

**Central Electricity Regulatory Commission  
New Delhi**

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

Date of hearing: **15.3.2012**

**Petition No.250/2010**

Subject: Approval of final generation tariff of Tehri Hydroelectric Power Project (HPP) Stage-I (4x250 MW) for the period 22.9.2006 to 31.3.2009.

Petitioner: THDC India Ltd.

Respondents: Punjab State Power Corporation Limited (PSPCL) and others

Parties Present: Shri M.G.Ramachandran, Advocate, THDC  
Ms. Swapna Seshadri, Advocate, THDC  
Shri R.B.Sharma, Advocate, BRPL  
Shri Padamjit Singh, PSPCL  
Shri T.P.S.Bawa, PSPCL

**Record of Proceedings**

The petitioner, THDC India Ltd. has filed this petition for approval final generation tariff of Tehri Hydroelectric Power Project (HPP) Stage-I (4x250 MW) (*hereinafter referred to as the 'generating station'*) for the period from for the period 22.9.2006 to 31.3.2009, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 ('2004 Tariff Regulations').

2. During the hearing, the learned Counsel for the petitioner submitted a tabular statement containing the submissions of the parties and served copies of the same to the respondents present. The learned counsel submitted as under:

- (i) The date of commercial operation of the last Unit of the generating station was 9.7.2007 and the Revised Cost Estimate approved during November, 2010 has also been submitted.
- (ii) Additional information as sought for by the Commission has been filed and copies served on the respondents. Rejoinder to the replies submitted by the respondents has been filed and all specific queries raised have been answered.

3. The representative of Respondent No.1, PSPCL submitted that the petitioner had ample opportunities to organize the testing and commissioning activities for commissioning the Units at the earliest. He also submitted that increased capital cost has been considered in tariff while the generation corresponding to it was not achieved thereby causing extreme hardship to the beneficiaries. The representative of the said respondent referred to various pages of its reply and submitted as under:

(a) Referring to page G4 of the petition, it was submitted that activities for commissioning of units, which should have been completed in two months has taken a long time and the beneficiaries have been deprived of energy from the project.

(i) While on one side water was released from the dam on day-to-day basis and on the other side, the commissioning of the units were delayed, the same had resulted in generation loss to the order of 1330 million units, which the beneficiaries were deprived of.

(ii) As the dam was not completed, it could not be filled beyond 820 meters and hence, the petitioner has no justification in charging the full capital cost of the dam.

(iii) As per annual report, the petitioner has earned reasonable profit on the *ad hoc* tariff for the years 2006-07, 2007-08 and 2008-09.

(iv) The Commission may consider to give directions as regards the recovery of tariff by the Discoms from its consumers in the ARR and allow the excess amount, if any, to be recovered by the petitioner in six monthly installments.

4. The learned counsel for Respondent No.5, BRPL submitted as under:

(i) The petition is premature as the petition is silent about the decision of CCEA on RCE-II. The cost over-run of the project is higher than the original sanction of the project.

(ii) There is a delay of 20 months in the commissioning of the last Unit of the project and a cost over-run of ₹1876.66 crore as compared to the approved schedule in the Revised Cost Estimate, Stage-I, as per report of the Standing Committee.

(iii) Referring to paragraph 4 of its reply, the learned counsel submitted that the following issues require critical examination by the Commission, namely:

(a) Delay in completion of T-3 circuit due to rock fall;

(b) Delayed closure of Diversion Tunnel gates; and

(c) Time taken for successive commissioning of Units of the generating station.

- (iv) The reasons for the delay in commissioning of the project are attributable to the petitioner and the same could have been avoided, if the petitioner would have taken adequate measures.
- (v) In terms of Regulation 36(2) of the 2004 Tariff Regulations, the final Debt Equity ratio of 62.78:37.22 as claimed by the petitioner should be disallowed, as the Commission has fixed the Debt-equity ratio of 70:30 for the period 2004-09.
- (vi) There is an increase of ₹1380.98 crore towards Resettlement and Rehabilitation (R&R) cost, which may be shared on *pro-rata* basis between the power and irrigation components. The cost apportioned to power component, after factoring the cost for providing drinking water to Delhi and Uttar Pradesh, alone may be taken for the purpose of tariff.
- (vii) The Design Energy for the project was re-evaluated, which has resulted in high tariff. All other issues have been dealt with in the reply filed by this respondent, which may be considered.

5. In response to the above, the learned counsel for the petitioner clarified that the Standing Committee has already looked into all the aspects towards delay in the commissioning of the project and had concluded that the time and cost over-run were beyond the control of the petitioner and no individual can be held responsible. He submitted that the respondent, BRPL cannot be permitted to re-open the settled issues. The learned counsel further submitted as under:

- (i) Copy of the reply filed by Respondent No.5, BRPL has not been served and the Commission may direct the said respondent to serve a copy of the reply so as to enable the petitioner to file its response.
- (ii) The Commission may under the second proviso to Regulation 36(2) of the 2004 Tariff Regulations, decide in appropriate cases the debt equity ratio.
- (iii) Details as regards infirm power deducted along with necessary certificates have been filed.
- (iv) The cost towards Rehabilitation and Resettlement has been considered on account of irrigation and has not been included to the power component.
- (v) The project is essentially an irrigation based project and the beneficiaries have agreed to the same at the time of entering into Power Purchase Agreement.
- (vi) The petitioner has also filed amended petition *vide* affidavit dated 6.12.2011 regarding the revision in claim due to impact of the pay revision, which may also be considered while determining the tariff.

6. After hearing the above, the Commission directed the respondent No.5 to serve copies on the petitioner, if not done earlier and the petitioner is directed to file its

rejoinder/written submissions, if any, latest by 10.4.2012 with an advance copy to the respondents.

7. Subject to the above, the Commission reserved its order in the petition.

**By Order of the Commission**

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