

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 251/GT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K.Singhal, Member

Shri A. S. Bakshi, Member

Dr. M. K. Iyer, Member

Date of Order: 27.1.2017

In the matter of

Revision of tariff after truing-up of the capital expenditure incurred for the period 2010-14 and determination of tariff of Sewa-II Hydro electric Project for the period 2014-19.

AND

In the matter of

NHPC Ltd,
NHPC Office Complex, Sector 33,
Faridabad – 121003

.....Petitioner

Vs

1. Punjab State Power Corporation Ltd
The Mall, Near Kali Badi Mandir,
Patiala – 147 001

2. Haryana Power Utilities,
Shakti Bhawan, Sector, 6
Panchkula – 134 109

3. BSES Rajdhani Power Ltd
BSES Bhawan, Nehru Place,
New Delhi – 110 019

4. Uttar Pradesh Power Corporation Ltd
Shakti Bhawan, 14, Ashok Marg,
Lucknow – 226 001

5. BSES Yamuna Power Ltd
Shakti Kiran Building,
Karkardooma, New Delhi – 110 072

6. Rajasthan Rajya Vidyut Prasaran Nigam Ltd
Vidyut Bhawan, Janpath, Jyoti Nagar,
Jaipur – 302 005

7. Tata Power Delhi Distribution Ltd
33 KV Sub-station, Hudson Lane,
Kingsway Camp, Delhi – 110 009



8. Jaipur Vidyut Vitran Nigam Ltd
Vidyut Bhawan, Janpath,
Jaipur – 302 205

9. Jodhpur Vidyut Vitran Nigam Ltd
New Power House, Industrial Area,
Jodhpur – 342 003

10. Uttranchal Power Corporation Ltd
Urja Bhawan, Kan wali Road,
Dehradun – 248 001

11. Ajmer Vidyut Vitran Nigam Ltd
Old Power House,
Hatthi Bhatta, Jaipur Road,
Ajmer – 305 001

12. Engineering Department, 1st Floor,
UT Secretariat, Sector 9D,
Chandigarh – 160 009

13. Principal Secretary,
Power Development Department,
New Secretariat, Jammu – 180001

....Respondents

Parties Present

Shri A.K Pandey, NHPC
Shri Naresh Bansal, NHPC
Shri Piyush Kumar, NHPC
Shri Jitendra Kumar Jha, NHPC
Shri R.B Sharma, Advocate, BRPL
Shri S. K Agarwal, Advocate, Rajasthan Discoms
Shri G.L Verma, Advocate, Rajasthan Discoms
Ms. Neelam Advocate, Rajasthan Discoms

ORDER

The petition has been filed by NHPC Ltd for revision of tariff of Sewa-II Hydroelectric Project (3 x 40 MW) ('the generating station') for the period 2010-14 after truing-up in terms of Regulation 6 (1) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 ("the 2009 Tariff Regulations") and for determination of tariff of the generating station for the period 2014-19 in terms of Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 ("the 2014 Tariff Regulations").



Background

2. The generating station located at Kathua, in the State of J&K, was designed as a run of the river scheme with small pondage with the net head of 560 metres. The generating station comprises of 3 (three) Units of 40 MW each, with annual design energy of 533.53 MUs. As per the National Tariff Policy, 13% of the energy generated is to be made available to the home state as free power.

3. The original date of completion of the project as per Govt. of India approval letter No. 26/1/2002-DO (NHPC) dated 9.9.2003, was four 4 years from the date of approval. Accordingly, the expected date of completion of the project was 9.9.2007. The original project cost approved by the Govt. of India as per letter No. 26/1/2002-DO (NHPC) dated 9.9.2003 was ₹66546 lakh, including IDC of ₹6842 lakh at September, 2002 price level with a debt equity ratio of 70:30. As per the Revised Cost Estimate (RCE) submitted to the Govt. of India, the project cost, as on the expected date of commercial operation was October, 2009, and the anticipated expenditure was ₹101898 lakh at February, 2009 price level.

4. Petition No. 57/2010 was filed by the petitioner for determination of annual fixed charges for the generating station for the period from the anticipated date of commercial operation (1.3.2010) till 31.3.2014 in terms of the 2009 Tariff Regulations and based on the actual cost incurred upto 31.12.2009, duly certified by the auditors, the anticipated capital expenditure upto 28.2.2010 and the projected additional capital expenditure for the period of 1.3.2010 to 31.3.2014. The anticipated expenditure as on 1.3.2010 as submitted by the petitioner in the said petition was ₹106144 lakh, with a total cost overrun up to 1.3.2010 as ₹39598 crore. Subsequently, Unit Nos. I, II and III were declared under commercial operation on 29.6.2010, 24.7.2010 and 2.7.2010 respectively.

5. The Commission by order dated 6.9.2010 in Petition No.57/2010 had determined the annual fixed charges of the generating station for the period from 1.3.2010 to 31.3.2014 based on the



capital cost of Rs 98361.36 lakh (including IDC & FC but excluding un-discharged liability of 6674.59 lakh) as on 1.3.2010 as under:

	(₹ in lakh)				
	2009-10 (1.3.2010 to 31.3.2010)	2010-11	2011-12	2012-13	2013-14
Return on Equity	438.10	5350.14	5544.83	5548.38	5549.69
Interest on Loan	543.99	6320.62	6054.25	5492.35	4970.35
Depreciation	423.03	5166.09	5354.08	5357.51	5358.78
Interest on Working Capital	37.64	454.95	463.32	458.05	453.87
O & M Expenses	167.08	2079.75	2198.71	2324.48	2457.44
Total	1609.83	19371.55	19615.19	19180.77	18790.14

6. Thereafter, the Commission by *suo motu* order dated 22.9.2010 rectified certain clerical errors in the order dated 6.9.2010 pertaining to the computation of Return on Equity, Interest on loan and Depreciation, without any impact/revision of the annual fixed charges allowed earlier. However, the annual fixed charges approved as above were subject to revision based on approved RCE and truing-up in terms of Regulation 6 of the 2009 Tariff Regulations. The relevant portion of the order is extracted as under:

“24. It is observed that the generating station has been declared under commercial operation on 24.7.2010 with the COD of Unit –II. The Units I & II of the generating station have been declared under commercial operation on 29.6.2010 and 2.7.2010 respectively. As stated earlier, the RCE in respect of the generating station has not yet been approved by the Govt. of India. In view of this, the petitioner is at liberty to approach the Commission for revision of tariff based on the approved RCE, in terms of the above said regulation. Since the petitioner has claimed tariff based on the capital cost as on 1.3.2010, the tariff for the generating station is based on the capital cost as on 1.3.2010 after prudence check. However, the tariff shall be applicable from the date of commercial operation of the respective units of the generating station, i.e from the year 2010-11. Any over/under recovery of the annual fixed charges shall be subject to truing up, in terms of the provisions contained in Regulation 6 of the 2009 regulations”.

7. As stated, the present petition has been filed by the petitioner for truing-up of the capital cost as on COD of the generating station and the actual additional capital incurred for the period from 1.3.2010 to 31.3.2014 in terms of Regulation 6 (1) of the 2009 Tariff Regulations and for determination of tariff for the period 2014-19 in terms of the 2014 Tariff Regulations. The petitioner has also submitted that the completion cost has been worked out as ₹1108.83 crore (at July, 2010 Price Level) excluding contingent liabilities of ₹102.74 crore and the same has been submitted to the Ministry of Power, GOI for approval. As regards the approval of RCE of the



generating station, the petitioner vide affidavits dated 17.12.2015 and 27.1.2016 has clarified that the Standing Committee on 1.12.2015 has recommended the RCE for ₹1108.83 crore and that the approval of RCE by MOP, GOI is in process.

8. The respondents, UPPCL, BRPL in their replies have objected to the claim of the petitioner and have submitted that the RCE is yet to be approved by the Central Government. The discoms of Rajasthan have submitted that higher tariff due to inefficiency of the petitioner should not be loaded on the end consumers. The petitioner in its rejoinder has clarified that the RCE as recommended by the Standing Committee on 1.12.2015 is pending for approval of the MOP, GOI.

9. We have examined the matter. As stated by the petitioner, RCE has been recommended by the Standing Committee and the same is pending for approval of the Central Government. In view of this and considering the fact there will be revision in the capital cost of the generating station after approval of RCE by the Central Government, we find no reason to keep this petition pending. Similar issue was considered by the Commission in respect of determination of tariff of Koteshwar HEP of the petitioner for the period 2011-14 in Petition No. 116/GT/2013 and the Commission vide order dated 7.3.2016 disposed of the said petition as under:

“8.....Keeping in view that there will be revision of the capital cost of the generating station after approval of RCE by the Central Government, we find no reason to keep these petitions pending. Hence, we are inclined to dispose of these petitions, with liberty to the petitioner to approach the Commission with fresh tariff petition in respect of the generating station after approval of RCE by the Central Government. We direct accordingly.

9. We also direct that the provisional tariff granted by order dated 15.5.2014 shall continue to be in operation till the tariff of the generating station is determined based on the approved RCE. The filling fees deposited by the petitioner shall however be adjusted against the fresh petition to be filed in terms of the liberty granted above.”

10. Hence, in line with the above decision, we are inclined to dispose of this petition, with liberty to the petitioner to approach the Commission with fresh tariff petition in respect of the generating station after approval of RCE by the Central Government. We direct accordingly. We also direct that the annual fixed charges determined by order dated 6.9.2010 in Petition No.57/2010 shall however continue to be in operation till the tariff of the generating station for the period 2009-14 and 2014-19 is determined based on the approved RCE. The filling fees deposited by the petitioner shall be



adjusted against the fresh petition to be filed for the period 2014-19 in terms of the liberty granted above.

11. Petition No. 251/GT/2014 is disposed of in terms of the above.

Sd/-
(Dr. M.K.Iyer)
Member

Sd/-
(AS Bakshi)
Member

Sd/-
(A.K.Singhal)
Member

Sd/-
(Gireesh B Pradhan)
Chairperson

