

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No.72/2009

Subject: Determination of tariff in respect of Dulhasti HE Project for the period 7.4.2007 to 31.3.2009.

Date of Hearing: 7.7.2009

Coram: Dr. Pramod Deo, Chairperson
Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Petitioners: NHPC Ltd.

Respondent: PSEB, HPGCL, BSES-BYPL, UPPCL, BSES-BRPL, RRVNPL, UPCL, JVVNL, HPSEB, JoVVNL, Engineering Dept, Chandigarh, AVVNL, PDD,Srinagar.

Parties present: Shri Prashant Kaul, NHPC
Shri T.K.Mohanty, NHPC
Shri M.S.Babu, NHPC
Shri V.N.Tripathi, NHPC
Shri D.Chakraborty, NHPC
Shri Ansuman Roy, NHPC

This petition has been filed by the petitioner, NHPC for Determination of tariff in respect of Dulhasti HE Project (hereinafter referred to as "the generating station") for the period 7.4.2007 to 31.3.2009 based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 ("hereinafter referred to as "the 2004 regulations").

2. The representative of the petitioner submitted that all the three units of the generating station have been declared under commercial operation with effect from 7.4.2007 and the capital cost as per books of accounts as on 7.4.2007 was Rs 512751 lakh, inclusive of un-discharged liability of Rs. 4901 lakh, FERV, IDC and financing charges. The representative of the petitioner also submitted that an amount of Rs 435 lakh towards infirm power has been deducted from the books of accounts and LIC loan amounting to Rs. 17100 lakh has been included in the capital cost after the date of commercial operation.

3. In response to the query of the Commission regarding time and cost over-run involved in the commissioning of the generating station, the representative of the petitioner submitted that the time and cost over-run was on account of various factors like (a) adverse geological conditions at the project site (b) adverse security environment (c) poor roads conditions and transport delays (d) labour problems at the project site and also pointed out that the Standing Committee constituted by the Central Government to analyse the reasons for time and cost overrun in the commissioning of the project had in its report opined that the reasons for time and cost over-run were beyond the control of the petitioner and the petitioner could not be held responsible.

3. None of the respondents were present. The petitioner was directed to submit the following information on affidavit, latest by 3.8.2009, along with soft copies, with advance copy to the respondents.

- (i) Justification for the cost of components involved in the stage-wise completion of the generating station and in respect of the original cost of Rs.126297 lakh (including IDC of Rs. 9620 lakh) to the revised cost of Rs. 512751 lakh (including IDC of Rs. 164175 lakh and FERV of Rs. 18614 lakh) and revision of Form No.5 B accordingly;
- (ii) Justification for the inclusion of LIC loan of Rs.17100 lakh in the capital cost of Rs. 512751 lakh, after the date of commercial operation of the generating station;
- (iii) Details of the cost of initial spares considered in the capital cost as on the date of commercial operation of the generating station
- (iv) Justification for the cost and time over-run in respect of the stage-wise completion of work upto the date of commercial operation of the generating station;
- (v) Detailed calculation of IDC and FERV considered in the capital cost as on the date of commercial operation;
- (vi) Whether the French Consortium engaged for the execution of the project was penalized or sued for breach of contract due to suspension of civil work on 24.8.1992 and if so, the details of the claim thereof;
- (vii) Details as to whether the agreement for turnkey execution of the project by a French Consortium include an arbitration clause and if so, whether the arbitration clause was invoked.
- (viii) Reasons for the rescission of contract with the civil work contractor M/s DSB on 27.6.1995;

- (ix) Reasons for the delays in award of balance civil work to M/s JSA (a joint venture company of M/s Jai Prakash Industries Ltd. and M/s a StatKraft Analegg As) during March 1997.
- (x) Details of deployment of manpower and other un-utilized resources to other projects of the petitioner after suspension of work by the French Consortium.
- (xi) Detailed comparison of the project cost and tariff claimed in respect of other similar project of the petitioner namely, Uri Hydroelectric Project located in the state.
- (xii) Copy of the Power Purchase Agreements (PPAs) entered into by the petitioner with other bulk power customers.

4. The respondents may file their response, if any, on the information to be filed by the petitioner, latest by 12.8.2009, with a copy to the petitioner, who may file its rejoinder, if any, by 19.8.2009

5. The petition shall be fixed for hearing on 27.8.2009.

Sd/-
(K.S.Dhingra)
Chief (Legal)