



Petition No 881 of 2013 & 952 of 2014

BEFORE

THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Date of Order : 14.07.2015

PRESENT:

1. Hon'ble Sri Desh Deepak Verma, Chairman
2. Hon'ble Smt. Meenakshi Singh, Member
3. Hon'ble Sri Indu Bhushan Pandey, Member

IN THE MATTER OF: Application under regulation 156 read with regulation 32 & 33 of UPERC (Conduct of Business) Regulation, 2004 for approval of additional term loans and revised means of finance in respect of 330 MW Srinagar HEPP

And

Approval of provisional tariff for power to be generated at Shrinagar Hydro Electric Project (4 x 82.5 MW) under the Power Purchase Agreement dated 28.6.2006.

AND

IN THE MATTER OF

Alaknanda Hydro Power Company Limited
Paigah House, 156-169, S.P. Road,
Secunderabad – 500003 Andhra Pradesh

-----Petitioner

AND

UP Power Corporation Limited
14- Ashok Marg, Shakti Bhawan,
Lucknow – 226001

Government of UP
(through Principal Secretary, Energy)
Bapu Bhawan,
Lucknow

-----Respondent

The following were present:

Shri Rajiv Srivastava, Advocate, UPPCL
Sri S. K. Sinha SE (PPA) UPPCL
Shri V.P. Srivastava, CE (PPA), UPPCL



Sri P. V. Prasana Reddy, CEO, AHPCL
Shri K. Venugopal, CFO, AHPCL
Sri D. Niranjan Reddy, Vice President, AHPCL
Shri T.V. Bhaskar, Head Legal, AHPCL
Sri Santosh Reddy, Project Co-ordinator
Sri Srinivas Sisila, V.P., AHPCL
Sri Gopal Sharma, AHPCL
Sri Ashish Sinha, E.E. (PPA), UPPCL

Order

(Date of Hearing 30.06. 2015)

1. In Public Hearing dated 16.12.14, vide order dated 19.1.2015, the Commission observed as follows:

“The Commission specifically enquired whether price at which electricity would be supplied to UPPCL from this project is viable? Whether diligent examination of costs has been done by UPPCL? Further, whether the costs of exit from the existing PPA and its consequences have been calculated?”

In view of above, the Commission directed UPPCL to go for detailed examination, based on analysis of costs and benefits in consultation with GoUP and then file their detailed reply with specific recommendations. The reply must also contain consent or dissent on the capital cost submitted by the Expert Committee made by the Commission on their request. If there is any disagreement then they should give their specific recommendation as to what extent the capital cost is, in their view, admissible or inadmissible.

The GoUP is also required to file its stand on above mentioned CEA letter and on the report of Expert Committee formed by the Commission on their request. AHPCL is directed to file reply on the submissions made by Sri Jhunjunwala and on the comments made by UPPCL as above. GoUP, being a party in MoU and UPPCL, being a party in PPA both need to submit the agreed capital cost after proper examination of report submitted by the Committee and after getting all the clearances from the concerned authorities.”

2. Vide order dated 5.6.15, the Commission further observed as follows:

“UPPCL was directed to file their reply as per the directions of the Commission vide order dated 19.01.2015 positively before 30.06.2015. The reply should also cover the response on additional submission of AHPCL dated 23.04.2015 and specific replies on capital cost / provisional tariff.



They should also comment as to whether any part of time overrun is attributable to developer?

AHPCL was directed to file detailed reply on the year wise cost increase due to geological changes and/or surprises and due to court cases. AHPCL was further directed to submit the details of year wise increase in IDC due to controllable / uncontrollable factors.”

3. Sri Jhunjhunwala has submitted a rejoinder application 4.6.2015.
4. UPPCL has filed a reply on 29.6.2015 wherein it has replied to the queries raised in the orders dated 19.1.2015 and 5.6.2015. AHPCL has also submitted its replies on the Commission's order dated 5.6.2015.
5. UPPCL informed that they have started provisionally paying AHPCL at the rate of Rs. 4.00 per kwh for the supplied electricity though the logic of arriving at this decision could not be explained by them. UPPCL also submitted that they are exploring the options of reasonable tariff under the existing provisions and for the purpose working on a rationalization plan through which impact of higher capital cost of this plant could be minimized on end consumer. However, in their written submission dated 29.6.2015, they have propounded that for the purpose of provisional tariff they are agreeable to the capital cost as submitted by the Expert Committee i.e. Rs. 4218.80 Cr. minus sale proceed of scrap of the capital equipment. Based on this, UPPCL has agreed to 75% of the annual fixed charges claimed by the petitioner, considering the agreed capital cost as roughly 82% of the capital cost as claimed by the petitioner in the petition. The petitioner has claimed the capital cost of Rs. 5088.77 Cr. as on 31.3.2015. The view of UPPCL is at variance from its earlier submission dated 15.12.2014 wherein it has agreed to 60% of the annual fixed charge calculated on the basis of Rs. 4192 Cr. AHPCL also requested that the provisional tariff may be determined by the Commission on the basis of capital cost submitted by the Expert Committee.
6. The Commission directed UPPCL to come up with specific and categorical view on capital cost and tariff and also tariff rationalization plan as discussed in para 5



above. The reply should also contain their comments on increase in cost due to geological changes and surprises separately and interest during construction.

7. The next date of hearing shall be 4th August, 2015 at 11:30 Hrs.

(Indu Bhushan Pandey)
Member

(Meenakshi Singh)
Member

(Desh Deepak Verma)
Chairman

Place: Lucknow
Dated: 14.07.2015