

**CENTRAL ELECTRICITY REGULATORY COMMISSION
New Delhi**

Petition No. 145/GT/2020

Subject: Petition for revision of tariff for the 2014-19 tariff period after truing up exercise and determination of tariff for the 2019-24 tariff in respect of Chamera-I Hydroelectric Power Station (540 MW)

Date of Hearing: **17.3.2021**

Coram: Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri Pravas Kumar Singh, Member
Shri Prakash S. Mhaske, Member (ex-officio)

Petitioner: NHPC Limited

Respondents: Punjab State Power Corporation Limited and 12 others

Parties Present: Shri Sachin Datta, Senior Advocate, NHPC
Shri Rajiv Shankar Dvivedi, Advocate, NHPC
Shri M.G Gokhale, NHPC
Shri Piyush Kumar, NHPC
Shri R.B. Sharma, Advocate, BRPL
Ms. Megha Bajpeyi, BRPL
Shri Manish Garg, UPPCL

Record of Proceedings

Case was called out for virtual hearing.

2. At the outset, the learned Senior counsel for the Petitioner prayed that the Petitioner may be permitted to file certain additional documents in the matter, including its rejoinder to the replies of the Respondents. The learned counsel for the Respondent BRPL also prayed for grant of time to file its reply in the matter. The representative of the Respondent UPPCL submitted that reply has been filed and the matter may be heard.

3. The Commission accepted the request of the learned Senior counsel for the Petitioner and the learned counsel for the Respondent BRPL and accordingly adjourned the hearing.

4. The Petitioner is directed to submit the following additional information, with advance copy to the Respondents, on or before 30.4.2021:

(A) *In respect of the additional capital expenditure submitted in Form 9A for the 2014-19 tariff period under the head "Additions already allowed / allowed assets/works capitalised in later years", following information to be submitted:*

(i) *Justification for the increase in the actual capital expenditure incurred as compared to the capitalization allowed by Commission vide order dated 4.9.2015 in Petition No. 237/GT/2014 in respect of the following:*



(₹ in lakh)

S. No.	Works	Allowed by Commission	Actual amount
I.	Security and Surveillance System	70	109.67
II.	Replacement of Portable DGA Instrument	36	38.52
III.	Purchase of Hospital Equipment	2.45	18.57
IV.	Replacement of 1 MVA DG Set at SwitchYard and addition of 500 kVA DG set for DAM	160	166.26
V.	Addition of OFC Network and Wireless Connectivity of LAN at CPS-I	20	23.63
VI.	Equipment for compliance of OHSAS and environment policy requirement	27	38.67
VII.	Replacement of Elevator at PH and Dam	81	107.68
VIII.	Construction of executive field hostel/ transit camp	300	321.02
IX.	Purchase of High Mast Lighting	11	11.75
X.	Replacement of Distribution Transformers	15	31.65

(B) Justification for the shifting/delay in the capitalisation of the asset/work as planned/allowed in the year of capitalisation, wherever applicable;

(C) Relevant supporting documents in respect of the assets/works claimed under Regulation 14(3)(i) of 2014 Tariff Regulations;

(D) Justification for the claim under Regulation 14(3)(iii) & on account of provisions of R&R Scheme with supporting documents;

(E) In respect of the following assets/ works and wherever else applicable, the actual date of 'put-to-use' or the year in which the benefits were materialized to claim capitalisation to be submitted along with the total capital cost envisaged and the methodology of expenditure over the complete period of implementation in phased manner shall be submitted :

- (i) Security and Surveillance System
- (ii) Replacement of Portable DGA Instrument
- (iii) Addition of OFC Network and Wireless Connectivity of LAN at CPS-I
- (iv) Equipment for compliance of OHSAS and environment policy requirement
- (v) Purchase of Hospital Equipment
- (vi) Replacement of Hospital Equipment
- (vii) Replacement of Distribution Transformers
- (viii) Replacement of Dux Dumber with Heavy Duty Tipper
- (ix) Replacement of Wheel Loader with Backhoe Excavator - Loader Machine
- (x) Replacement of Wheel Dozer
- (xi) Replacement of Elevator at PH and Dam
- (xii) Replacement of 1 MVA DG Set at SwitchYard and addition of 500 kVA DG set for DAM
- (xiii) Replacement of 5 MVA Substation Transformer
- (xiv) Purchase, Erection, Testing and commissioning of 420 kV GIS Busbar extension Bay
- (xv) Purchase Erection, Testing and Commissioning of Three nos. of 42 MVAR Single Phase Bus Reactor
- (xvi) Civil Works for the installation of Bus Reactor
- (xvii) XY Coordinator (Auto pendulum read out unit)
- (xviii) Construction of executive field hostel/ transit camp

Also, to justify and map any spillover of the part of capitalisation of the above asset/works as allowed by the Commission, but has been capitalised in different year. Further with regards to item no. (xvii) & (xiv) Report of Dam Safety Review Panel or



proper documents towards recommendation of safety & Recommendation of RPC/RLDC shall be submitted respectively;

- (F) In respect of the additional capital expenditure claimed additionally as per actual site requirements for the 2014-19 tariff period, the following information to be submitted:
- (G) To confirm that the additional capital expenditure schemes viz., 10 kVA online UPS in 2016-17 and 2017-18 and Submersible Pump 50 HP in 2016-17 and 27 HP and 50 HP Submersible Pump in 2018-19 claimed in multiple years with similar justifications, are the same schemes phased out in multiple years. If not, to provide proper justification for the same; In respect of the assets/works claimed under Regulation 14(3)(viii) of the 2014 Tariff Regulations, the details of the earlier system along with clarification as to whether the assets have been decapitalised or kept in tandem with the new system or for any other reason. Further, with regard to, assets/works claimed as 'system upgrade', proper justification to be submitted as how the capitalization will enhance the efficiency of the system and how it is beneficial to the beneficiaries;
- (H) The capacity (kW), the units generated and the date of commissioning of Solar PV Grid in 2017-18 along with details, if any, of the grant/ subsidy received from MNRE for funding the scheme. Clarify as to how it will benefit the generating station & beneficiaries.
- (I) In respect of the capital spare 'Digital Excitation system' claimed in Form-9A at sl no. 10 in 2018-19 under the head of 410714, it is noticed de-capitalization of the same asset in Form-9B(i) in the year 2018-19 at sl.no. 3 has been indicated under the head of 410701. Clarification for the same along with detailed list of accounting heads before and after implementation of change in accounting policy i.e IND-AS;
- (J) In respect of the additional capital expenditure claimed during the 2014-19 tariff period, the following information to be furnished:
- (a) Clarification as to whether the capital spares claimed for the period 2014-17 form part of capital base claimed for purpose of tariff and certificate to the effect that the expenses claimed towards capital spares do not form part of the Repair & Maintenance;
 - (b) Explanation for the variation/ reconciliation with regard to the additional capital expenditure claimed vide Form 1(i) with the same as shown in Form 9C;
 - (c) Audited statement of reconciliation between un-discharged liability as per Form 16 and as per books;
 - (d) Confirmation that discharges of liabilities claimed do not include any discharges against the disallowed expenditure made in the previous years (i.e. prior to year 2014-15);
 - (e) In respect of the additional capital expenditure claimed under Regulation 14(3)(viii) of the 2014 Tariff Regulations, a confirmation as to whether any recovery has been made from Insurance proceeds. If yes, the details of Insurance proceeds and if no, to justify with reasons;
- (K) As regards de-capitalisation submitted in Form 9Bi under 'assumed deletion', for the 2014-19 tariff period, following information to be submitted:
- (a) Whether the asset/work has been decapitalised, wherever applicable, due to exhausted life, Efficiency improvement or for any other reason, along with the reason as how the scheme will enhance the efficiency & is beneficial for the beneficiaries;
 - (b) The methodology of calculating 'Assumed Deletions value of the old replaced assets;
 - (c) Linkages to the asset/ work from earlier petitions;
 - (d) As regards item nos. (4 & 5) and (4, 6 & 7) claimed during the years 2016-17 & 2018-19 respectively, proper justification for the arrangements made, with respect to absence of assets/works, for the period between the actual deletion/exclusion and the capitalization of new asset;



- (e) Justify the reason for claiming same decapitalization value of assets in the actual deletion as 'exclusion year' and the year of 'assumed deletion'.
- (f) Assumed deletions/ de-capitalization value in case of "Replacement of 1 MVA DG Set at Switchyard and addition of 500 kVA DG set for DAM" in Form 9A, to be submitted, though the old equipment is in working condition;
- (g) The assumed deletion value of works submitted in Form 9A shall be correctly linked to Form 9B(i), wherever applicable.
- (h) Justification for reducing the claim of assumed deletion as compared to the value of deletion for works allowed, wherever applicable. Following are some of the works highlighted:

(₹ in lakh)

S. No.	Works	De-capitalization value allowed by Commission	Assumed deletion	Difference
I.	Replacement of 40 MT Hydraulic Crane	46.54	2.33	44.21
II.	Replacement of Elevator at PH and Dam	27.5	23.42	4.08
III.	Replacement of Dux Dumber with Heavy Duty Tipper	32.16	1.61	30.55
IV.	Replacement of Distribution Transformers	3.18	1.91	127
V.	Replacement of Wheel Dozer	3.98	0.20	3.78
VI.	Replacement of Wheel Loader with Backhoe Excavator - Loader Machine	39.67	1.98	37.69

- (L) In respect of the de-capitalization, wherever actual deletion has been claimed as exclusion during the 2014-19 tariff period, the following information to be submitted:
- (a) Link the exclusion from earlier petitions;
- (b) Clarification as to whether the asset/work has been decapitalised due to exhausted life or for efficiency improvement or for any other reason, wherever applicable.
- (c) With regard to inter-unit transfers, link the asset/ work from earlier petitions and submit the details of assets along with the unit or plant or place, to which the assets have been transferred;
- (d) As regards asset/work no. (9) claimed in 2016-17, the same is linked with asset/work at sl no.4 (year 2016-17) in assumed deletion, and do not correspond with the concerned asset/work. This may be rectified.
- (e) As regards assets/works no. (10, 13 & 14) , (9,10 & 11) , (13 & 14) claimed during the years 2014-15, 2016-17 & 2018-19 respectively, the justification reason for claiming the same decapitalization value of the asset in 'actual deletion as exclusion year' and 'assumed deletion year'.
- (f) Proper documents with regard to item no (17) claimed in 2017-18 ;
- (M) For the following schemes for which additional capital expenditure is claimed during the 2014-19 tariff period, the de-capitalization under Form 9B(i) is either not provided or is wrongly linked same shall be rectified ;
- (a) Upgradation of Ventilation System including Installation Charges
- (b) HP Compressor with accessories
- (c) 10 kVA Online UPS
- (d) 27 HP and 50 HP Submersible Pump



(e) *Submersible Pump 10 HP and 30 HP*

These may be rectified with proper linkage of the de-capitalization claimed in Form 9B(i) or the de-capitalization value for the above schemes, to be provided, wherever applicable;

(N) *Additional information for claim of depreciation for the 2014-19 tariff period to be submitted for the following:*

(a) *Reconciliation for the difference in the remaining depreciable value and depreciation as approved in Commission's order dated 4.9.2015 in Petition No. 237/GT/2014 for the year 2014-15 and as submitted in Form 12 for year 2014-15 as below:*

Particulars	(₹ in lakh)	
	As approved in Commission's order	Form 12
<i>Balance useful life</i>	15.08	15.08
<i>Remaining depreciable value</i>	62892.49	63689.97
Depreciation	4170.59	4222.52

(b) *The reasons for the difference between the cumulative depreciation amounting ₹139106.67 lakh recovered till 31.3.2014 as submitted in the Petition and the amount of ₹118285.75 lakh considered in Form 12;*

(c) *Detailed workings for the computation of total gain on account of reduced actual auxiliary energy consumption during 2014-19 period in Ms Excel;*

(d) *Computation of the effective tax rate for year 2018-19 duly certified by Auditor;*

(O) *As regards Return on Equity for 2019-24 period, the following information to be submitted:*

(a) *Justification for the difference between the effective tax rate of 22.157% considered in 2018-19 and MAT rate of 17.472% considered in 2019-20, along with the basis for considering the MAT rate;*

(b) *Back computation for the rate of "Base Rate of Return on Equity on Additional Capitalization" of 7.92% in MS Excel format;*

(P) *As regards the projected additional capital expenditure claimed for the 2019-24 tariff period, the following information to be submitted:*

(a) *In respect of the assets/works claimed under Regulation 25(2)(c) of the 2019 Tariff Regulations, a detailed note describing the difference in technology, recommendations along with the reason as how the scheme will enhance the efficiency & is beneficial for the beneficiaries., if any.*

(b) *Management certificate for liability flow statement as submitted in Form 16.*

(c) *Admitted cost in Form 9A, wherever the Commission has admitted the capital cost earlier. Also, justify the deviation in the projected cost from the admitted cost (if any). Also, provide reasons for shifting/delay in capitalisation of the asset/work as per planned/allowed year of capitalisation, wherever applicable.*

(d) *Detailed plan clearly indicating the items procured/ work undertaken during the 2014-19 tariff period and proposed during 2019-24 tariff period towards the "Security and Surveillance" scheme.*

(e) *In respect of assets/works claimed under Regulation 26(1)(d) of the 2019 Tariff Regulations, the approval/ recommendations of the competent authority.*

(f) *In respect of assets/works claimed under Regulation 25(2)(a) of the 2019 Tariff Regulations, relevant document(s) depicting the useful life of decapitalised assets against which the replacement has been claimed;*



- (g) *In respect of assets/works claimed under Regulation 26(1)(b) of the 2019 Tariff Regulations, relevant documents in support of change in law.*
- (h) *In respect of assets/works claimed under Regulation 25(2)(b) of the 2019 Tariff Regulations, the force Majeure condition relied upon along with supporting documents in support of change in law.*
- (i) *In respect of assets/works claimed on replacement basis, the de-capitalised value of 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.*
- (j) *With regard to item nos. (17 & 18) claimed in 2021-22, the statutory document/ approval/ order /recommendation base on which the 'upgradation' was envisaged;*
- (k) *In respect of assets/works claimed in a phased manner in each financial year, a detailed note consisting of the implementation strategy in 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 assets/works with cost breakup for each sub-asset/work;*
- (l) *In respect of the following asset/works, proper justification as to how the expenses qualify under additional capital expenditure:*
- a. Replacement of Air admission valve*
 - b. Replacement of bypass valve*
 - c. Replacement of shaft sealing arrangement*
 - d. Replacement of spiral case valve*
 - e. Modernisation/ up-gradation/ renovation of Gantry crane, etc*

Also, the estimate value of de-capitalisation of replaced assets for the above asset/work to be submitted.

- (n) *As regards Annexure I to Form 17 for the 2019-24 tariff period, proper documents towards the 3rd Pay Commission wage revision, the claim of GST, the pay revision of KV staff and security expenses along with detailed working of escalation rate of 4.77% in MS Excel format;*

5. The Respondents shall file their replies on or before 14.5.2021, with advance copy to the Petitioner, who shall file its rejoinder if any, by 21.5.2021. The parties shall ensure the completion of pleadings within the due dates mentioned and no extension of time shall be granted.

6. 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)
Joint Chief (Law)**

