

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 6/GT/2017

Subject : Petition for determination of tariff for period 2014-19 in respect of Parbati-III Power Station

Petition No. 7/GT/2017

Subject : Petition for revision of generation tariff from 24.03.2014 to 31.3.2014 in respect of Parbati-III Power Station

Petitioner : NHPC

Respondents : PSPCL & Others

Date of hearing : 11.10.2018

Coram : Shri P.K.Pujari, Chairperson
Dr. M.K. Iyer, Member

Parties present : Shri A.K. Pandey, NHPC
Shri Piyush Kumar, NHPC
Shri Jitender Kumar, NHPC
Shri R.B. Sharma, Advocate, BRPL & BYPL
Shri Mohit Mudgal, Advocate, BRPL & BYPL
Ms. Aayushi Singh, Advocate, TPDDL
Shri Sameer Singh, BYPL
Ms. Shefali Sobti, TPDDL
Shri Manish Garg, UPPCL

Record of Proceedings

These petitions were taken up for hearing today.

2. During the hearing, the representative of the Petitioner submitted that the Ministry of Power, GOI vide letter dated 9.10.2018 has approved RCE of the project for ₹2539.75 crore, including IDC & FC of ₹430.72 crore (excluding contingent liabilities of ₹920.91 crore as on 30.6.2018) as against the original project cost of ₹2304.56 crore including IDC & FC of ₹203.42 crore at May, 2005 price level. He also submitted that the additional information sought for by the Commission has been filed and copies have been served on the Respondents. He accordingly prayed that tariff of the generating station may be determined as prayed for by the Petitioner.

3. The representative of Respondent, UPPCL has mainly submitted as under:

(a) The Respondent rejects the proposal of the Petitioner to recover capacity charges in full (i.e ₹237.82 crore for first year) till commissioning of Parbati-II. Once the Commission/ CEA confirms design energy of the generating station as 1977.20 MU, the Respondent has no objection to



recovery of capacity charges based on original sanctioned cost or RCE as approved by CEA.

(b) The O & M must be allowed on original project cost incurred up to the cut-off date and not on original project cost proposed to be incurred up to the cut-off date.

(c) The recommendations of DIA with regard to disallowance of time overrun of five months towards termination of sub-contractors by BHEL may be accepted.

(d) The delay on account of commissioning of Parbati-II HEP should not be loaded on the consumers of Parbati-III HEP. The rate on interest to be applied on normative loans should be near to actual weighted average interest applicable for that year.

(e) Reply filed by the Respondent may be considered.

4. The learned counsel for the Respondent, BRPL & BYPL mainly submitted as under:

(a) The increase in IDC and Establishment have caused the cost overrun of ₹553.36 crore. The DIA has recommended the capital cost of ₹2323.16 crore and the reasons for reduction in cost have been indicated in the report of DIA.

(b) The claim under Regulation 14 (3) of the 2014 Tariff Regulations are permissible only in respect of the old generating stations which have become inefficient in operation and such claims are to be substantiated with technical justification supported by documentary evidence or report of the independent agency.

(c) The reasons for time overrun of 43 months as narrated by the Petitioner are covered by the situation (i) of para 7.4 of the judgment dated 27.4.2011 of the APTEL in Appeal No. 72/2010 (MSPGCL vs MERC & ors).

(d) The DIA may be directed to evaluate the time overrun in terms of the said judgment. The issue of delay between the contractor or supplier is required to be sorted out between the Appellant and BHEL and/ or its contractors and time overrun on this ground may be disallowed.

(e) The Hon'ble High Court of HP had only banned the running of crushers and not the use of sand and aggregates from the Kullu district. Hence, it does not prevent the executing agencies to use alternate arrangements.

(f) The DE as set out in the TEC of CEA and consequent determination of NAPAF on the basis of DE may be considered for the purpose of tariff.

(g) Reply filed by the Respondent may be considered.

5. In response, the representative of the Petitioner objected to the above submissions of the Respondents and clarified that the Petitioner had taken all measures for completion of the project in time and the delay in completion was beyond the control of the Petitioner. He also submitted that the generating station



will be in a position to generate original DE after commissioning of all units of Parbati-II units and hence the DE and NAPAF allowed by the Commission are reasonable. Once Parbati-II HEP is commissioned and full DE of Parbati-III is restored, the tariff of Parbati-III HEP will reduce to ₹3.12/unit approx. Accordingly, the representative of the Petitioner submitted that tariff of the generating station may be determined as prayed for.

6. The learned counsel for the Respondent, TPDDL prayed for time to file reply in the matter. The Commission allowed the prayer and directed the Respondent to serve copy of the same on the Petitioner, if not already served. The Petitioner shall file its rejoinder, if any, by 18.10.2018. Accordingly, the Commission reserved its order in the Petitions.

By order of the Commission

Sd/-
(B.Sreekumar)
Dy. Chief (Law)

