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**BEFORE THE HON'BLE UTTARAKHAND ELECTRICITY REGULATORY
COMMISSION**

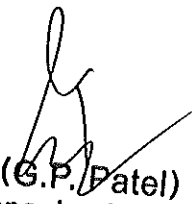
FILING NO. _____

CASE NO. _____

In the matter of: Filing of petition for reply of the Hon'ble UERC's letter no. UERC/6/TF/239/2014-15/1712 dated 10/12/2014, UERC/6/TF/239/2014-15/1861 dated 12/01/2015 & UERC/6/TF/239/2014-15/1913 dated 20/01/2015 pertaining to filing of petition for true up of FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16 for 10 LHPs of UJVN Ltd. under Section 62 and 86 of the Electricity Act, 2003 read with the relevant regulations and guidelines of the Commission

AND

In the matter of: UJVN Ltd., a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at UJJWAL, Maharani Bagh, GMS Road, Dehra Dun –
Petitioner.


(G.P. Patel)
Managing Director
UJVN Limited

A) Specific Legal Provisions under which the Petition is being filed

1. Section 16 of the Uttarakhand Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 and in accordance with the Hon'ble Commission letter no. UERC/6/TF-239/14-15/2014/1712 dated 10/12/2014 & UERC/6/TF/239/2014-15/1861 dated 12/01/2015 pertaining to filing of petition for true up of FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16 for 10 LHPs of UJVN Ltd.

B) Limitation

2. This petition is not barred by Limitation.

C) Facts of the Matter

3. THAT the Petitioner submitted Petitions on dated 28.11.2014 before the Hon'ble Commission for true up of tariff for the financial year 2013-14 and Annual Performance Review of FY 2014-15 and Tariff Petition for FY 2015-16.
4. THAT the Hon'ble Commission vide letter no. UERC/6/TF-239/14-15/2014/1712 dated 10/12/2014 & UERC/6/TF-239/14-15/2014/1721 dated 11/12/2014 informed certain information gaps/ deficiencies in the Tariff Petitions of UJVN Ltd. The reply petition to the said deficiencies was submitted to Hon'ble Commission on dated 19.12.2014.
5. THAT the Hon'ble Commission vide letter no. UERC/6/TF/239/2014-15/1861 dated 12/01/2015 informed certain information gaps/ deficiencies in the Tariff Petitions of the Petitioner. Further, the Technical Validation Session was held on 16.01.2015 at the commissions office and the Hon'ble commission has asked further information vide. Letter no UERC/6/TF/239/2014-15/1913 dated 20/01/2015. The point wise reply of the Petitioner against the information gaps/deficiencies informed by Hon'ble Commission vide letter dated 12/01/2015 and 20/01/2015 along with balance replies of letter dated 10/12/2014 are submitted as follows:

Reply Pertaining to letter no. UERC/6/TF-239/14-15/2014/1712 dated 10/12/2014

Nine Large Hydro Projects

D. O&M Expenses

2. *UJVN Ltd. should submit details of the generation linked incentives, performance related incentives paid to its employees for FY 2013-14.*

➤ It is respectfully submitted that the details of the generation linked incentives, performance related incentives paid to its employees for FY 2013-14 are enclosed at **Annexure-I**.

3. *UJVN Ltd. should submit the receipt of insurance premiums paid in FY 2013-14.*

➤ It is respectfully submitted that the copy of the receipt of insurance premiums paid in FY 2013-14 are enclosed at **Annexure-II**.

4. *UJVN Ltd. should submit the actual number of employees recruited in FY 2014-15 till November 2014 and projected to be recruited in December 2014 to April 2015 and in FY 2015-16.*

➤ It is respectfully submitted that the details of actual and projected recruitment and retirements for FY 2013-14, FY 2014-15 and FY 20 15-16 are enclosed at **Annexure-III**.

Reply Pertaining to letter no. UERC/6/TF/239/2014-15/1861 dated 12/01/2015

Nine Large Hydro Projects

A. Additional Capitalisation

1. *UJVNL should provide the actual funding with regard to the actual additional capitalisation for FY 2013-14.*

➤ It is respectfully submitted that the actual funding with regard to the actual additional capitalisation for 9 LHPs for FY 2013-14 is from internal resources of UJVN Ltd.

2. *For all the 10 LHPs including MB-II, the total additional capitalization for FY 2013-14 is Rs 82.31 Cr. as per the excel format "Add_Cap" submitted by UJVNL along with the Petition. Whereas, as per the Audited Accounts (Note 10A) for FY 2013-14, total additions is Rs 64.11 Cr. UJVNL should submit the reasons for variation in the additional capitalisation.*

➤ It is respectfully submitted that the details and reason for variation in the additional capitalization are enclosed at **Annexure-IV**.

3. *UJVNL Ltd. in its audited accounts has mentioned adjustments/write off of Rs 18.00 Cr for FY 2013-14. In this regard, UJVNL should provide the detailed station wise breakup for this adjustment amount.*

➤ It is respectfully submitted that the station wise break up for adjustments/write off of Rs 18.00 Cr for FY 2013-14 are enclosed at **Annexure-V**.

B. O&M

1. *In Annex 7(ii) of Chilla LHP, UJVNL has provided the details of R&M expenses for FY 2013-14. In the hydraulic works, UJVNL has shown expenses of Rs 3.16 Cr under hydraulic work Virbhadra Barrage Rishikesh. In this regard, UJVNL should provide the detailed breakup.*

➤ It is respectfully submitted that the details of R&M expenses of Rs. 3.16 Cr under hydraulic works Virbhadra Barrage Rishikesh have already been submitted by the Petitioner in its reply petition dated 19.12.2014 at page no. 168 to 174. However, copy of such details is enclosed at **Annexure-VI** for ready reference.

2. *For all the 10 LHPs including MB-II, the R&M expenses as submitted by the Petitioner is Rs 77.95 Cr, whereas, it is Rs 76.08 Cr as per audited accounts (Note 22) for FY 2013-14. In this regard, UJVNL should provide the detailed justification.*

➤ It is respectfully submitted that the details of R&M expenses including General Expenses as per Note 22 are given hereunder: -

A. General Expenses (Consumption of stores & spare parts)-	Rs. 246.79 Lac
B. Repairs & Maintenance	
-Building	Rs. 1376.77 Lac
-Machinery	Rs. 5913.13 Lac
-Others	Rs. 258.23 Lac
Total	Rs. 7794.92 Lac
	(Say Rs. 77.95 Cr)

It is therefore, humbly submitted that the R&M expenses submitted by the Petitioner include General Expenses amounting to Rs. 77.95 Cr and equals the details provided at note 22.

3. For all the 10 LHPs including MB-II, there is a variation in O&M expenses from Rs 9.17 Lakh/MW to Rs 40.69 Lakh/MW as given in the table below:

S. No.	Particulars	Chilla	Tiloth	Kalagali	Lohiyahad	Chibro	Khodri	Dhakrani	Dhalipur	Kulhal	MB-II
	Capacity (MW)	144	90	198	41.4	240	120	33.75	51	30	304
a)	Repair and Maintenance										
	In Rs Crore	9.85	8.89	1.38	1.71	10.00	3.86	5.78	3.52	2.74	30.21
	In Rs Lakh/MW	6.84	9.87	0.70	4.13	4.17	3.21	17.13	6.91	9.14	9.94
b)	Administrative Expenses										
	In Rs Crore	3.22	2.51	1.90	1.05	2.80	1.33	1.05	1.39	0.89	6.38
	In Rs Lakh/MW	2.24	2.79	0.96	2.55	1.17	1.11	3.12	2.73	2.98	2.10
c)	Employee Cost										
	In Rs Crore	23.98	17.68	14.87	9.84	23.64	12.98	6.90	9.29	5.89	14.93
	In Rs Lakh/MW	16.65	19.64	7.51	23.78	9.85	10.82	20.44	18.22	19.64	4.91
	Total O&M Expense										
	In Rs Crore	37.05	29.08	18.15	12.61	36.45	18.17	13.73	14.21	9.53	51.53
	In Rs Lakh/MW	25.73	32.31	9.17	30.45	15.19	15.14	40.69	27.86	31.77	16.95

In this regard, UJVNL should provide the detailed justification for such variation on station to station basis.

- It is respectfully submitted that the issue has been discussed in the TVS held on dated 16.01.2015 and desired information as agreed during TVS with respect to point no 14 of UERC letter dated 20.01.2015 shall be submitted shortly.

4. *For allocation of common expenses for O&M, additional capitalization and Non-Tariff Income, there is variation in the basis of allocation as given in the table below:*

Common Expenses	Allocation done in O&M	Allocation done for Additional Capitalization and Non-Tariff Income
DGM Civil Dhalipur	For Chilla, Kalagarh, Lohiyahead, Chibro, Khodri, Dhakrani, Dhalipur & Kullal LHPs and Pathri Hardwar SHP, allocation is done on the basis of work executed in these stations.	For Chilla, Kalagarh, Lohiyahead, Chibro, Khodri, Dhakrani, Dhalipur & Kullal LHPs and Pathri Hardwar SHP, allocation is done on the basis of their installed capacity.
PCM (GV) Head Office/CSPPO	For Chilla, Kalagarh, Lohiyahead, and Pathri Hardwar SHP, allocation is done on the basis of their Employee Expenses. In proportion on the basis of Employee Expenses	For Chilla, Kalagarh, Lohiyahead, and Pathri Hardwar SHP, allocation is done on the basis of their installed capacity. 9 LHPs, MB-II and SHPs in the ratio of 80:10:10. Further for 9 LHPs, the 80% share is allocated in proportion on the basis of installed capacity.

In this regard, UJVN Ltd. should provide the detailed justification for adopting different approach for allocating common expenses for O&M, additional capitalization and Non-Tariff Income.

- It is respectfully submitted that the Common O&M expenses incurred are mainly on account of Employee Expenses and Administrative and General Expenses. In case of PCM (GV) and Head office/CSPPO, the expenses are the corporate expenses incurred for managing employees at the Power Plants. Therefore, UJVN Ltd has allocated these expenses in proportion to direct Employee Expenses. However, Employee Expenses and Administrative & General Expenses incurred on common unit DGM Civil Dhalipur for execution of Civil works in power projects is directly related to the amount of civil works executed on different Power Projects. Therefore, expenses of DGM Civil Dhalipur, the allocation is done on the basis of work executed in respective power project.

C. *Non Tariff Income*

1. *For all the 10 LHPs including MB-II, UJVN Ltd. in its Petition in excel format "Non_Tariff_Income" has submitted Non-Tariff Income as Rs 17.68 Cr., whereas it is Rs 19.49 Cr. as per Audited Accounts (Note 21) for FY 2013-14. In this regard, UJVNL should provide the detailed justification.*


 (G.P. Patel)
 Managing Director
 UJVN Limited

- It is respectfully submitted that the Non Tariff Income amounting to Rs. 19.49 Cr. shown at Note 21 includes the Other Income of Rs. 1.81 Cr. from Project Units, namely, Pala Maneri Project, CDH Rishikesh, ADB Rishikesh and Lakhwar Vyasi. The details of Non Tariff Income of Rs. 1.81 Cr. from Project Units is already submitted with Hon'ble Commission in soft copy in folder APPORTIONMENT & DATA- Excel file- Non_Tariff_Income excel sheet- NT_Income_UJVN.

D. NAPAF

1. *UJVN Ltd. has sought relaxation in NAPAF for its various stations for FY 2013-14, FY 2014-15 and FY 2015-16 as stated below:*

S. No	Name of the Generating Station	FY 2013-14 Norms(Proposed)	FY 2014-15 Norms(Proposed)	FY 2015-16 Norms(Proposed)
1	Maneri Bhali-I	77% (64.66%)	78% (69.24%)	78% (72.72%)
2	Chilla	74% (70.50%)	74% (69.85%)	74% (71.86%)
3	Ranganga	19% (14.71%)		
4	Khatima		47% (26.69%)	

In this regard, UJVNL should provide the basis of projecting NAPAF for the above stations.

- It is respectfully submitted that as discussed in the TVS on dated 16.01.2015, it was confirmed that the NAPAF has been projected on average basis. Same was communicated by Hon'ble commission vide its letter No UERC/6/TF/239/2014-15/1913 dated 20/01/2015 at Sl. No 16. However modified projections for NAPAF for FY 2014-15 & FY 2015-16 for Maneri Bhali-I HEP, MB-II HEP and Khatima HEP based on updated actual achieved PAFM till December 2014 are enclosed at Annexure-VII. The Hon'ble Commission may kindly consider the same for relaxation.

E. Performance Benchmarking Report

1. *The Commission in its Tariff Orders had directed UJVN Ltd. to complete the benchmarking of actual performance parameters study for all its stations. UJVN Ltd. in this regard has submitted a benchmarking report for its stations. However, it is observed that comparison of key parameters in Page 9 and Page 10 and at some other places is done on the basis of approved expenses for LHPs and CGS as allowed*

in respective Tariff Orders. Such comparison however, doesn't show the real scenario until such study is backed up by comparison of actual performance parameters.

Accordingly, it is suggested that UJVN Ltd. should submit benchmarking of performance parameters which has currently been done on the basis of approved expenses with actual expenses.

- It is respectfully submitted that the issue was discussed in the TVS held on dated 16.01.2015. The report in this regard will be submitted in the first week of February 2015.
2. *UJVN Ltd. with regards to the recommendations of the report should submit the steps taken/action plan/proposal on the basis of the benchmarking report to the Commission.*
- It is respectfully submitted that the issue was discussed in the TVS held on dated 16.01.2015. The report in this regard will be submitted in the first week of February 2015.

Maneri Bhali-II

A. Additional Capitalisation

1. *UJVNL should provide the actual funding with regard to the actual additional capitalisation for FY 2013-14.*

- It is respectfully submitted that desired information is under compilation and shall be submitted shortly.

B. R&M

1. *In Annexure VII, UJVNL has provided the details of R&M for MB-II for FY 2013-14. In Sr. No. A-12, UJVNL has mentioned the R&M expense of Rs 10,03,46,166 under P&M, Rs 1,57,052 under Office Equipment, Rs 79,990 under vehicles and Rs 10,433 under Building towards Provision for the year 2013-14. In this regard, UJVNL should provide the basis of considering such provision along with necessary justification.*

- It is respectfully submitted that the Provision of R&M Expenses of Rs. 10, 03, 46,166 under P&M, Rs. 1, 57,052 under Office Equipment, Rs. 79,990 under Vehicles and Rs. 10,433 under Building for the year 2013-14 are made on the

basis of pending bills for payments as on dated 31.03.2014. The details of such provisions are enclosed at **Annexure-VIII**.

Reply Pertaining to Technical Validation Session held on 16.01.2015 and letter no. UERC/6/TF/239/2014-15/19130 dated 20/01/2015

3. *As regards the data gaps dated 10.12.2014, UJVN Ltd. was asked to provide detailed justification for negative additional capitalization for Dhakrani HEP for FY 2013-14. UJVN Ltd. replied that this is due to wrong bookings of transformer of Rs. 20 Lakh which is transferred to PTCUL. In this regard, UJVN Ltd agreed to submit the complete details as to when this asset was included in GFA of UJVN Ltd., when this asset has been transferred to PTCUL and corresponding adjustment in GFA of UJVN Ltd.*

➤ It is respectfully submitted that in the year 2000, 20 MVA, SNo 280016842, NGEF make transformer was transferred from Lalukheri, Muzaffernagar to Dhakrani Power house through invoice. In Jan 2010 the above mentioned 20 MVA transformer was replaced with 40 MVA transformer due to increased demand by PTCUL. This 20 MVA transformer was kept as spare. The same transformer was transferred to PTCUL as per direction of Advisor, Energy, Uttarakahnd Govt. vide letter no 13/सलाह उ/एडीबी/ dated 14.06.2011. The said letter is enclosed at **Annexure IX**.

7. *UJVN Ltd in its consolidated audited balance sheet at Note 22 has submitted the "Generation, Administration and Other Expenses". UJVN Ltd. has submitted A&G Expenses as uncontrollable in its Petitions. In this regard, UJVN Ltd is required to submit the detailed justification for changes in various heads of A&G Expenses like insurance expenses, security charges as mentioned in its audited accounts for FY 2013-14 vis-a-vis FY 2012-13*

➤ It is respectfully submitted that the detailed justification for changes in security charges as mentioned in its audited accounts for FY 2013-14 vis-a-vis 2012-13 are provided at **Annexure-X**. However regarding insurance expenses it is respectfully submitted that in FY 2012-13 insurance expenses were bifurcated to prepaid expenses to the tune of Rs. 2.66 Cr. & charged to P&L in FY 2013-14. The same treatment was not given in FY 2011-12 and hence insurance expenses of FY 2012-13 are less vis-a-vis FY 2013-14.

9. UJVN Ltd in its reply dated 19.12.2014 at Annexure VII has submitted the details of Repair & Maintenance Expenses incurred for FY 2013-14 for MB-II HEP. In R&M details of Plant & Machinery, some entries of capitalization have been observed..... In this regard, UJVN Ltd. is required to provide the detailed justification of booking them under R&M expenses.

➤ It is respectfully submitted that the justification regarding entries are as follows:

Vr. No.	Date/Month	Name of Firm/Contractor	Amount (in Rs.)	Name of Item/Particulars	Justification
O-7	03.10.2014	M/s S.K. Gupra, Clement Town, Dehradun	38,600.00	Intallation & testing commissioning of water treatment plant	The expenses incurred are against the AMC of water treatment plant already installed in previous year. The correct date of voucher is 03.10.2013.
O-26	25.11.2013	M/s Noor Engineering Works, Haridwar	258428.00	Erection of 6 no. Cooling water pumps	The expenses incurred for the Erection of pumps after repair. It is not for installation of new pumps.
O-28	25.11.2013	M/s Alpha Pacific System	26742.00	Supply of ultrasonic type level monitoring system	Capital in nature. Wrong booking as O&M Expenses
O-46	30.11.2013	BHEL	17191080.00	Supply of Guide Vane with HVOF coating	Capital in nature. Wrong booking as O&M Expenses
O-6	01.01.2014	Mittal Machine(P) Ltd. Dehradun	20,32,800.00	Procurement of submersible dredger pumps	Capital in nature. Wrong booking as O&M Expenses
O-44	26.03.2014	M/s Gauri Enterprises	11124.00	Installation of drainage system	The expenses incurred for the Installation of drainage system after repair works and not for new installation.

E. Cause of Action

As per Hon'ble UERC's letter dated 12.01.2015 the Petitioner is required to submit the additional information/ explanations on Petitions for true up of FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16 for 10 LHPs of UJVN Ltd.

F. Ground of Relief

The Present reply petition has been prepared in accordance to the Conduct of Business Regulations 2004.

G. Matter Not Previously Filed or Pending With any Court

The petitioner (s) further declares that he has not previously filed any petition or writ petition or suit regarding the matter in respect of which this petition has been made, before the Commission, or any other court or any other authority, nor any such writ petition or suit is pending before any of them.

H. Relief Sought

In view of the facts mentioned above, the Petitioner respectfully prays for the relief as stated below:

1. The Petitioner respectfully requests that the orders of the Hon'ble Commission may adequately consider the positions expounded in the petitions of 10 LHPs for True up of Annual Fixed Charges for the FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16.
2. Accept and approve financial information of the Petitioner for True up of Annual Fixed Charges for the FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16 for 10 LHPs, prepared in accordance with Tariff Regulations established by the Hon'ble Commission and directives of the Hon'ble Commission contained in the earlier tariff orders.

3. Approve capital cost of MB-II HEP as Rs. 1958.13 Crore as on CoD which is 15.03.2008 along with additional capitalisation for FY 2007-08 to FY 2012-13 and true up of the tariff for FY 2007-08 to FY 2012-13 accordingly.
4. Grant suitable opportunity to the Petitioner within a reasonable time frame to file additional material information that may be subsequently available;
5. Grant the waivers prayed with respect to such filing requirements as the Petitioner is unable to comply with at this stage of filing;
6. Treat the filing as complete in view of substantial compliance and also the specific humble requests for waivers with justification placed on record;
7. Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date;
8. Consider and approve the Petitioner's application including all requested regulatory treatments in the filing;
9. Consider the submissions of Petitioner that could be at variance with the orders and regulations of the Hon'ble Commission, but are nevertheless fully justified from a practical viewpoint;
10. Pass such orders as the Hon'ble Commission may deem fit and proper keeping in mind the facts and circumstances of the case.

I. Interim Order, in any, prayed for

Not Applicable

J. Particulars of Fee Remitted

It is respectfully submitted that this petition is a part & parcel of the petitions for true up of FY 2013-14, Annual Performance Review (APR) of FY 2014-15 and Tariff Petition for FY 2015-16 for 10 LHPs.

K. List Of Enclosures

Supporting documents and Annexure mentioned in the petition;

1	ANNEXURE-I: Details of the generation linked incentives, performance related incentives paid to its employees for FY 2013-14.
2	ANNEXURE-II: Copy of the receipt of insurance premiums paid in FY 2013-14.
3	ANNEXURE-III: Details of actual and projected recruitment and retirements for FY 2013-14, FY 2014-15 and FY 20 15-16.

4	ANNEXURE-IV: Details and reason for variation in the additional capitalization.
5	ANNEXURE-V: Station wise break up for adjustments/write off of Rs 18.00 Cr for FY 2013-14.
6	ANNEXURE-VI: Details of R&M expenses of Rs. 3.16 Cr under hydraulic works Virbhadra Barrage Rishkesh
7	ANNEXURE-VII: Modified projections for NAPAF for FY 2014-15 & FY 2015-16 for Maneri Bhali-I HEP, MB-II HEP and Khatima HEP.
8	ANNEXURE-VIII: Details of R&M provisions for MB-II HEP.
9	ANNEXURE-IX: Direction of Advisor, Energy, Uttarakahnd Govt. vide letter no 13/सलाह उ/एडीवी/ dated 14.06.2011
10	ANNEXURE-X: Detailed justification for changes in security charges for FY 2013-14 vis-a-vis 2012-13


 (G.P. Patel)
 Managing Director
 UJVN Limited