

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.548/GT/2020

Subject : Petition for approval of tariff in respect of 110 MW Pare H.E Project for the useful plant life of 40 years on adoption of tariff rationalization measures approved by the Government of India.

Petitioner : NEEPCO

Respondent : Assam Power Distribution Company Limited & ors

Date of hearing : 27.7.2020

Coram : Shri I.S. Jha, Member
Shri Arun Goyal, Member

Parties present : Shri M.G. Ramachandran, Senior Advocate, NEEPCO
Shri Poorva Saigal, Advocate, NEEPCO
Shri Prabal Mukhopadhyaya, NEEPCO
Shri Devapriya Choudhury, NEEPCO
Shri Elizabeth Pyrbot, NEEPCO
Shri Indrajit Tahbildar, APDCL
Shri Nil Madhab Deb, APDCL

Record of Proceedings

The matter was heard through video conferencing.

2. During the hearing, the learned Senior counsel for the Petitioner, NEEPCO, circulated note of arguments and submitted that the present petition has been filed for the approval of re-engineered tariff in respect of PARE Hydroelectric Project for the useful plant life of 40 years, on adoption of tariff rationalization measures approved by the Government of India on 18.3.2019. He also submitted that tariff of the said project from COD (21.5.2018) till 31.3.2019 as determined by the Commission vide its order dated 28.1.2020 in Petition No.149/GT/2018 is Rs.8.14 per unit in terms of the 2014 Tariff Regulations and Rs.7.75 per unit for 2019-20 at the actual plant parameters. The learned Senior counsel further submitted that the levellised tariff calculated over 40 years of useful life of the plant will be Rs.6.60 per unit, with the first year tariff at Rs.5.00 per unit, with 2.83% annual escalation. He added that the rationalization of tariff proposed by the Petitioner is consistent with Regulation 48 of the 2014 Tariff Regulations and Regulation 66 of the 2019 Tariff Regulations notified by this Commission and would be beneficial to the North Eastern Region beneficiaries.



3. On a specific query by the Commission as to whether the Respondent beneficiaries have consented to such rationalization of tariff, the learned Senior counsel clarified that a provisional tariff of Rs 5.00 per unit was mutually agreed to be billed on the beneficiaries in the 35th Commercial Sub-Committee meeting of NERPC held on 18.3.2018, prior to Commission's order dated 28.1.2020. He further clarified that the Commission has the power to approve the levelled tariff in deviation of the norms, subject to the same not exceeding the levelled tariff calculated as per norms specified under the 2014 Tariff Regulations and the 2019 Tariff Regulations.

4. The representative of the Respondent, APDCL, submitted that though the Respondent had agreed for the provisional billing of tariff at Rs 5.00 per unit prior to the Commission's order dated 28.1.2020 in Petition No.149/GT/2018, the Respondent has, subsequently in a meeting dated 18.2.2020, consented to a tariff of Rs.4.84 per unit for the useful plant life of 40 years. He added that any amount beyond Rs.4.84 per unit would not be affordable to the Respondent. The representative however submitted that the Commission may grant time to file its reply in the matter.

5. On a prayer of the learned Senior counsel for the Petitioner to permit the Petitioner to bill the Respondent beneficiaries at a provisional rate of Rs.5.00 per unit, pending decision of the Commission in the present petition, the Commission observed that matter will be examined after the replies are furnished by the Respondents.

6. The Commission after hearing the parties directed the Petitioner to file additional information on the following, with advance copy to the Respondents, on or before **24.8.2020**:

- a) *Consent of all beneficiaries to the proposal for charging lower tariff as suggested by the Petitioner;*
- b) *Clarification on the procedure for recovery of the tariff from the beneficiaries based on the re-engineered tariff submitted including the following;*
 - (i) *Whether recovery of tariff would follow the principles of Availability Based Tariff mechanism of Regulations or the recovery will be made on single part tariff as indicated in the petition;*
 - (ii) *Out of the following alternatives, how would the monthly/yearly recovery be calculated:*
 - (i) *levelized tariff x scheduled energy; or*
 - (ii) *levelized tariff x energy corresponding to available capacity declared by the petitioner; or*
 - (iii) *nth year tariff x scheduled energy or*
 - (iv) *nth year tariff x available energy declared by the petitioner; or*
 - (v) *any other alternative as agreed upon with the beneficiaries.*
 - (vi) *Whether any additional capital expenditure is expected to be claimed in future? In case any additional capital expenditure is not to be claimed in future, a certificate to that effect shall be furnished. In case any additional*



capital expenditure is claimed, then the consent of the beneficiaries along with the proposal for re-inventing the single part tariff for servicing of the additional capital expenditure is to be submitted;

- (vii) Clarification if the rationalization of tariff is linked to peak and off peak hour;*
- (viii) Clarification/confirmation to the effect that the Petitioner is forgoing its right for claiming shortfall of energy charges due to less generation for reasons beyond the control of Petitioner, additional capitalization, wage revisions etc., and other entitlements under the Tariff Regulations;*
- c) Reasons for considering the Auxiliary Energy Consumption (AEC) of 1.2% from the 2nd year to useful life of the plant against the normative AEC of 1% as allowed to the generating station in the Commission's order dated 28.1.2020 in Petition No. 149/GT/2018;*
- d) Detailed calculation of the levelized tariff along with all tariff forms specified under the Tariff Regulations for the respective tariff period, including the calculations in respect of weighted average rate of depreciation and the weighted average rate of interest;*
- e) Basis for applying the discounting factor of 10.36% for calculation of levelized tariff and the annual rate of escalation of tariff @ 2.83% in lieu of 2% ;*
- f) Basis for the capital cost of Rs.165413.00 lakh claimed as on COD in the present petition and the reasons for deviation from the claimed capital cost as on COD in Petition No.149/GT/18 for Rs.168619.00 lakh and the approved capital cost of Rs. 163348.84 lakh, as on the COD in terms of the Commission's order dated 28.1.2020 in Petition No. 149/GT/18;*
- g) The Cost Audit Report for the period 2014-19;*
- h) The Petitioner shall furnish the following information as directed vide Commission's order dated 28.1.2020 in Petition No. 149/GT/2018:*
 - (i) The amount of unit-wise allocated IDC included in the capital cost as on COD of the units;*
 - (ii) The station balance sheet, since the first infusion of funds till COD of each unit;*
 - (iii) The documentary evidence with calculations in support of FERV as on COD of the units, duly certified by Auditor, at the time of truing-up of tariff;*
 - (iv) The detailed calculation of whole amount of FERV claimed and the reconciliation of the loan balances as per books with those considered in FERV calculation, duly certified by Auditor;*
 - (v) The reconciliation statement between the un- discharged liabilities claimed with those as per the audited station balance sheet as on the COD of each unit, duly certified by Auditor, at the time of truing-up of tariff;*
 - (vi) Details regarding the hedging cost claimed;*
 - (vii) The details regarding actual amount of equity received from GOI along with Auditor certificate with regard to infusion of fund through internal sources.*



7. The Respondents are directed to file their replies on or before **10.9.2020**, with advance copy to the Petitioner, who shall file its rejoinder, if any, by **18.9.2020**. The Commission further directed that the due date for filing the additional information and reply/rejoinder shall be strictly complied with and no extension of time shall be granted for any reason.

8. Matter shall be listed in due course for which separate notice will be issued to the parties.

By order of the Commission

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

