

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 26/GT/2013**

Subject: Approval of generation tariff of Chamera HE project, Stage-III for the period from 1.9.2011 to 31.3.2014.

Date of Hearing: 4.4.2013

Coram: Shri V.S. Verma, Member  
Shri M. Deena Dayalan, Member

Petitioner: NHPC Ltd., Faridabad

Respondents: PSPCL and 13 others

Parties Present: Shri R.Raina, NHPC  
Shri S.K.Meena, NHPC  
Shri Piyush Kumar, NHPC  
Shri Padamjit Singh, PSPCL  
Shri Sanjay Kumar Kulshreshtha, UPPCL  
Shri R.B.Sharma, Advocate, BRPL

**RECORD OF PROCEEDINGS**

This petition has been filed by the petitioner, NHPC for approval of tariff of Chamera HE project, Stage-III ('the generating station') for the period from 1.9.2011 to 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ('the 2009 Tariff Regulations').

2. During the hearing the representative of the petitioner submitted as under:

(a) The petition was filed for approval of tariff of the generating station for the period from 1.9.2011 to 31.3.2014 based on the anticipated COD of 1.9.2011. Subsequently, interlocutory application 31/2012 was filed based on the anticipated COD of 1.7.2012 and the Commission by order dated 27.6.2012 had allowed revision of tariff forms.

(b) Unit-I and III of the generating station was commissioned on 30.6.2012 and Unit-I on 4.7.2012.

(c) The capital cost of the project is yet to be vetted by designated independent agency, namely, Aqaugreen Engineering Management Pvt Ltd, who was appointed on 11.1.2013. Revised Cost Estimate of the project which has been submitted to the Ministry of Power, Govt. of India on 15.4.2011 and the same is yet to be approved.

(d) Additional information sought for by the Commission has also been filed and copies have been duly served on the respondents. Replies have been filed by the respondents, UPPCL, TPDDL and BRPL and rejoinder to the replies filed by UPPCL and TPDDL have been filed.

(e) The tariff of the generating station for the period 2009-14 may accordingly be determined in terms of the claims made in the petition.

3. The learned counsel for the respondent no.8, BRPL submitted as under:

(i) From the submissions of the petitioner that RCE of the generating station is yet to be cleared by the Ministry of Power, Govt. of India and that RCE at completion cost is under preparation and is to be submitted by the petitioner in due course to Ministry of Power, Govt. of India clearly indicates that the earlier RCE has become outdated and is of no purpose for determination of tariff.

(ii) Out of the total cost overrun of ₹661.14 crore, two items viz., Establishment (₹ 269.77 crore and IDC (₹214.79 crore) contribute to the cost overrun of ₹484.56 crore, which constitute 73% of the cost overrun. The detailed analysis and justification submitted by the petitioner is not convincing and require detailed information.

(iii) There is no major cause for time overrun of 22 months for the project which may be beyond the control of the petitioner.

(iv) Reply filed in the matter may be considered.

4. The representative of the respondent No.1, PSPCL submitted as under:

(a) The petition was filed on 30.8.2012 with the anticipated COD as 1.9.2011 and the same was later revised to 1.7.2012. However, the generating station has been commissioned only on 4.7.2012. The reasons for revision in COD of the generating station resulting in time and cost overrun may be clarified by the petitioner in detail.

(b) The petitioner may be directed to submit the commission certificates in respect of each of the units of the generating station since the commissioning of the last unit (Unit-I) is considered as COD of the generating station.

(c) The 72 hour load testing certificate in respect of the commissioning of the unit as on 3.7.2012 may be submitted by the petitioner.

(d) In terms of clause 10(h) of the Hydro Policy, 2008 issued by the GOI, 1% additional free power from the hydro projects is to be provided for Local Area Development Fund (LADF) over the entire life of the project as a pass through in tariff. The petitioner may be directed to confirm if the same is given for the purpose envisaged.

(d) The petitioner may also clarify the expenditure as regards the implementation of direction of the Central Government for supply of electricity in 5 kms area around the power generating stations.

(e) Since the benefit of 100 units free power per month is donated to project affected families, the petitioner may be directed to give the details of the same.

(f) In respect of the explanation given by the petitioner for relaxation of NAPAF at 80%, it is noticed from Annexure-IX of the petition that the OEM of the generating plant equipment by its letter had confirmed the satisfactory operation of the machine for 'Max 300 ppm silt level in water'. This is unjustified and inflated as it is not known whether the silt level in water was examined prior to placing orders on the OEM. The parameters regarding silt levels should have been fixed and finalized. The petitioner should have come up with silt control plan so that the units can run with normal availability without relaxation of NAPAF.

(g) The overload capacity & period as per Form-2 of the petition is shown as 84.7 MW per machine and continuous per machine. Similarly, in Form-3, the Power house rated discharge and HRT design discharge are shown as 42.7 cumecs per unit and 130.7 cumecs respectively. The petitioner may clarify as to why the machines could not be run at 10% extra capacity.

(h) The revenue earned by sale of infirm power after accounting for fuel expenses is required to be deducted from the admitted capital cost.

(i) The petitioner may clarify as to how the claim for ₹465 lakh towards supply and installation of TRCM can be considered as additional capital expenditure keeping in view that the same is required from the time of commissioning of the generating station.

(j) Time may be granted to file written submissions in the matter.

5. The representative of UPPCL mainly submitted as under:

- (a) Reply in the matter has been filed.
- (b) Since the State Government of H.P will fully contribute towards R&R and therefore the capital cost of the generating station should not include the R&R. The petitioner is also fully compensated for the free energy of 13% given to the State of H.P.
- (c) The petitioner may be directed to submit details of the actual additional capitalization for the year 2012-13 as the same is over.
6. The representative of the petitioner clarified as under:
- (a) Time may be granted for four weeks to submit the report for the designated independent agency as to the vetting of capital cost of the generating station. RCE is pending for approval of the Ministry of Power, Govt. of India and the matter is being pursued with the MOP constantly.
- (b) Detailed justification has been submitted as regards the time and cost overrun involved in the commissioning of the generating station, which may be considered by the Commission.
- (c) The direction for implementation of the supply of power within 5 km radius around the power station has been withdrawn by the Central Government with effect from 15.3.2013.
- (d) The claim for ₹465 lakh towards supply and installation of TRCM is for additional capitalization in terms of Regulation 9 of the 2009 Tariff Regulations.
- (e) Rejoinder to the reply of the respondent, PSPCL may be permitted.
7. The Commission directed the respondent, PSPCL to file its reply within 22.4.2013, with advance copy to the petitioner, who may file its rejoinder, including all the clarifications sought for by the respondents above, on or before, 30.4.2013.
8. The petitioner shall effectively pursue the matter with the MOP, Government of India for finalization and approval of the RCE and submit the same at the earliest, for determination of tariff of the generating station by the Commission. Also, the time for submission of the report of the designated independent agency for vetting of capital cost granted till 10.5.2013.
9. Subject to the above, order in the petition is reserved.

By order of the Commission

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