

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 156/GT/2013**

Subject : Approval of generation tariff of Uri-II Hydroelectric Project (4 x 60 MW) of NHPC from 11.10.2013 to 31.3.2014

Date of hearing : 05.03.2015

Coram : Shri Gireesh. B. Pradhan, Chairperson  
Shri A.K.Singhal, Member  
Shri A.S. Bakshi, Member

Petitioner : NHPC Limited

Respondents : Power Development Department, Govt. of J&K & 12 Ors.

Parties present : Shri C. Mohan, NHPC  
Shri Piyush Kumar, NHPC  
Shri A K Pandey, NHPC  
Shri S K Meena, NHPC  
Shri R B Sharma, Advocate, BRPL

**Record of Proceedings**

This petition has been filed by the petitioner, NHPC Ltd., a generating company owned and controlled by the Central Government, for approval of tariff for Uri-II Hydroelectric Project (4 x 60 MW) (the generating station) for the period from 11.10.2013 to 31.3.2014 based on Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (“the 2009 Tariff Regulations”).

2. During the hearing, the representative of the petitioner made detailed submissions in the matter and prayed that tariff of the generating station may be determined for the period from 11.10.2013 to 31.3.2014. He also submitted that additional information as sought for by the Commission and the DIA report submitted by the agency (M/s Acquagreen Engineering and Management Private Limited) has been filed and copies served on the respondents.

3. In response, the learned counsel for the respondent, BRPL submitted as under:

- (i) Since the Revised Cost Estimates (RCE) of the project is yet to be approved by the Central Government, the tariff generating station may be limited to the approved estimated cost of ₹1724.79 crore (including IDC&FC). This methodology has been adopted by the Commission in respect of tariff of Teesta HEP Stage-V generating station of the petitioner.

- (ii) The major increase in the capital cost is the Interest During Construction (IDC). The details of time and cost overrun are appraised by the PIB and CCEA while according approval to RCE. Hence, the Commission may consider the grant of tariff on provisional basis at this stage, while awaiting the report on time and cost overrun and RCE.
- (iii) The designated independent agency (DIA), M/s Acqua Green Engineering and Management Private Limited, has recommended the capital cost of only for ₹2146.85 crore as against the capital cost of ₹2290.02 crore claimed by the petitioner.
- (iv) Reply filed in the matter may be considered.

4. The representative of the petitioner clarified as under:

- (i) As against the completion cost of ₹2290.02 crore recommended by Central Electricity Authority (CEA) to Ministry of Power (MoP) for approval of RCE, the petitioner has claimed the capital cost of ₹2179.56 crore in the petition.
- (ii) The report of the DIA cannot be relied upon, since some of the expenditure towards establishment (₹66.95 crore) and 3 months IDC (₹32.44 crores) has been deducted.
- (iii) As the increase in IDC & FC of ₹386.31 crore is on account of the under quoted value of ₹66.61 crore in the original CCEA approval. However, MoP had observed that IDC will be reviewed at the time of approval of RCE of the project.

5. On a specific query by the Commission as to whether the approval of the Board has been obtained as regards RCE submitted to the Central Government, the representative of the petitioner replied in the negative.

6. After hearing the parties, the Commission directed the petitioner to file additional information on the following, on affidavit, with advance copy to the respondents, on or before 10.4.2015:

- (i) Approval of the Board of Directors of the NHPC for the RCE submitted to Ministry of Power, Government of India during July, 2014.
- (ii) Interest on normative loan amounting to ₹3.23 crore has been claimed during the period from 2001-02 to 2004-05. Copy of the PIB note submitted to the Central Government for the original sanction dated 1.9.2005 along with details and justification of the activities for which funds were deployed since 2001-02 to the project sanction dated (1.9.2005).
- (iii) Correspondences made by NHPC with the Central Government as regards the IDC quoted in original CCEA approval and the IDC & FC amount considered in the RCE for ₹2290.02 crore.

- (iv) Reconciliation statement clarifying the difference between the capital cost recommended by DIA for ₹2146.85 crore as on COD (1.3.2014) and the gross block position as per balance sheet of ₹2113.21 crore as on 31.3.2014.

7. Pleadings shall be completed by the parties by 16.4.2015. Subject to the above, order in the petition is reserved.

By Order of the Commission

Sd/-  
(T. Rout)  
Chief (Legal)