

BEFORE

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

Petition Nos. : 09/2005, 10/2005 and 11/2005

In the matter of:

Uttaranchal Renewable Energy Development Agency having its registered office at Urja Park Campus, Industrial Area, Patel Nagar, Dehradun.

And

In the matter of:

Proposed tariffs for financial year 2005-06 for three small hydro power plants of Uttaranchal Renewable Energy Development Agency under Section 62 and 86 of the Electricity Act, 2003.

.....Petitioner

Coram

Sh. Divakar Dev Chairman

Date of Order: 15th December 2005

ORDER

Uttaranchal Renewable Energy Development Agency (hereinafter referred to as “UREDA” or the “Petitioner”) has filed three petitions for determination of tariffs of its three small hydro plants namely, Ramgad, Kanva Ashram, Bhikuriagad for financial year 2005-06 under section 62(1)(a) of the Electricity Act, 2003. Many of the issues to be addressed in these Petitions are common, therefore, the Commission has decided to consider and dispose them off together in the present proceedings. Accordingly, all the three tariff petitions no. 09/2005, 10/2005 and 11/2005 are being disposed off by this common order.

1 Introduction

2. Section 62(1)(a) of the Electricity Act, 2003 requires the State Commission to determine the tariffs for sale of electricity by a generation company to a distribution licensee. The Commission notified the Uttaranchal Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 on May 14, 2004, hereinafter referred to as "Regulations". These Regulations were initially applicable only to Large Hydro Power (LHP) stations with installed capacity of more than 25 MW. On 31.12.04, the Commission notified that, pending notification of separate Regulations for Small Hydro Power (SHP) stations with installed capacity upto 25 MW, tariffs for SHP stations would also be determined in accordance with the Regulations notified for LHP, with such relaxations which the Commission may find necessary. Subsequently, on 08.09.2005, the Commission floated a paper outlining the approach that the Commission proposed to adopt while dealing with the issue of tariff determination of very small SHPs of capacities less than 1 MW. After taking into account the responses to the said paper, the Commission passed an order on 10.11.2005 spelling out Commission's position on the subject. The said order stipulated that for getting tariffs for generating stations, having installed capacities of less than 1 MW each, determined, the generators will have the following options:

- (i) *"Relaxing the requirements of Uttaranchal Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 read with Commission's notification no. F-9(3)RG/UERC/2004/842 dated 03.01.2005, their tariff will be determined as the weighted average cost of power allocated to the State from central generating stations. All other related provisions of these Regulations will continue to be applicable.*
- (ii) *However, if a generator or any other stakeholder so chooses he will be free to seek determination of his tariff in accordance with the provision of the Uttaranchal Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 read with Commission's notification*

no. F-9(3)RG/NERC/2004/842 dated 03.01.2005, without any relaxations.”

3. Since the present petitions had been filed by UREDA prior to Commission’s order referred to above, the Commission decided to give it an opportunity to exercise their option as per the order dated 10.11.2005. Utilising this opportunity UREDA has filed a submission on 12.12.2005 before the Commission in which determination of tariff for sale of electricity generated by the three generating stations pertaining to the present petitions is sought to be determined in accordance with the first option listed above.

4. The petitioner has opted for the tariff for these three generating stations to be determined on Avoided Cost method outlined in the Commission’s order dated 10.11.2005. The present position of allocations made to the State of Uttaranchal from the central generating stations and the purchases made therefrom during the year 2004-05 is given in the Table below along with their corresponding costs.

Source*	State’s Allocation (%)	Total Purchases by the State	
		Units	Rs.
NHPC			
Salal	1.21%	41,948,628	29,770,867
Tanakpur	3.89%	15,681,683	16,214,825
Chamera	3.53%	73,376,339	90,142,403
Uri	3.48%	76,264,624	209,300,514
Other Charges		-	6,077,643
Sub Total NHPC		207,271,274	351,506,252
NTPC			
Anta	3.79%	103,496,448	172,994,288
Auriya	3.84%	155,890,498	320,429,712
Dadri Gas	3.41%	151,787,880	282,011,865
Unchahar-I	8.57%	263,337,500	504,940,378
Unchahar-II	3.60%	120,858,500	209,999,843
NCPP		-	(569,283)
Rihand	3.93%	304,495,000	506,232,514
Singrauli	4.82%	739,518,000	918,457,430
Other Charges (I tax)		-	(83,658)
Sub Total NTPC		1,839,383,826	2,914,413,089
NPC			
NAPP	3.70%	98,180,813	215,928,878
Other Charges		-	28,728,143
Sub Total NPC		98,180,813	244,657,021
Grand Total		2,144,835,913	3,510,576,362
Weighted average cost of power			1.64

*Free power allocated to the State has been excluded as it does not affect the weighted average cost of power.

5. Based on the above allocation, the weighted average cost of power purchased by the licensee from the central generating stations works out to Rs. 1.64/kWh. In accordance with Para 6(i) of Commission's order on "Approach to Initial Tariff for Generating Stations with capacity upto 1 MW" and the UREDA's option in this regard communicated to the Commission vide their submission dated 12.12.2005, the tariff of electricity generated at the Ramgad, Kanva Ashram, Bhikuriagad hydro generating stations and sold to Uttaranchal Power Corporation Limited (UPCL) is hereby determined as Rs. 1.64/kWh for the year 2005-06. For subsequent years, the tariff for these plants will be the weighted average rate of power purchased from the central generating stations as calculated above. Commission's approval on the tariff so worked out will be normally taken by UPCL for each Financial Year along with the ARR.

Sd/-

(Divakar Dev)
Chairman