

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**RECORD OF PROCEEDINGS**

**Petition No. 57/2010**

Subject: Approval of generation tariff of SEWA HE Project, Stage-II (3 x 40 MW) for the period from 1.3.2010 to 31.3.2014.

Date of Hearing: 18.5.2010

Coram: Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri M.Deena Dayalan, Member

Petitioner: NHPC Ltd

Respondents: PSEB, UHBVNL and DHBVNL (Haryana), UPPCL, ED, Chandigarh, NDPL, BSES-BYPL, RRVNPL, BSES-BRPL, UPCL, JVVNL, AVVNL, JoVVNL, PDD, Jammu.

Parties present: Shri Prashant Kaul, NHPC  
Shri M.S.Babu, NHPC  
Shri V.N.Tripathi, NHPC  
Shri S.Balaji, NHPC  
Shri Ansuman Ray, NHPC  
Shri Padamjit Singh, HPPC  
Shri T.P.S.Bawa, HPPC

This petition has been filed by the petitioner, NHPC, for approval of tariff for of SEWA HE Project, Stage-II (3 X 40 MW) (hereinafter referred to as "the generating station") for the period from 1.3.2010 to 31.3.2014, based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 regulations").

2. The representative of the petitioner submitted as under:

(a) the generating station, situated in the State of J&K, was sanctioned by the Govt. of India in September 2003 at a cost of Rs 665.46 crore, including IDC of Rs.68.42 crore, at September 2002 price level. The generating station was designed as a run of the river scheme with small pondage with the net head of 560 metres.

(b) Though the commercial operation of the generating station was anticipated in the month of March 2010, as stated in the petition, it was now expected by the end of May 2010.

- (c) the anticipated total cost of the project, as on the date of commercial operation was Rs 1061.44 crore and the actual cost would be known only after the commercial operation of the generating station. Revised Cost Estimate (RCE-I) for Rs.1018.98 crore (at February 2009 price level) has been submitted to the Govt. of India, for approval.
- (d) the Normative Annual Plant Availability Factor (NAPAF) for the generating station be considered as 80%, as claimed, in terms of the provisions of Regulation 27(i) (1) (iii) and Regulation 27(i) (2) of the 2009 regulations, since it was anticipated that the operation and maintenance of the generating station would be affected by silt, based on sedimentation study, the silt data collected during the period from August 2003 to September 2003 etc.
- (e) the additional information as directed by the Commission has been filed and copy served on the respondents.

3. The representative of the respondent No.2, Haryana Power Utilities, raised certain preliminary objections and submitted as under:

- (a) the tariff for the generating station cannot be determined as the claim made in the petition was based on the presumption that the date of commercial operation of the generating station was March 2010, which had expired. The petitioner could be directed to approach the Commission with a fresh petition or amend the present petition, as and when the commercial operation of the generating station was achieved.
- (b) since the additional cost (on account of escalation) has not yet been approved by the Govt. of India and no time frame for approval of RCE has been indicated by the petitioner, adhoc tariff, if any, should be considered only on the approved cost.
- (c) in the absence of details like the date of commercial operation and the charges received for infirm power, the capital cost for the generating station could not be determined.
- (d) the Commission may refrain from adhoc determination of capital cost, as it would encourage the petitioner to delay the declaration of commercial operation and thereby earn high UI charges, which would not be factored in the capital cost.
- (e) The petitioner should be directed to clarify certain discrepancies as regards the data submitted in Form 3 (Sl. No 5 and 11) and Annexure -7.
- (f) the reasons submitted by the petitioner for fixation of NAPAF at 80% was not justifiable as the analysis (like sedimentation study, silt data etc) was required to be done before finalizing the design/construction of the generating station

and not after completion of the same. The petitioner has not utilized the available funds as indicated at page 38 of the petition (Sl.No.1.8)

- (g) the claims made in page 44 of the petition (Sl. No. 8 and 9) as regards the supply, transportation and installation of trash rack cleaning machine could not be permitted as the work has not yet been undertaken.
- (h) the petitioner could not rely on the letter of BHEL (Annexure-7) as it should have adopted the HVOF coating procedure before the commissioning of new units of the generating station, in advance, to avoid damage to the turbines buckets/runner.
- (i) As the SEWA river has a length of 53 kms, a comprehensive catchment area treatment plan, with measures like afforestation etc, was necessary to control silt.
- (j) adhoc tariff, if considered by the Commission, should be based on the approved cost.
- (k) the petitioner has not filed any application before the NRPC for provisional tariff to be billed on the respondents.

5. In response to the above, the representative of the petitioner clarified as under:

- (a) there was sufficient reason to believe that the generating station would be under commercial operation by end of May 2010.
- (b) the data submitted in the petition was based on the provisions of the 2009 regulations and no provisional tariff could be claimed under the said regulations.
- (c) clause 5(2) of the 2009 regulations permitted the filing of tariff petition based on the projected capital cost.
- (d) DPR was reworked as per advice of CEA and CWC on account of error of underestimation of the cost Rs 70 crore.
- (e) Time overrun was on account of agitation, strikes, delay in forest clearance for approach road, blockades etc, which was beyond the control of the petitioner.
- (f) the 2009 regulations specified by the Commission, as regards capital cost, do not provide that submission of RCE was mandatory. However, RCE was yet to be approved by the Govt. of India.
- (g) the discrepancies in the data, as indicated by the respondent HPPL, are only typographical errors, which would be corrected and re-submitted.

6. On a specific query by the Commission as regards the time and cost over-run and as to whether the actual expenditure was within the sanctioned amount, the representative clarified that there has been time and cost over-run and detailed reasons for the same has been submitted in the petition. He also clarified that the actual expenditure was not within the sanctioned amount and hence the escalation in cost on account of the said delay was factored in the RCE-I submitted to the Govt. of India, for approval.

7. The petitioner was granted time till 31.5.2010 to correct the typographical errors in the petition and also to file rejoinder, if any, to the replies of the respondent.

8. The Commission further directed the petitioner to submit on affidavit, the systematic break-up of the capital cost, along with details of the change in scope of the project with proper justification for the escalation of the cost of the project, with copy to the petitioner latest by 31.5.2010.

9. Subject to the above, order in the petition was reserved.

Sd/-  
T.Rout  
Joint Chief (Law)