

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.15/GT/2018

Subject : Petition for determination of tariff of Tuirial Hydro Electric Power Plant (TrHEP) (2 X 30 = 60 MW) for the period from COD to 31.3.2019

Petitioner : NEEPCO

Respondent : Power and Electricity Department, Mizoram (P&ED) & 2 Ors.

Date of hearing : **22.5.2018**

Coram : Shri P.K.Pujari, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member

Parties present : Shri M.G. Ramachandran, Advocate, NEEPCO
Ms. Anushree Bardhan, Advocate, NEEPCO
Ms. Poorva Saigal, Advocate, NEEPCO
Shri Debjani Dey, NEEPCO
Shri Samarjit Chakravarty, NEEPCO
Shri Devapriya Choudhary, NEEPCO
Ms. E. Pyrbot, NEEPCO
Shri N. Ranjit Singh, (P&ED)
Shri Benjamin L.T., (P&ED)

Record of Proceedings

During the hearing, the representative for the respondent submitted the following:

- (i) There is huge cost and time overrun in the project and the reasons given by the petitioner are not acceptable, since the petitioner was aware of the geo-political conditions in the State of Mizoram. Any further increase over the cost approved above, except on account of indexation is to be borne by the petitioner;
- (ii) The project was to be commissioned within 36 months from the date of investment approval (i.e 14.1.2011). The COD of the generating station may be considered as on 27.4.2018 since the units were not reliable, not stable and had not complied with established commercial practices till 26.4.2018;
- (iii) It was discussed in the PIB meeting that with the normal pattern of debt-equity ratio of 70:30, the tariff worked out is ₹8.77/unit and levelised at ₹7.44/ unit. However, with the debt-equity ratio of 85:15, the tariff is ₹4.18/unit and levelised at ₹4.83/unit, which is more affordable to the respondent.



2. The learned counsel for the petitioner submitted the following:

- (i) The project cost has been worked out as ₹913.63 crore plus indexation cost of ₹203.64 crore which has been mutually accepted by the parties towards recovery of tariff;
- (ii) Based on the CERC norms, considering O&M charges @ 4% and with 12% free power the tariff for the first year worked out as ₹6.60/unit levelised at ₹8.05/unit based on the CCEA sanction wherein project cost includes the grant of ₹300 crore. On further insistence for more reduction of tariff, the petitioner agreed to consider O&M charges @ 2.5% instead of the allowed normative O&M charges of 4%. Other parameters remaining the same, with reduced O&M charges @ 2.5% the tariff for the first year worked out to ₹5.79/unit levelised at ₹6.60/unit.
- (iii) With the additional grant of ₹133.99 crore by Ministry of Development of North Eastern Region, the tariff was worked as ₹5.18/unit (with 12 % free power). The petitioner is in no position at this stage to further reduce the tariff as claimed by the respondents.

3. On a specific query by the Commission as to whether there has been any dispute with regard to the project cost of ₹913.63 crore plus indexation cost as agreed to by the parties, the learned counsel for the petitioner and representative of respondent replied in the negative. However, representative of the respondent submitted that the State of Mizoram does not have the capacity to pay the tariff based on the agreed capital cost. As regards the COD of the generating station, it was agreed that it should be considered as 27.4.2018.

4. The Commission after hearing the parties, reserved order in the petition.

By order of the Commission

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

