Petition No.30/GT/2020

Subject : Petition for approval of tariff of Nathpa Jhakri Hydro Power Station (1500 MW) for the period from 1.4.2019 to 31.3.2024.

Petitioner : SJVN Limited

Respondent : Punjab State Power Corporation Limited & 14 others

Date of hearing : 13.8.2020

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

Parties present : Shri Aman Katoch, SJVN
                 Shri Sanjay Kumar, SJVN
                 Shri Manish Garg, UPPCL
                 Shri Vikram Singh, UPPCL
                 Shri R.B. Sharma, Advocate, BRPL
                 Shri Megha Bajpeyi, BRPL
                 Ms. Ranjana Roy Gawai, Advocate, TPDDL
                 Ms. Prachi Golechha, Advocate, TPDDL

Record of Proceedings

The matter was taken up for hearing through video conferencing.

2. During the hearing, the representative of the Petitioner submitted that the present petition has been filed for approval of tariff of Nathpa Jhakri Hydro Power Station (1500 MW) (in short ‘the generating station’) for the 2019-24 tariff period in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as ‘the 2019 Tariff Regulations’). He also submitted that the tariff filing forms have been furnished in accordance with the provisions of the 2014 Tariff Regulations and copies have been served on the Respondents. The representative further submitted that it has claimed enhancement of the O&M expenses on account of wage revision to the employees of the Petitioner Company, of the employees of HPSEB on deputation with effect from 1.1.2017, of the Central Security Forces and of DPS school staff with effect from 1.1.2016. He also submitted that it has also prayed for allowing the Design Energy (DE) of 6612 MU and NAPAF of 90% for the generating station for the 2019-24 tariff period. The representative added that it has filed its rejoinder to the replies filed by the Respondents UPPCL and MPPMCL.
3. The representative of the Respondent UPPCL referred to the reply and made the following submissions:

   a) The additional capital expenditure for Rs.641.49 lakh claimed for the 2019-24 tariff period under Regulation 26(1) (other) of the 2019 Tariff Regulations for efficient and successful operation of the generating station is not admissible;

   b) The additional capital expenditure for Rs. 407 lakh claimed under Regulation 26(1)(d) of the 2019 Tariff Regulations do not satisfy the criteria namely (i) the expenditure should be made to enhance security and safety of the Plant and (ii) the need for such expenditure has arisen from advice/ direction of authority responsible for national or internal security. Accordingly, the said amount claimed for higher safety and security of the generating station may be disallowed;

   c) The claim for additional capitalization is beyond the original scope and not due to Change in law. Therefore, the rate of Return on Equity of 5.866% (which is last available weighted average rate of interest on actual loan portfolio as per Form 13) may only be allowed;

   d) In respect of the claims for Security expenses and Capital spares under Regulation 35(2)(d) of the 2019 Tariff Regulations and Corporate Office expenses (in addition to the O&M expenses) under Regulation 35(1)(6) of the 2019 Tariff Regulations, the Petitioner may be directed to furnish detailed information for prudence check, failing which the same may be disallowed;

4. The learned counsel for the Respondents, TPDDL and BYPL prayed for grant of time to file their replies in the matter.

5. The Commission directed the Petitioner to submit the following additional information, with advance copy to the Respondents, on or before **10.9.2020**:

   a) Additional capital expenditure claimed for the period 2019-24 in the format specified in the 2019 Tariff Regulations i.e. Form9A for projected additions during the period and Form 9Bi for projected deletions during the period, along with the soft copy (MS Excel) of the annexure referred in the said forms;

   b) Certificate to the effect that the additional capital expenditure claimed under Regulation 25 of the 2019 Tariff Regulations is within the original scope of work of the project. Further, provide details of the capital expenditure incurred within the original scope of work/approved RCE as on 31.3.2019 and the balance expenditure available under the original scope of work/approved RCE for the period 2019-24;

   c) Reasons for spillover of the allowed expenditure from the year 2018-19 to 2019-21 tariff period;

   d) Details as to how the expenditure claimed on assets/ works which have become necessary for efficient and successful operation of plant will lead to the increase in the efficiency of the plant and how the beneficiaries will be benefitted by such expenditure;
e) The break-up of the additional capitalization claims which are ‘within the original scope of work’, beyond the original scope of work’ and due to ‘change in law’;

f) Clarification as to whether the additional capitalization claimed includes IDC. If so, the details.

6. The Commission directed the Respondents to file their reply on or before 24.9.2020, with advance copy to the Petitioner, who shall file its rejoinder, if any, by 1.10.2020. The Commission further directed that the due date for filing the additional information and reply/rejoinder should be strictly complied with and no extension of time shall be granted.

7. 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)