

31. Rate of Primary Energy, is to be taken as 90% of the lowest variable charges of the central sector thermal power station of the Northern region. The primary energy charge are computed based on the primary energy rate and saleable energy of the project. This rate is also the rate to be used in merit order despatch of the plants. Secondary Energy Rate are to be equal to Primary Energy Rate.

32. The lowest variable charge of Central Sector Thermal Stations of northern Region was found to be varying on a month to month basis. The petitioner has calculated the primary energy rate of the hydro stations for the first year of tariff period namely 2001-02 as 90% of average of preceding 12 months (i.e. the year 2000-01) lowest variable charge of Central Sector Thermal Power Stations of Northern Region. We agree with the methodology adopted by the petitioner for calculation of the rate of primary energy which is reproduced below. The lowest variable charge for the year 2000-01 has been worked out to 60.66 paise per kWh. The primary energy rate applicable during 2001-02 for the energy supplied from Chamera HEP Stage I shall be 54.59 paise per kWh (90% of 60.66 paise per kWh). The details in support of primary energy rate arrived at are given in the Table below :



TABLE

CHAMERA H.E.P STAGE 1 VARIABLE CHARGES OF THE C		CENTRAL SECTOR THERMAL POWER STATION (Paise/Kwh)							MS OF NOR	THERN F	REGION OR THE YEAR 2000-01 F		
STATION	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV	DEC	JAN	FEB	MAR.	Avg. Rate for the Year
SINGRAULI	63.44	59.31	61.14	62.26	61.01	<b>60.09</b>	61.06	61.76	60.92	63.60	69.74	68.79	62.76
RIHAND	65.49	60.15	60.50	62.27	59.39	63.87	59.03	<b>58.67</b>	59.90	<b>58.08</b>	<b>61.54</b>	<b>65.67</b>	61.21
FGUPTS	94.56	94.84	92.86	94.82	100.24	100.75	97.22	91.54	96.60	96.52	99.58	105.71	97.10
NCTPS	143.66	147.76	140.56	134.90	134.26	134.93	133.23	133.50	128.58	142.64	147.37	152.99	139.53
ANTA GPS	93.42	93.87	93.85	93.30	93.30	93.30	92.87	92.87	92.87	93.40	93.40	93.54	93.33
AURAIYA GPS	96.51	96.86	97.10	96.15	96.15	96.12	95.62	95.63	95.61	96.26	96.28	96.27	96.21
DADRI GAS	95.48	95.94	95.71	95.01	95.01	95.01	94.48	94.48	94.48	94.14	95.14	95.14	95.00
FGUPTS-II	<b>UITA</b>	216.36	213.99	215.96	219.73	221.67	218.6	212.92	218.08	219.98	220.63	222.77	218.22
Average Lowest Rate for the year 12 = 60.66 P/Kwh	90% of Average lowest rate for the year 2		jar(P/Kw r	T=(6374 4 000-0if= r~..... ~	"t~59n T 54."59"p/k v	6d.MT62\2F+^9r39-+^0Jb	9T59763+ !	58767"+ 59790+ 5808+ 61.54+ 65.67) = 727.88/ 7					

33. The primary energy rate of 54.59 paise per kWh which pertains to the year 2001-02 shall remain constant throughout the tariff period for the purpose of payment of incentive/disincentive relating to the capacity index.

**Secondary Energy**

34. Secondary energy relates to the quantum of energy generated in excess of the design energy on an annual basis in the station. For the computation of monthly secondary energy and secondary energy charge, month wise details of design energy are indicated in the table given below:

**MONTHWISE DESIGN ENERGY**

Month	Design Energy (Gwh)
April	99.02
May	184.54
June	183.46
July	279.62
August	340.25
September	168.17
October	96.93
November	65.91
December	59.93
January	64.45
February	58.12
March	64.15
Total	1664.55

35. The rate of secondary energy shall be the same as rate of primary energy in the respective years.

36. The primary energy rates for the years 2002-03 and 2003-04 shall be determined based on 90% of average of the 12 months' lowest variable charges of Central Sector Thermal Stations of Northern Region for the years 2001-02 and 2002-03 respectively by the petitioner in consultation with the respondents. No petition for this purpose is required to be filed. However, in case the parties are unable to agree to primary energy rates for these years, any one of them may approach the Commission for a decision by filing an appropriate petition.

#### **Filing Fee**

37. The petitioner has remitted a sum of Rs.10 lakhs on account filing fee for the present tariff petition. The petitioner has prayed that the filing fee be made a "pass through" in the tariff. HVPNL has submitted that the filing fee should not be made a "pass through" in tariff but should be borne by the petitioner itself. On the contrary, UPPCL has submitted that filing fee should be charged on O&M expenses. We have considered the submissions made on behalf of the parties. We are satisfied that the filing fee is an obligatory statutory expense on the petitioner and is to be made "pass through" in the tariff, like other taxes, duties, cess and levies. We have also considered the implications of allowing filing fee in O&M expenses. We feel that filing fee should be allowed to be reimbursed as a separate item and not made a part of O&M expenses since by including the filing fee in O&M expenses will put additional burden on the consumers for a longer term. We, therefore, direct that filing fee of the main tariff petition only shall be recovered by the petitioner in 10 monthly installments in the tariff. We make it clear that all other charges like advocate's fee or filing fee for interlocutory applications shall not be allowed as "pass through" and these expenses shall be borne by the petitioner itself.

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38. In addition to the above charges, the petitioner shall be entitled to incentive/disincentive, tax on income etc. as prescribed in the Commission's notification dated 26.3.2001.


39. The matters not specifically covered in this order, but for which provisions are made in the Commission's notification dated 26.3.2001, shall be governed by that notification. This is, however, subject to the directions of the superior courts on these matters.

40. The tariff approved by us shall be borne by the respondents in proportion of energy supplied from Chamera HEP Stage - I until Availability Based Tariff (ABT) is introduced in the region and as per the Commission's notification dated 26.3.2001 after the ABT is introduced in the Northern region.

41. This order disposes of petition No.60/2001.

**(K.N. SINHA)**  
**MEMBER**

**r**  
**(G.S. RAJAMANI)**  
**MEMBER**

  
**^^PTSINHA)**  
**MEMBER**

New Delhi dated the 26<sup>th</sup> August, 2002

