

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.149/GT/2018

Subject : Petition for approval of tariff of PARE Hydro Electric Power Plant (2 x 55 MW) for the period from COD to 31.3.2019

Petitioner : NEEPCO

Respondent : Assam Power Distribution Company Ltd & ors.

Date of hearing : **14.5.2019**

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

Parties present : Shri M.G.Ramachandran, Senior Advocate, NEEPCO
Ms. Poorva Saigal, Advocate, NEEPCO
Ms. Anushree Bardhan, Advocate, NEEPCO
Ms. Tanya Sareen, Advocate, NEEPCO
Ms. Debjani Dey, NEEPCO
Ms. E. Pyrbot, NEEPCO
Shri K.Goswami, APDCL
Shri B.Medhi, APDCL,
Shri H.M.Sharma, Objector/ Individual Consumer

Record of Proceedings

During the hearing, the learned senior counsel for the Petitioner, NEEPCO mainly submitted as under:

(a) Investment approval of the project was accorded by CCEA on 4.12.2008 and the project was scheduled to be completed within a period of 44 months (i.e. 3.8.2012) from the date of investment approval. However, the actual completion date is 28.5.2018. Accordingly, there is a time overrun of 70 months and cost overrun of ₹1066.32 crore and the same was beyond the control of the Petitioner.

(b) The major reasons for time overrun are (i) deteriorated condition of approach road to project site (Trans Arunachal highway), (ii) inundation of intake faces of power tunnel and low level outlet tunnel and removal of slush/slit, (iii) frequent bandh called in adjacent states, (iv) shorter working spell due to prolonged monsoon period etc and the same was beyond the control of the Petitioner.

(c) The total project cost (at completion level) of the project has been vetted at ₹1640.31 crore by CEA vide letter dated 25.2.2019, including IDC & FC of ₹238.04 crore. The hard cost of ₹1402.27 crore (against ₹1502.99 crore claimed by the Petitioner) has been vetted by the CEA vide letter dated 18.1.2019, after prudence check and the same may be considered for fixation of tariff.

(d) Revised tariff filing forms have been submitted and the same may be taken on record.



2. On a specific query by the Commission as regards the proposed funding of equity capital by GOI, the learned senior counsel for the Petitioner clarified that the release of money by GOI is through budgetary funding under the PM's Northeast project package. He further stated that the project is financed with 30% equity funded by NEEPCO and 70% loan funded by M/s KfW, Germany and other financial institutions.

3. The representative of the respondent, APDCL submitted as under:

(a) CEA had accorded concurrence of the Investment Approval of the Project with Project cost of ₹573.99 crore with certain stipulations, whereby the Petitioner was required to submit monthly progress status report of the project to CEA for timely commissioning of the project. However, the same has not been furnished by the Petitioner. Moreover, the Petitioner has failed to maintain the commissioning schedule of the project as per mandate given in the investment approval order and Office Memorandum.

(b) The Petitioner has submitted the statement showing 'Reasons of Time Overrun' of the Project without submitting any documentary evidences in support of its claims, whereas the CEA had mentioned certain guidelines to be followed by the Petitioner for timely commissioning of the project in close co-ordination with CEA/ CWC/GSI for field investigations/ field study/cost control etc.

(c) The time overrun and the corresponding cost overrun on account of stone quarrying, change in design & specifications, approach road issues, diversion tunnel & river diversion, dam work, head race tunnel etc. are attributable to the Petitioner.

(d) The Petitioner has submitted several RCE at different price levels. However, the final RCE is yet to be approved by the competent authority. In absence of final RCE, the tariff may be decided on the basis of the said approved project cost of ₹573.99 crore.

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

4. One Shri H.M.Sharma, an individual consumer, appearing on behalf of Ms. Mallika Sharma Bezbaruah, prayed for impleadment as Objector in the matter. He also requested that a copy of the revised petition may be given to him to enable him to file response / objection in the matter. The Commission, while rejecting the prayer of the individual consumer for impleadment, permitted him to participate in the proceeding in terms of Regulation 52(2) of the CERC (Conduct of Business) Regulations, 1999 and directed to file his response to the petition. Accordingly, the Petitioner was directed to post the copy of the tariff petition on the website of the Petitioner company and serve copy of the petition to the individual consumer.

5. The Commission further directed the Petitioner to file the following additional information, on affidavit, with copy to the Respondents, on or before **14.6.2019**:

(i) *Design Energy duly vetted by the CEA;*

(ii) *DIA report and current status of of RCE;*

(iii) *Clarification regarding using corporate tax rate for grossing up of the ROE instead of the effective tax rate as envisaged in the regulations and information whether the plant is subject to MAT rate;*



- (iv) Audited station balance sheets as on the COD of each unit and for the every year since 1st infusion of the fund;
- (v) Explanation with respect to variation between capital cost as per form 5B and 9E;
- (vi) Revised Form 9E (statement of capital cost) and 9F (Statement of CWIP) as per the prescribed format capturing the required details such as undischarged liabilities, IDC, FC, FERV and IEDC included in Gross Block/ CWIP as on each COD and the end date of the period/ year;
- (vii) The statement duly certified by the Auditor, certifying the asset-wise/ party-wise details of the undischarged liabilities with respect to the station as on the COD of each unit and reconciliation thereof with the amount of liabilities depicted in form 9E and 9F;
- (viii) All the loan agreements including those pertaining to the short term loans;
- (ix) Documentary evidences with respect to the reset of rate of interests, if any;
- (x) Clarification whether the amount of ₹25373.14 lakh indicated as IDC and Financing Charges in form 5b includes Hedging Cost and FERV also. If yes, then break-up of the same;
- (xi) Statement of FERV calculation duly certified by the auditor along with the reconciliation between the loan amounts as per balance sheets and those as per the calculation statement;
- (xii) Auditor's certificate with respect to the Financing Charges claimed along with the break up and documentary evidences;
- (xiii) Duly filled Form 14A (Actual Cash Expenditure);
- (xiv) Reconciliation of the project cash expenditure with sources of finance;
- (xv) Reconciliation of the total debt drawn as per Forms 6,7,8 & 14;
- (xvi) Sanction letters from Government of India with respect to Equity infusion.

6. The Respondents / consumer shall file their replies / response / objections on or before **28.6.2019** with advance copy to the Petitioner, who may file its rejoinder / response, if any, by **5.7.2019**. Pleadings shall be completed by the parties within the due dates mentioned.

7. Matter shall be listed for hearing in due course for which notice shall be issued to the parties.

By order of the Commission

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

