CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI

Petition No.31/GT/2020


Petitioner : SJVN Limited

Respondent : Punjab State Power Corporation Limited (PSPCL) & others

Date of hearing : 2.6.2020

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

Parties present : Shri Romesh Kapoor, SJVNL  
Shri Rajeev Aggarwal, SJVNL  
Shri Sanjay Kumar, SJVNL  
Shri Manish Garg, UPPCL  
Shri Vikram Singh, UPPCL  
Shri R.B. Sharma, Advocate, BRPL  
Shri Mohit Mudgal, Advocate, BYPL

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 revision of tariff of Nathpa Jhakri Hydro Power Station (6 x 250 MW) (hereinafter referred to as ‘the generating station’) for the period 2014-19, based on truing-up exercise in terms of Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (‘the 2014 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. Accordingly, the representative submitted that the tariff of the generating station may be determined as claimed in the petition.

3. The representative of the Respondent UPPCL referred to the reply and made the following submissions:

   a) There is variation in the additional capital expenditure claimed by the Petitioner as against that allowed vide Commission’s order dated 19.7.2019,
which may be considered. Thus, in line with the second and third proviso to Regulation 7(8) of the 2014 Tariff Regulations, appropriate adjustment may be made to the bank rate to compute the interest rate on differential tariff.

b) The Petitioner may be directed to furnish the regulation under which the capital spares (in addition to O&M expenses) have been claimed;

c) The claim of the Petitioner for additional corporate office expenses under O&M expenses may be disallowed as the same has been considered while specifying the norms under the 2014 Tariff Regulations.

4. In response to the above, the representative of the Petitioner stated that clarification on the above issues raised by the Respondent UPPCL have been furnished by the Petitioner vide its rejoinder dated 19.2.2020 and the same may be considered at the time of revision of tariff of the generating station.

5. The learned counsel for the Respondent BRPL took preliminary objection to the petition filed by the Petitioner and submitted that the tariff petition has not been filed in terms of Regulation 8(1) of the 2014 Tariff Regulations, which provides for truing-up of tariff for 2014-19 along with determination of tariff for the next tariff period (i.e 2019-24). He accordingly submitted that in terms of Regulation 7(6) of the 2014 Tariff Regulations, the tariff petition may be returned to the Petitioner with directions to re-submit the same after complying with the provisions of the 2014 Tariff Regulations and the 2019 Tariff Regulations. The learned counsel further submitted that the Petitioner has not furnished any details relating to the deferred tax liabilities for the period 2004-09, which are reimbursable to the beneficiaries. Accordingly, the learned counsel submitted that the Petitioner may be directed to file a complete petition and serve copy of the same to enable this Respondent to make submissions on merits.

6. In response, the representative of the Petitioner clarified that the present petition has been filed along with the petition for determination of tariff of the generating station for the period 2019-24 (Petition No.30/GT/2020) on 15.10.2019 and the same is in accordance with Regulation 8(1) of the 2014 Tariff Regulations. He also submitted that all relevant documents including Tax audit report and Cost audit report has been filed along with the petition and accordingly prayed that the submissions of the Respondent BRPL may be rejected.

7. The representative of the Respondent BYPL adopted the submissions of the Respondent BRPL. He however prayed for grant of time to file its reply in the matter.

8. The Commission after hearing the parties observed that since tariff of the generating station for the periods 2014-19 and 2019-24 are to be determined on prudence check, any additional information, if required, would be sought from the Petitioner, in terms of the regulations. Accordingly, the Commission directed the Respondents BRPL & BYPL to furnish their replies on merits.
9. The Commission directed the Petitioner to submit the following additional information, with advance copy to the Respondents, on or before 24.6.2020:

a) Reconciliation of additional capital expenditure claimed during 2014-19 with books of accounts as per the Tariff ‘Form C’ along with soft copy (excel) of the annexures referred in Form 9A;


c) De-capitalisation under exclusion during 2014-18 has been claimed as against the de-capitalisation considered in Commission’s order dated 19.7.2019 in Petition No. 314/GT/2018 for the said year. Hence, proper linkage of the assets claimed under exclusion with that of the assets for which capitalisation was not allowed by the Commission;

d) As regards the additional capital expenditure claimed under Regulation 14(3)(i) during 2018-19, additional information to be submitted as detailed below;

<table>
<thead>
<tr>
<th>Name of the Assets</th>
<th>Additions in Gross Block (Rs. in lakh)</th>
<th>Justification submitted by the petitioner</th>
<th>Information required</th>
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<tbody>
<tr>
<td></td>
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<td>Complete detail of the claim with proper justification and support documents, if any.</td>
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<td></td>
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<td>Year of capitalisation of the compensation amount refunded during 2018-19 along with copy/extract of the order referred to</td>
</tr>
<tr>
<td>Bhaba Tail Race Diversion Tunnel</td>
<td>(11.68)</td>
<td>De-capitalisation on account of revision of tariff for 2004-09</td>
<td>Proper explanation and the year during which the asset/works was capitalized.</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>(58.68)</td>
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<td></td>
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</tbody>
</table>

e) Details of expenditure claimed for working out the O&M expenses under the head “Other Expenses” in Annexure-VII of the tariff form;

f) Complete details of the capital spares booked under O&M expenses clearly indicating the year of purchase/capitalization, the year during which it was claimed and got rejected for the purpose of capitalization by linking it to the page no of the of the earlier petition and date of order of the Commission along with the gross value of the replaced spares;
g) Complete details of corporate expenses and the methodology adopted for allocation of corporate office expenses on all the projects explicitly indicating the quantum of allocation to all the projects under the petitioner’s company.

h) Year-wise details of the un-discharged liabilities along with the discharges thereof, segregating the liabilities within the original scope of work, beyond the original scope of work and due to change in law;

i) Station Balance sheet for 2014-19, along with reconciliation of liabilities claimed with the liabilities in the balance sheet, duly certified by the auditor, in terms of the Commission’s order dated 19.7.2019 in Petition No. 314/GT/2018;

j) Ministry of Power, GOI sanction letter dated 14.8.2007 (Enclosure in RCE-IV);

k) The details for Rs.387.57 crore on account of part settlement of contingent liabilities over the last approved cost;

l) The details for Rs.352.32 crore on account of pending claims/contingent liabilities;

m) Reconciliation of contingent liabilities position as per Balance Sheet and settled amount of Rs.387.57 crore and pending settlement of Rs.352.32 crore, duly certified by Auditor;

n) Reasons for the change in the cost of freehold land, as submitted in Petition No. 314/GT/2018, to the submission made in this petition. In addition, the reconciliation statement of freehold land as per balance sheet and as claimed during 2014-19 duly certified by auditor to be submitted;

o) There is revision in the claim for de-capitalisation for 2014-19 in this petition, as against the de-capitalisation claimed and allowed in Petition No. 314/GT/2018. Since the additional capitalisation claimed in Petition No. 314/GT/2018 was based on actuals for 2014-18 with projected additional capitalisation for 2018-19, detailed justification for the variation in the claim for de-capitalisation for 2014-18 shall be submitted along with a reconciliation statement duly certified by the auditor;

10. As directed at paragraph 8 above, the Respondents shall file their replies or before 9.7.2020 with advance copy to the Petitioner, who shall file its rejoinder if any, by 16.7.2020. The parties shall ensure the completion of pleadings within the due date mentioned and no extension of time shall be granted.

11. Matter shall be listed for hearing during the last week of July, 2020.

By order of the Commission

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