

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.106/GT2020

Subject : Petition for truing up of annual fixed charges for the 2014-19 tariff period and for determination of tariff for the 2019-24 period in respect of the Indira Sagar Hydroelectric Project (1000 MW).

Petitioner : NHDC Ltd

Respondents : MPPMCL & anr

Date of hearing : **13.4.2021**

Coram : Shri P.K. Pujari, Chairperson
Shri I.S.Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member

Parties present : Shri Sushil Kumar Verma, NHDC Limited
Shri Prabhakar Rai, NHDC Limited
Shri Ravindra Khare, MPPMCL

Record of Proceedings

Case was called out for virtual hearing

2. During the hearing, the representative of Petitioner submitted that the present petition has been filed for truing-up of tariff of Indira Sagar Hydroelectric Project (1000 MW) (in short 'the generating station') for the 2014-19 tariff period, in terms of Regulation 8 of the 2014 Tariff Regulations and for determination of the tariff of the generating station for the 2019-24 tariff period in terms of the 2019 Tariff Regulations. He also submitted that the Petitioner has filed the petition along with the tariff filing forms, in terms of the provisions of the Tariff Regulations and had served copies of the same on the respondents. The representative further submitted that the Petitioner has filed its rejoinder to the reply filed by the Respondent MPPMCL. Accordingly, the representative of Petitioner prayed that the tariff of the generating station may be determined as prayed for in the petition.

3. The representative of the Respondent MPPMCL submitted that the reply filed by the respondent may be taken into consideration, at the time of determination of tariff of the generating station, for both the periods as aforesaid.

4. 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 **24.5.2021**:



A. For the 2014-19 tariff period

(a) Justification for the variation between the amounts allowed in Commission's order dated 31.5.2016 in Petition No. 265/GT/2014 and the actual amounts capitalized in respect of the following assets/works;

(₹ in lakh)					
Sl. No.	Year of claim	Particulars	Present claim	Allowed in Commission's order dated 31.5.2016	Difference
1	2017-18	Fire Fighting system for central stores.	62.58	60	2.58
2	2017-18	Supply, Installation, Testing and Commissioning of Numerical Relay for Bus Protection	40.89	20	20.89
3	2017-19	Expenditure on R&R works	4482.43	4459.83	22.17
4	2018-19	Supply, Installation, Testing and Commissioning of 125 MVAR Shunt Reactor at Switchyard	1,462.30	1250	212.3

(b) Justification for the spillover, if any, of part capitalisation of asset/works allowed by the Commission, but capitalised in different years. Also, the methodology of expenditure, over the complete period of implementation in a phased manner, in respect of the following assets/works;

- (i) Expenditure on R&R works (allowed for 2015-16 in Commission's previous order);
- (ii) Upgradation of EDA System for bucket.

(c) Details along with justification, in case the asset has been decapitalised or kept in tandem with the new system or any other reason for which the asset/works has been claimed under Regulation 14(3)(viii);

(d) The value of the old de-capitalised asset if any, in respect of the claim for the 'Purchase of digital PLCC signal level meter' and 'Supply, Installation, Testing and Commissioning of 220 V, 600 AH & 48 V, 600 AH battery bank at 400 KV Switchyard of ISPS' in 2015-16 and 2018-19 respectively

(e) Unit-wise break-up details of the additional capital expenditure claimed, segregating the SSP, Irrigation Component and R&R subvention components;

(f) Clarification, for the inclusion of discharge of liabilities from the additional capital expenditure disallowed prior to the 2014-19 tariff period, as claimed in the petition;

(g) Reconciliation statement of the R&R cost incurred as per P&L accounts of the 2014-19 tariff period;

(h) Actual water consumption during each financial years 2016-17, 2017, 18 and 2018-19 along with the reduced design energy calculation, duly certified by



NCA;

- (i) Clarification for claiming asset/work 'Railway Diversion' in 2017-18 under 'already allowed items';
- (j) Calculation of 'Effective Tax Rate' with Tax Audit Report in support of the tax rate claimed;

B. For the 2019-24 tariff period

- (k) The prevailing MAT rate of 17.472 % (in Form 2) has been considered for grossing up base rate of RoE from the year 2019-20 onwards, whereas the effective tax rate in 2018-19 is 21.549%. Justification for the said difference along with the basis for considering the MAT rate of 17.472%;
- (l) Back computation for the Rate of "Base Rate of Return on Equity" of 16.5% on additional capitalization (in MS excel format);
- (m) In respect of the assets/works claimed under Regulation 25(2)(c) of the 2019 Tariff Regulations, a detailed note, describing as how the scheme will enhance efficiency and will be beneficial to the beneficiaries;
- (n) Management certificate for the liability flow statement submitted in Form 16;
- (o) In respect of assets/works claimed under Regulation 26(1)(d) of the 2019 Tariff Regulations, the approval/ recommendations of the Competent Authority;
- (p) In respect of assets/works claimed under Regulation 25(2)(a) of the 2019 Tariff Regulations, relevant document(s) indicating the useful life of de-capitalised assets, against which replacement has been claimed;
- (q) In respect of assets/works claimed under Regulation 25(2)(d) of the 2019 Tariff Regulations, clarification for replacement along with the de-capitalised value of the old asset, wherever applicable;
- (r) In respect of assets/works claimed under Regulation 26(1)(b) of the 2019 Tariff Regulations, the relevant documents in support of the change in law;
- (s) In respect of assets/works claimed under Regulation 25(2)(b) of the 2019 Tariff Regulations, the force Majeure conditions relied upon, along with supporting documents;
- (t) In respect of assets/works claimed on replacement basis, the de-capitalised value of the assets/works, wherever the same has not been provided in Form 9Bi, along with the value and useful life of the de-capitalised asset, wherever applicable;
- (u) In respect of assets/works claimed in a phased manner, in each financial year, a detailed note consisting of the implementation strategy in a phased manner, the total cost allocated and the expenditure claimed/to be claimed, since 2014 till 2024. Also, the detailed note shall indicate the year-wise capitalization of the



assets/works, with cost breakup for each sub-assets/works;

- (v) *In respect of total impact claimed over and above the normative O&M expenses, the basis or methodology for projection of 'Impact of gratuity-Increased ceiling in gratuity of CPSUs' & 'the Impact of Pay Revision - Enhancement in pay and allowances' over the tariff period 2019-24;*
- (w) *In respect of the following asset/works, proper justification as to how the expenses qualify under additional capital expenditure:*
- (i) Replacement of old and obsolete ABB make ETL 41 PLCC system installed at 400 KV switchyard with upgraded version of PLCC system having latest features;*
 - (ii) Retrofitting of old and obsolete 11 kV Vacuum Circuit Breakers with modern Circuit Breakers having enhanced protection and safety features;*
 - (iii) Replacement of Moisture measurement Equipment, Portable DGA;*
 - (iv) Additional capital expenditure claimed under replacement and retrofitting;*
- (x) *The estimated value of de-capitalization of the replaced assets for the above said assets/works, linked to the de-capitalized assets in respect of the claims approved in previous orders.*

5. The Respondents shall file their replies by **7.6.2021**, with advance copy to the Petitioner, who may file its rejoinder, if any, by **14.6.2021**. Pleadings shall be completed by the parties within the due dates mentioned above and no extension of time shall be granted. Subject to this, order in the Petition was reserved.

By order of the Commission

Sd/-
B. Sreekumar
Joint Chief (Law)

