

**Order on Generation Tariff  
for  
Uttarakhand Jal Vidyut Nigam  
Limited  
for  
2007-08 and 2008-09**

**18<sup>th</sup> March 2008**

**Uttarakhand Electricity Regulatory Commission  
1st Floor of Institution of Engineers (I) Building  
Near ISBT Majra, Dehradun – 248006**



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**Before**  
**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petitions No.: 05/2007 to 13/2007**

**In the Matter of:**

Determination of Generation Tariff for the year 2007-08 and 2008-09 for nine large hydro generating stations of Uttarakhand Jal Vidyut Nigam Limited (UJVNL), Government owned company in the State.

**AND**

**In the Matter of:**

Uttarakhand Jal Vidyut Nigam Limited.  
Ujjwal, Maharani Bagh, G.M.S. Road, Dehradun - **Petitioner**

**Coram**

<b>Shri V. J. Talwar</b>	<b>Chairman</b>
<b>Shri V. K. Khanna</b>	<b>Member</b>

**Date of Order: 18<sup>th</sup> March 2008**

This Order relates to Petitions no. 05/2007 to 13/2007 (Petitions), for determination of tariff of nine large hydro generating stations of Uttarakhand Jal Vidyut Nigam Limited (hereinafter referred to as "UJVNL" or "Petitioner"), for 2007-08 and 2008-09 under Section 62(1)(b) of the Electricity Act, 2003 (hereinafter referred to as "Act") read with Regulation 56 of Uttaranchal Electricity Regulatory Commission (Conduct of Business) Regulations, 2004, admitted on December 3, 2007. For sake of convenience, this Order is divided into following 5 Sections:

1. Background and Procedural History
2. Petitioner's Submissions and Proposals
3. Stakeholders' Response to the Proposals and Petitioner's Comments
4. Commission's Approach
5. Commission's Analysis, Scrutiny and Conclusions

## 1. Background and Procedural History

Uttarakhand Jal Vidyut Nigam Ltd. (hereinafter referred to as “UJVNL” or “Petitioner”) is a company wholly owned by the State Government and engaged in the business of generation of power in the State including nine large hydro generating stations to which this Order relates. These nine large hydro generating stations are Dhakrani, Dhalipur, Chibro, Khodri, Kulhal, Ramganga, Chilla, Maneri Bhali-I and Khatima. Electricity generated at these stations is supplied to another Government company namely Uttarakhand Power Corporation Ltd. (UPCL) which is the sole distribution and supply licensee in the State. Tariff for supply of electricity generated at these generating stations is required to be determined by this Commission as per section 62(1)(a) of the Electricity Act, 2003 (Act). Section 86 requires the Commission not only to determine tariff for generation within the State but also to regulate purchase of electricity by the distribution licensee, including its price.

Regulation 56(4) of Uttaranchal Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 is as reproduced below:

*“Subject to the provisions of the applicable Act, each year, the licensee or the generating company shall file with the Commission on or before 30th November or otherwise as may be directed by the Commission, in the format and in accordance with the guidelines and procedures issued by the Commission for this purpose, statements containing calculation for the ensuing financial year of the expected aggregate revenue from charges under its currently approved tariff and the expected cost of providing services.”*

In exercise of powers conferred on it by section 181 of the Act, the Commission has issued detailed Regulations pertaining to determination of tariffs viz. Uttaranchal Electricity Regulatory Commission (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 (hereinafter referred to as “Regulations”).

The Commission vide its Previous Tariff Order issued on July 12, 2006 in the matter of *suo-moto* proceedings for determination of tariffs for these nine generating stations, initiated by the Commission on December 7, 2005 and subsequent Petitions filed by UJVNL, determined the Generation Tariff for these nine large hydro generating stations for 2006-07 which is presently in force.

UJVNL filed nine Tariff Petitions for its 9 large and medium hydro stations each for



the years 2007-08 and 2008-09 on November 28, 2006 and November 29, 2006, which had numerous deficiencies and was, therefore, returned for their removal on December 22, 2006. After removing certain critical deficiencies, UJVNL submitted its Petition on November 26, 2007. The Commission admitted the Petitions on December 03, 2007 and the proposals were notified by UJVNL in leading newspapers on December 04, 2007 for inviting responses from the stakeholders (Copy of notice is enclosed at **Annexure 1**).

Copies of the summary of the proposals published by Petitioner were also sent to members of the Advisory Committee on December 4, 2007 and the details were made available at the Commission's office, its website as well as in the UJVNL's offices.

The Commission received responses from 2 stakeholders in writing on UJVNL's Tariff Petition. The list of respondents who submitted their responses are enclosed at **Annexure-2**.

The Commission held common public hearings on Determination of Generation Tariff, Transmission Tariff and Retail Supply Tariff for 2007-08 and 2008-09 with a view to give adequate opportunity of personal hearing to the objectors in which hearing was held not only on the representations/comments received but an opportunity was also given for open hearing to all the participants, irrespective of whether they had submitted written objections/comments on the tariff application or not at the following places in the State:

**Table 1.1: Schedule of Hearings**

Sl.	Place	Date of public hearing
1	Srinagar	10.01.2008
2	Almora	16.01.2008
3	Haldwani	17.01.2008
4	Ramnagar	19.01.2008
5	Roorkee	21.01.2008
6	Dehradun	22.01.2008

Petitioner's proposals were also discussed with Advisory Committee on January 16, 2008. The responses received by the Commission were sent to the Petitioner for comments. All the issues raised by stakeholders and the Petitioner's comments on responses are detailed in Section 3 of this Order. All the issues raised by the stakeholders and the Petitioner's comments have been kept in view by the Commission while examining the proposals.

Meanwhile, the Commission vide its letter No. 841/UERC/07 dated 6.12.2007 directed UJVNL to provide the additional information and clarify the Commission on the

following key issues:

- ? Actual generation details for 2006-07 in Format 2.1 complete in all respects for each station
- ? Break-up of actual O&M expenses between Employee, R&M and A&G expenses separately for the year 2005-06 and 2006-07 for each station
- ? Reasons for providing concessional tariff to the retired employees of UJVNL
- ? Reconciliation of number of employees
- ? Actual number of employees working in each generating station and at head office for 2006-07
- ? Month-wise details of actual additional employees recruited till October 2007 and corresponding employee cost. Month-wise additional employees likely to be joining from November 2007 to March 2008 and corresponding employee cost
- ? Detailed working with all the linkages used for projecting the employee expenses for 2007-08 and 2008-09 for each station
- ? Detailed computation of depreciation for 2006-07, 2007-08 and 2008-09 based on the class of assets specified in the Regulations for each station
- ? Details of actual income tax paid during 2005-06 and 2006-07
- ? Details of station-wise actual capital expenditure, capitalisation and means of Finance for 2005-06 and 2006-07
- ? Reasons for considering normative Auxiliary Consumption, Transformation Losses and normative colony consumption as 9% of the total generation and their detailed computations for 2005-06 and 2006-07

The first Technical Validation Session was held with UJVNL on December 18, 2007 and the issues raised vide Commission's letter dated December 6, 2007 were discussed in detail. Based on these discussions, the Commission further advised the Petitioner to submit additional information which was critical for processing the Tariff Application for 2007-08 vide its letter dated January 7, 2008. The Petitioner filed its response to the queries raised by the Commission and submitted additional information on January 25, 2008 and 15.02.2008 details of which are discussed in subsequent sections.

## 2. Petitioner's Submissions and Proposals

The Petitioner in its Petitions for nine large hydro generating stations has proposed the Annual Fixed Charges (AFC) on the basis of projected expenses for 2007-08 and 2008-09. The Petitioner has claimed AFC of Rs. 171.50 Crore for 2007-08 and Rs. 188.18 Crore for 2008-09 against the approved AFC of Rs. 82.96 Crore for 2006-07. Main reasons for increase in the AFC proposed for 2007-08 and 2008-09 are the claims of certain expenses which were disallowed during the previous Tariff Orders and impact of Order dated September 14, 2006 issued by Hon'ble Appellate Tribunal for Electricity (Hon'ble ATE) in the Appeal No. 189 of 2005. Main features of Petitioner's submissions in the Petitions are summarized hereafter.

### 2.1 Generation

#### 2.1.1 Installed Capacity

UJVNL has a total installed capacity of 948.15 MW of the nine major generating stations for which this Order relates. Out of these 9 major generating stations, Himachal Pradesh has a share in 5 major generating stations. The installed capacity and UPCL's share in generating stations of UJVNL are provided in the Table below:

**Table 2.1: Installed Capacity and Capacity Allocation**

Station	Capacity	UPCL's Capacity Allocation	
	MW	%	MW
Dhakrani	33.75	75%	25.31
Dhalipur	51.00	75%	38.25
Chibro	240.00	75%	180.00
Khodri	120.00	75%	90.00
Kulhal	30.00	80%	24.00
Ramganga	198.00	100%	198.00
Chilla	144.00	100%	144.00
M Bhali I	90.00	100%	90.00
Khatima	41.40	100%	41.40
<b>Total (MW)</b>	<b>948.15</b>		<b>830.96</b>

#### 2.1.2 Capacity Index

UJVNL has projected the capacity index on normative basis considering the norms for storage hydro stations and run of the river stations with pondage and has not sought any deviation in the normative capacity index as stipulated in the Regulations. The capacity index as projected by UJVNL for each generating station has been provided in the following Table:

**Table 2.2: Normative Capacity Index proposed by the Petitioner**

Station	Capacity	Normative Capacity Index	
	MW	2007-08	2008-09
Dhakrani	33.75	90%	90%
Dhalipur	51.00	90%	90%
Chibro	240.00	85%	85%
Khodri	120.00	85%	85%
Kulhal	30.00	90%	90%
Ramganga	198.00	85%	85%
Chilla	144.00	90%	90%
M Bhali I	90.00	85%	85%
Khatima	41.40	90%	90%

**2.1.3 Design Energy & Projected Generation**

The Petitioner has stated that for projecting generation it has adopted the same principle as approved by the Commission in its Tariff Order for 2004-05 of adopting the minimum of the following (i) average of 15 years generation of the station and (ii) the design energy as per PPA dated 18.12.2000 between Uttar Pradesh Jal Vidyut Nigam Limited (UPJVNL) and Uttar Pradesh Power Corporation Limited (UPPCL). The station-wise expected generation during 2007-08 and 2008-09 is given in the Table below:

**Table 2.3: Expected Generation proposed by the Petitioner (MU)**

Station	15 year average of generation	Design Energy as per UPJVNL PPA	Expected generation
Dhakrani	156.88	169.00	156.88
Dhalipur	192.00	244.80	192.00
Chibro	750.00	893.63	750.00
Khodri	345.00	416.85	345.00
Kulhal	164.00	153.91	153.91
Ramganga	314.90	311.00	311.00
Chilla	671.29	725.00	671.29
Maneri Bhali I	400.87	395.00	395.00
Khatima	194.05	194.05	194.05
<b>Total</b>	<b>3188.99</b>	<b>3503.24</b>	<b>3169.13</b>

This expected generation has been treated as Primary Energy by the Petitioner for computation of Saleable Primary Energy and its rate.

**2.1.4 Auxiliary Energy Consumption and Transformation Losses**

The Petitioner has claimed that it has computed transformation losses and auxiliary consumption at the normative levels specified by the Commission. The station-wise position of the Auxiliary Consumption and Transformation Losses is given in the Table below:

**Table 2.4: Auxiliary Consumption and Transformation Losses proposed by the Petitioner**

Station	Auxiliary Consumption		Transformation Loss	
	%	MU	%	MU
Dhakrani	0.20%	0.31	0.50%	0.78
Dhalipur	0.20%	0.38	0.50%	0.96
Chibro	0.40%	3.00	0.50%	3.74
Khodri	0.20%	0.69	0.50%	1.73
Kulhal	0.20%	0.31	0.50%	0.77
Ramganga	0.20%	0.62	0.50%	1.56
Chilla	0.20%	1.34	0.50%	3.36
Maneri Bhali I	0.20%	0.79	0.50%	1.98
Khatima	0.20%	0.39	0.50%	0.97
<b>Total</b>		<b>7.83</b>		<b>15.86</b>

**2.1.5 Total Saleable Units**

After deducting from the expected generation, the above mentioned figures of Auxiliary Consumption and Transformation Losses, the Petitioner has computed total saleable units to be 3,145.44 MU as shown in the following Table.

**Table 2.5: Energy Generation and Saleable Energy proposed by the Petitioner**

Plant	Primary Energy	Auxiliary Consumption		Transformation Loss		Saleable Primary Energy
	MU	%	MU	%	MU	MU
Dhakrani	156.88	0.20%	0.31	0.50%	0.78	155.78
Dhalipur	192.00	0.20%	0.38	0.50%	0.96	190.66
Chibro	750.00	0.40%	3.00	0.50%	3.74	743.25
Khodri	345.00	0.20%	0.69	0.50%	1.73	342.58
Kulhal	153.91	0.20%	0.31	0.50%	0.77	152.83
Ramganga	311.00	0.20%	0.62	0.50%	1.56	308.82
Chilla	671.29	0.20%	1.34	0.50%	3.36	666.59
M Bhali I	395.00	0.20%	0.79	0.50%	1.98	392.24
Khatima	194.05	0.20%	0.39	0.50%	0.97	192.69
<b>Total</b>	<b>3169.13</b>		<b>7.83</b>		<b>15.86</b>	<b>3145.44</b>

**2.2 Capital Cost and Additional Capitalisation****2.2.1 Capital Cost**

The Petitioner in its Petitions submitted that there has been limited transfer of historical data from UPJVNL to UJVNL and despite repeated requests and follow-ups, complete technical details and studies conducted over the years on these projects have not been passed on by UPJVNL. Certain essential documents such as the Detailed Project Reports (DPR), Central Electricity Authority (CEA) clearances or Project Completion Reports have also not been provided. UJVNL is, therefore, not in a position to provide details regarding the break-up of original costs of fixed assets and those approved by a competent

authority on CoD (i.e. Date of Commercial Operation). UJVNL submitted that Transfer Scheme giving the asset details for UJVNL has still not been finalised, though a decision is expected shortly from the Government of India (GoI) on this matter. UJVNL was able to derive a “provisional” balance sheet, on the basis of accounts and information received from UPJVNL, in March 2003.

The Petitioner further submitted that the approach adopted by the Commission in its Tariff Order dated 16.12.2004 for determining the capital costs of these stations is acceptable on provisional basis pending finalization and notification of the Transfer Scheme. Thus, UJVNL has accepted the value of Gross Fixed Assets (GFA) of Rs. 503.96 Crore as determined by the Commission in its Order dated December 16, 2004 for 9 Large Hydro Power Stations (LHPs) transferred to UJVNL. The Capital costs of these projects, as claimed by the Petitioner, are as given in the Table below:

**Table 2.6: Original Capital Cost considered by the Petitioner (Rs. Crore)**

Station	Capital Cost
Dhakrani	12.40
Dhalipur	20.37
Chibro	87.89
Khodri	73.97
Kulhal	17.51
Ramganga	50.02
Chilla	124.89
Maneri Bhali I	109.72
Khatima	7.19
<b>Total</b>	<b>503.96</b>

### **2.2.2 Additional Capitalisation**

UJVNL has stated that additional investments have also been made in these plants to ensure continued operations considering the life of the projects and the investments necessary for operating the plants. UJVNL further submitted that expenditure has also been incurred for residual life studies as per the guidelines of CEA for plants that are more than 30 years old. UJVNL submitted that Regulation 16(2) of the UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 explicitly permit additional works/service, which may become necessary for efficient and successful operation of the plant and requested to admit the additional capital expenditure incurred and proposed.

UJVNL submitted that plant-wise addition in GFA of each generating station from 31.03.2002 to 31.03.2005, submitted earlier by the Petitioner and considered by the Hon'ble Commission in Para 4.3.2. of the Order dated 12.07.2006, has been changed on account of

proper classification of expenses and passing of rectification entries during internal audit of accounts. UJVNL also provided the details of actual additional capitalisation for each generating station under various blocks of assets from the period November 9, 2001 to 31.03.2006 and projected capitalisation during 2006-07 to 2008-09. While computing the tariff, UJVNL has projected the additional capital expenditure in 2006-07, 2007-08 and 2008-09 for plant-wise value of asset additions which is given in the Table below:

**Table 2.7: Additional Capitalisation considered by the Petitioner (Rs. Crore)**

Station	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Dhakrani	0.00	0.15	0.23	0.13	0.04	1.09	1.79	4.32
Dhalipur	0.00	0.02	0.00	0.00	0.04	2.90	5.78	7.54
Chibro	0.01	0.31	0.22	0.28	0.10	18.06	17.57	4.54
Khodri	0.00	0.08	0.17	0.02	0.02	0.88	5.32	4.33
Kulhal	0.00	0.01	0.00	0.00	0.05	1.07	2.97	2.80
Ramganga	0.00	0.01	0.06	0.24	0.08	0.90	3.03	7.70
Chilla	0.99	0.35	0.34	2.37	2.21	11.05	22.12	13.05
M Bhalli-I	0.00	0.04	0.06	0.34	0.38	10.66	22.94	5.44
Khatima	0.00	0.00	0.01	0.07	0.04	3.19	10.75	15.70
<b>Total</b>	<b>1.00</b>	<b>0.96</b>	<b>1.10</b>	<b>3.46</b>	<b>2.95</b>	<b>49.80</b>	<b>92.27</b>	<b>65.42</b>

UJVNL submitted that Detailed Project Report (DPR) for Renovation, Modernisation and Upgradation (RMU) works in total amounting to Rs. 78.50 Crore was approved by Central Electricity Authority (CEA) for Chilla, Chibro and Khodri Power Houses. An amount of Rs. 39.25 Crore (90% in the form of Grant- Rs. 35.33 Crore and 10% i.e. Rs. 3.92 Crore as loan) being 50% of the approved cost for RMU works were released. UJVNL submitted that for the purpose of determining the Return on Equity (RoE) and depreciation, the amount of grant received under Accelerated Power Development Programme (APDP) scheme has been reduced from the total value of Gross Fixed Assets (GFA).

### 2.3 Interest on Loans

UJVNL has assumed 70% of the opening GFA as normative loan and stated that it has claimed interest thereon in terms of the Regulations at 11% based on the prevalent Prime Lending Rate (PLR) of the State Bank of India. UJVNL has assumed normative repayment on this normative loan to be equal to the accumulated depreciation. Interest on normative debt has not been considered for the stations for which the value of cumulative depreciation exceeds the normative debt.

Thus, UJVNL has claimed interest on normative debt for additional capitalisation for 2007-08 & 2008-09 if the cumulative depreciation on additional capitalisation for 2007-08 & 2008-09 is less than the normative debt for these years.

UJVNL submitted that out of the total amount received under APDP, 90% is grant and 10% is the Loan and has claimed interest on loan portion of the APDP receipts at 12% p.a. in line with the loan approval letter. The plant-wise interest cost as claimed by UJVNL is shown in the Table below:

**Table 2.8: Interest Expenses claimed by the Petitioner (Rs. Crore)**

Station	2007-08	2008-09
Dhakrani	0.24	0.55
Dhalipur	0.64	1.18
Chibro	2.62	2.84
Khodri	0.21	0.31
Kulhal	0.00	0.13
Ramganga	0.31	0.87
Chilla	2.90	3.41
M Bhali I	3.23	3.24
Khatima	1.04	2.17
<b>Total</b>	<b>11.19</b>	<b>14.70</b>

## 2.4 Return on Equity (RoE)

UJVNL has submitted that it has claimed Return on Equity (RoE) in the opening GFA assuming a normative debt-equity ratio of 70:30 in accordance with the Regulations. UJVNL submitted that the Commission in its earlier Orders dated December 16, 2004 and July 12, 2006 had disallowed the RoE on the ground that the capital was not created by UJVNL but inherited consequent to the sector restructuring. Subsequently, UJVNL filed an Appeal No. 189 of 2005 before the Hon'ble Appellate Tribunal for Electricity (ATE) against Commission's Order of December 16, 2004 on which Hon'ble ATE passed an Order on September 14, 2006. UJVNL has claimed the RoE in line with the Hon'ble ATE Order. UJVNL stated that it has also considered the normative equity on additional capitalisation equivalent to 30% of the actual additional capitalisation for each generating station from the period November 9, 2001 to 31.03.2006 and projected capitalisation during 2006-07 to 2008-09.

Thus, UJVNL has claimed RoE on the 30% of the opening values of GFA (considering the normative equity on the opening GFA and additional capital expenditure) for the years 2007-08 and 2008-09 as shown in the Table below:



**Table 2.9: Equity Invested and Return on Equity (RoE) Claimed by Petitioner (Rs. Crore)**

Station	2007-08		2008-09	
	Equity	RoE	Equity	RoE
Dhakrani	15.83	0.66	20.15	0.85
Dhalipur	8.73	1.22	10.99	1.54
Chibro	37.25	5.21	38.61	5.40
Khodri	23.92	3.35	25.22	3.53
Kulhal	6.48	0.91	7.32	1.03
Ramganga	16.30	2.28	18.61	2.61
Chilla	48.95	6.85	52.86	7.40
M Bhali I	43.25	6.05	44.87	6.28
Khatima	6.38	0.89	11.09	1.55
<b>Total</b>	<b>207.09</b>	<b>27.42</b>	<b>229.72</b>	<b>30.19</b>

## 2.5 Depreciation

UJVNL has claimed depreciation separately for the asset value of opening GFA of Rs. 503.96 Crore and assets added on account of additional capitalisation. UJVNL has stated that while computing depreciation, it has considered the depreciation upto 90% of the opening GFA in accordance with the provisions of Clause 23(2) of the UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004.

UJVNL has also stated that it has claimed depreciation on the opening GFA in line with the direction given by the Hon'ble ATE in its Order dated September 14, 2006 passed in Appeal No. 189 of 2005 on the issue of disallowance of the depreciation by the Commission in its Tariff Order dated December 16, 2004.

UJVNL has claimed that it has computed the depreciation expense for 2007-08 and 2008-09 for additional capitalisation based on the asset classification and the applicable depreciation rates specified in the Schedule provided as Appendix I to the UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004. UJVNL has not claimed any depreciation on assets created under the APDP grant. UJVNL has claimed the depreciation on the opening GFA as on November 09, 2001 and assets added on account of additional capitalisation till March 31, 2008 and March 31, 2009 for the years 2007-08 and 2008-09 respectively as shown in the Table below:

**Table 2.10: Depreciation proposed by the Petitioner (Rs. Crore)**

Stations	2007-08	2008-09
Dhakrani	0.11	0.22
Dhalipur	0.20	0.41
Chibro	0.89	1.22
Khodri	1.90	2.06
Kulhal	0.53	0.63
Ramganga	0.12	0.30
Chilla	3.83	4.37
M Bhali	3.31	3.74
Khatima	0.29	0.69
<b>Total</b>	<b>11.18</b>	<b>13.64</b>

## 2.6 Operation and Maintenance (O&M) Expenses

UJVNL submitted that the Commission in its previous Orders had determined O&M Expenses for the 9 major generating stations on the basis of average O&M expenses of three years from 2001-02 to 2003-04 and had allowed O&M expenses under relaxed regulations for 2004-05 by applying an escalation rate of 4% per annum as per provisions of Regulation 26 of the UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004.

UJVNL has claimed escalation rate of 4% per annum on the Administrative & General expenses (A&G) and Repairs & Maintenance (R&M) expenses in line with the Commission's approach in previous Orders. However, for employee expenses, UJVNL has requested the Commission to consider 10% escalation per annum due to following reasons:

- ? To obviate the shortage of officers in certain key operating levels, the process of recruitment of engineers and other professionals has been initiated to overcome the manpower shortages in various operating positions. The recruitment process is underway and nearly 500 employees to be added to the Nigam's payroll in near future.
- ? Increased expenditure on account of salary increase for current employees and new recruitments. UJVNL also provided the copy of the Government of Uttaranchal's Order no.1267XXVII (3) M-P/ 2004 dated June 9, 2004 regarding increase in employee salaries with effect from 01.04.2004.
- ? Increase in Dearness Allowances and annual increments of existing employees.

UJVNL submitted that its accounts are maintained centrally for various stations. In

certain instances a one-to-one correlation of the accounting divisions is possible with individual stations. However, for other expenses some form of apportionment is necessary for allocating certain expenses that are incurred by accounting units that serve more than one station which is done as follows:

- ? Head Office/Corporate office employee cost: 80% of the employee cost apportioned on the 9 Large Hydro Power Plants (LHP's), which is further allocated to each LHP on the basis of Installed Capacity.
- ? General Manager (GM)/DGM Office Employee cost: Allocated on LHPs within the control of the concerned General Manager/DGM, which further has been allocated to each LHP on the basis of Installed Capacity.

UJVNL stated that it is also required to incur expenditure towards the difference of the amounts collected from employee contribution to the General Provident Fund (GPF) Trust and the actual payouts of the Trust. The additional amount involved is of the order of Rs. 2.05 Crore per annum and the Petitioner is duty bound to make good this difference, which is quite a significant proportion of the current turnover of the Nigam and can have severe financial impact unless compensated through the tariffs. UJVNL referred the Hon'ble ATE direction regarding terminal benefits as stipulated vide Para 50 of its order dated 14.09.2006 as follows:

*“On point D, we set aside the disallowances of Terminal benefits claimed by the appellant and direct the Commission to allow the claim made by the appellant in respect of terminal benefits and PF related claims of employees.”*

Thus, UJVNL claimed an amount of Rs. 2.05 Crore each for 2007-08 and 2008-09 towards the difference of the amounts collected from employee contribution to the GPF Trust and the actual payouts of the Trust and allocated the same on the basis of installed capacity of 9 major generating stations.

UJVNL has considered the consumption of colonies (including irrigation department employees posted at UJVNL's power stations for works of UJVNL) and the consumption in Dams, barrages etc. for 2007-08 and 2008-09 based on the figures approved by the Commission in its Tariff order dated December 16, 2004 for each generating station. UJVNL claimed the cost towards the colony consumption of 33.47 MU at the prevalent demand tariff rates of Rs. 2.00/unit in accordance with the rates specified for RTS-1 in Commission's Retail Tariff Order dated 12.07.2006 for Uttaranchal Power Corporation Limited.

UJVNL further submitted that out of total number of 2740 employees of UJVNL, 550 number of employees are not residing in the UJVNL Colonies and have to be supplied electricity in areas outside the colonies. In addition to the 550 employees not residing in UJVNL colonies, electricity at concessional tariff is being supplied to 864 employees, who have retired from UJVNL. UJVNL assumed the monthly average consumption of 1900 units per month for the purpose of the computation of the total units of free/concessional supplies to UJVNL's past and present employees and the rate while computing the cost thereof is taken at the prevalent demand tariff rates of Rs. 2.00/unit in accordance with the rates specified in Rate Schedule RTS-1 of Commission's order dated 12.07.2006 for Uttaranchal Power Corporation Limited. UJVNL further submitted that deduction on account of concessional supply to UJVNL employees from their salaries in the form of electricity charge at an average amounts to Rs. 75/- per month.

UJVNL has claimed regulatory expenses of Rs. 1.00 Crore each for 2007-08 and 2008-09 as approved by the Commission towards regulatory expenses in Para 4.3.4 of Order dated July 12, 2006.

UJVNL has also claimed insurance charges towards the various insurance policies undertaken by it from the Oriental Insurance Company. UJVNL has claimed the insurance charges under various policies viz. Fire & Allied Perils for Large Hydro Power plants, loss of complete revenue due to reduction in turnover/output and increased cost of working, financial liabilities relating to Director's and Officer's Omission, Public Liability, Workman's Compensation Policy. UJVNL claimed an increase of 5% per annum in insurance charges for 2007-08 & 2008-09 on account of inflation over the insurance charges payable towards 2006-07.

The summary of the O&M expenses as projected by UJVNL for 2007-08 and 2008-09 is shown in the Table below:

**Table 2.11: Proposed O&M Expenses (Rs. Crore)**

Station	2007-08	2008-09
Dhakrani	9.86	10.73
Dhalipur	7.34	7.78
Chibro	19.16	20.54
Khodri	8.63	9.34
Kulhal	3.82	4.06
Ramganga	13.00	14.06
Chilla	17.55	18.75
M Bhali I	14.41	15.39
Khatima	6.05	6.52
<b>Sub-Total</b>	<b>99.81</b>	<b>107.17</b>
Colony Consumption	5.71	5.71
Terminal Benefits	2.15	2.15
Regulatory Expenses	1.08	1.08
Insurance	3.00	3.15
Cost of Concessional supply to past and present employees of UJVNL	4.96	4.96
<b>Total</b>	<b>116.70</b>	<b>124.21</b>

## 2.7 Interest on Working Capital

UJVNL has stated that it has claimed interest on working capital in accordance with the provisions of UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 and projected the working capital for each of the generating stations considering the following components of working capital :

- O&M expenses at one month of projected expenses;
- Maintenance spares at 1% of project cost, along with a 6% annual escalation in value;
- Receivables at two months of revenue from sale of electricity

UJVNL has claimed interest on working capital at 11% on the basis of the current PLR of the State Bank of India (SBI) and attached a certificate from State Bank of India (SBI) confirming the PLR.

## 2.8 Annual Fixed charges (AFC) and Tariff

Based on the above claims, the Petitioner has claimed Rs. 171.50 Crore and Rs. 188.18 Crore as the Annual Fixed Charges for 2007-08 and 2008-09 respectively. Plant-wise breakup of the same is given in the Table below. The Petitioner has computed the per unit rates payable by UPCL by dividing the Annual Fixed Charges it has attributed to UPCL by energy proposed to be sold to it. The plant-wise breakup of the Annual Fixed Charges for 2007-08 and 2008-09 allocated to UPCL and rates so proposed by the Petitioner are given in Tables below:

**Table 2.12: Proposed Annual Fixed Charges and Tariff for 2007-08**

Station	Depn and AAD (Rs. Crore)	Interest on Loan (Rs. Crore)	O&M Expenses (Rs. Crore)	Interest on Working Capital (Rs. Crore)	RoE (Rs. Crore)	Total Annual Fixed Charges (Rs. Crore)	Annual Fixed Charges allocated to UPCL (Rs. Crore)	Total Saleable Units to UPCL (MU)	Per Unit Tariff (Rs./kWh)
Dhakrani	0.11	0.24	10.57	0.34	0.66	11.92	9.13	117.15	0.78
Dhalipur	0.20	0.64	8.20	0.30	1.22	10.56	8.24	143.38	0.58
Chibro	0.89	2.62	23.6	0.96	5.21	33.28	26.31	558.56	0.47
Khodri	1.90	0.21	10.87	0.55	3.35	16.88	13.52	257.62	0.52
Kulhal	0.53	0.00	4.58	0.18	0.91	6.20	5.14	122.26	0.42
Ramganga	0.12	0.31	15.87	0.57	2.28	19.15	19.16	308.82	0.62
Chilla	3.83	2.90	20.09	1.01	6.85	34.68	34.69	666.59	0.52
M Bhali-I	3.31	3.23	16.11	0.86	6.05	29.56	29.58	392.24	0.75
Khatima	0.29	1.04	6.81	0.24	0.89	9.27	9.27	192.69	0.48
<b>Total</b>	<b>11.18</b>	<b>11.19</b>	<b>116.70</b>	<b>5.01</b>	<b>27.42</b>	<b>171.50</b>	<b>155.04</b>	<b>2759.31</b>	

**Table 2.13: Proposed Annual Fixed Charges and Tariff for 2008-09**

Station	Depn and AAD (Rs. Crore)	Interest on Loan (Rs. Crore)	O&M Expenses (Rs. Crore)	Interest on Working Capital (Rs. Crore)	RoE (Rs. Crore)	Total Annual Fixed Charges (Rs. Crore)	Annual Fixed Charges allocated to UPCL (Rs. Crore)	Total Saleable Units to UPCL (MU)	Per Unit Tariff (Rs./kWh)
Dhakrani	0.22	0.55	11.45	0.37	0.85	13.44	10.32	117.15	0.88
Dhalipur	0.41	1.18	8.64	0.34	1.54	12.11	9.49	143.38	0.66
Chibro	1.22	2.84	25.02	1.03	5.40	35.51	28.03	558.56	0.50
Khodri	2.06	0.31	11.60	0.58	3.53	18.08	14.47	257.62	0.56
Kulhal	0.63	0.13	4.82	0.20	1.03	6.81	5.65	122.26	0.46
Ramganga	0.30	0.87	16.97	0.63	2.61	21.38	21.37	308.82	0.69
Chilla	4.37	3.41	21.31	1.09	7.40	37.58	37.58	666.59	0.56
M Bhali-I	3.74	3.24	17.11	0.91	6.28	31.28	31.29	392.24	0.80
Khatima	0.69	2.17	7.28	0.30	1.55	11.99	11.99	192.69	0.62
<b>Total</b>	<b>13.64</b>	<b>14.70</b>	<b>124.21</b>	<b>5.45</b>	<b>30.19</b>	<b>188.18</b>	<b>170.19</b>	<b>2759.31</b>	

### **3. Stakeholders' Response to the Proposals and Petitioner's Comments**

The Commission has received 2 objections/suggestions on the proposals of UJVNL. Details of respondents who have submitted the responses in writing are given in **Annexure-2** and the respondents who raised the issues in the public hearings are enclosed at **Annexure-3**. The Commission has obtained comments from UJVNL on the responses received from stakeholders. Since several issues are common issues and have been raised by more than one respondent, all responses have been clubbed issue-wise and are summarised below. These issues have also been duly considered while analysing the factors affecting the tariff determination in the later Sections in this Order.

#### **3.1 Depreciation and RoE on opening Gross Fixed Assets (GFA)**

Industries Association of Uttarakhand suggested that though the value of opening Gross Fixed Assets is still to be finalized but as per Hon'ble ATE Order, the depreciation is to be allowed. The objector suggested that the depreciation allowed should be kept in a Depreciation Reserve Fund and should be utilized for funding capital expenditure. The objector further suggested that the same methodology should be adopted for Return on Equity (RoE) also. The depreciation and RoE allowed should be adjusted suitably after finalization of opening value of Gross Fixed Assets.

##### **3.1.1 Petitioner's Comments**

The Petitioner submitted that the Hon'ble ATE in its Order has categorically denied the approach of transfer of the depreciation amount to separate Reserve Fund and the depreciation allowed would be a part of the Annual Fixed Charges (AFC) considered for determination of tariff even though it is considered to be transferred to a reserve fund. The Petitioner further submitted that for maintaining the affairs on sound economic principles, allowance of depreciation and its use for the purpose of pursuing the objective of efficient operations is very essential. The Petitioner submitted that the depreciation should be allowed and the internal accruals generated there against be utilized in the manner deemed expedient by the company from time to time in accordance to the requirements whether in procurement of capital assets, refurbishment, renovation or modernization of plant, or to carry out special repairs and maintenance or in working capital.

On the issue of Return on Equity (RoE), the Petitioner submitted that this issue has been elaborately dealt with by the Hon'ble ATE in its above referred Order in Para-22 to 26. The Petitioner further submitted that health and financial viability of UJVNL is in the interest of all the stakeholders. In the present financial market the interest charged by financial institutions/banks depends on the credit rating of the borrowing utility. During 11th & 12th five year plan, UJVNL has been given a gigantic task of constructing hydro power plants having total capacity of 2400 MW at an investment of Rs. 12000 to Rs. 14000 Crore requiring borrowings of Rs. 8000 to 10000 Crore and if the financial health of UJVNL is not good it would end up paying higher interest and the same would be a pass through in accordance with the provisions of the Regulations. Hence all the stakeholders would appreciate that not allowing proper RoE is not in the interest of the stakeholders.

### **3.2 Depreciation and RoE on Additional Capitalisation**

Industries Association of Uttarakhand suggested that any Capital Expenditure should be first approved by the Commission and depreciation and RoE should be allowed only from the year in which any project is completed and the benefit of such capital expenditure starts accruing to the power station. It is observed from the Petitions that the Depreciation and RoE is being claimed in the year in which the capital expenditure is incurred.

#### **3.2.1 Petitioner's Comments**

In accordance with the provisions of Regulations prior approval of the Commission for incurring any capital expenditure in the case of generating company is not required. The depreciation on any capital asset is allowable only when the asset is put to use. Any capital expenditure is classified as capital work in progress till the same is completed and put to use. UJVNL follows this approach and, accordingly, no depreciation and RoE is claimed on capital work in progress. Depreciation and RoE has been claimed on such expenditure in the Petition in the year when the capital work in progress is completed and the asset so created is put to use.

### **3.3 Income tax**

Industries Association of Uttarakhand suggested that the income tax on the profit attributable to revenue earned based on approved tariff and the expenses approved should only be considered and income tax on income earned as a result of higher tariff, income



from supply of power to Himachal Pradesh and on income from other works/consultancy taken by UJVNL should not be allowed. The association further objected that the income tax being claimed by UJVNL works out to around 50% which is higher than the applicable tax rate of around 33%.

All India Consumers Council (AICC) Uttaranchal submitted that the income tax payable by UJVNL should be shared by States to whom electricity is being supplied at production rates, which works out to much cheaper than even domestic users in the State. The rate of supply of power shall be increased to cover some of the increase in other expenses related to production of electricity.

### **3.3.1 Petitioner's Comments**

In accordance with applicable agreement, UJVNL supplies power to Himachal Pradesh State Electricity Board (HPSEB) from its 5 Large Hydel Projects comprising Yamuna Valley Scheme and HPSEB is entitled to avail its share at the cost of generation at bus bar.

As regards higher tax rate, the Petitioner submitted that the higher rate of income tax is on account of disallowance of certain expenses by the income tax department and the same have been contested in various appeals which are presently sub-judice.

### **3.4 Operation and Maintenance (O&M) Expenses**

Industries Association of Uttarakhand submitted that the Regulations allows for escalation of entire O&M expenses including Employee Expenses by 4% and if UJVNL claims 10% escalation in employee expenses then the lower escalation rate should be considered for other components of O&M expenses so that the overall increase in O&M expense is limited to 4%. The objector suggested that the actual expenditure on employee cost should not form the basis for projecting the expenses, instead the O&M expenses approved by UERC should be considered as base expenses for projecting the expenses for future years.

All India Consumers Council (AICC) Uttaranchal submitted that there is lot of variation between the O&M expenses approved for the earlier years and those proposed in the Petition and projected O&M expenses do not correspond to the energy generated. The objector further submitted that the projected expenses indicate vast variations as compared to actual expenses for 2006-07 and it appears that these expenses have been projected as safeguards and not as likely expenditure and can be reduced substantially.

### **3.4.1 Petitioner's Comments**

The reasons for claiming 10% escalation in employee cost have been elaborated in the Petitions. The Petitioner submitted that when the actual increase in Dearness Allowance (DA) exceeds 10% per annum and when the actual increase in the inflation index is more than 4% per annum, considering 4% increase for employee expenses would be grossly insufficient. The 10% escalation in employee cost proposed is still on the lower side as it neither fully covers the annual increase in DA nor covers the additional burden on account of increments and fresh recruitments. The Petitioner further submitted that due to inadequate tariff, it has not been able to maintain its hydro plants in an optimum manner and UPCL is compelled to over draw power from the grid at a very high cost which is not in overall interest of the stakeholders. Further, based on actual employee expenses during past years, the actual increase in employee cost exceeds more than 10% per annum and as payment of employee cost cannot be deferred, the funds left for repairs and maintenance of plants gets reduced and day to day maintenance of the hydro plants gets affected adversely.

The Petitioner further submitted that 4% increase provided in the Regulations per year over the base O&M cost is for purpose of fixation of tariff. The Regulations provide for truing up of actual expenses incurred under various heads and if the Commission allows 10% increase in employee cost while determining the tariff for ensuing year, it will be subject to truing up and any additional recovery would get adjusted in the subsequent tariff period.

### **3.5 Cost of supply to Staff and Colonies**

Industries Association of Uttarakhand submitted that UJVNL is claiming Rs. 2/unit for the electricity supplied to past and present employees when the cost of generation is around 30 paise per unit. The association also objected to UJVNL's assumption of 1900 units per month per head and highlighted that the basis given by UJVNL for colony consumption as approved by UERC in order of 16<sup>th</sup> December 2004 is not correct as the consumption approved by UERC also includes consumption in dams, barrages etc.

#### **3.5.1 Petitioner's Comments**

As regards cost of supply to staff and colonies the Petitioner submitted that the same is in accordance with the directives of the Hon'ble UERC in its order dated 16.12.04 and the rate of such supply has been considered at the prevalent tariff rate determined by the Commission for UPCL. As regards assumptions of consumption per person, the Petitioner submitted that the issue was discussed with the Commission during Technical Validation

Session and same is being re-examined for onward submission.

### **3.6 Insurance Charges**

Industries Association of Uttarakhand objected that the insurance amount paid is very high and UJVNL should try to negotiate the insurance charges with some alternate organisation. They suggested that the cost of insurance for the fire insurance should not be more than Rs. 60-70 Lakh.

#### **3.6.1 Petitioner's Comments**

The Petitioner submitted that the insurance charges have now been reduced consequent upon de-tariff of the insurance business by IRDA.

### **3.7 Power Development Cess**

Industries Association of Uttarakhand has cited that the advice of UERC as given while fixing the ARR & tariff of UPCL for the year 2003-04 was accepted by the Uttarakhand Government and this was followed by levy of royalty of 10 paise/unit and cess of 33 paise/unit on power sold by UJVNL to UPCL. The Cess was subsequently revised to 40 paise/unit. The Association suggested that in the changing scenario of increasing cost of supply of power from UJVNL to UPCL, the Cess rate of 40 paise/unit should also be reviewed, as this will keep the cost to consumers under control.

#### **3.7.1 Petitioner's Comments**

The Petitioner submitted that the issue pertaining to power development cess does not warrant any comment from UJVNL.

### **3.8 Excess charges realized by UJVNL in the earlier years**

Industries Association of Uttarakhand submitted that the excess charges realized by UJVNL in earlier years in accordance with Section 5.3.11 of Commission's Order dated December 16, 2004 should be considered while determining the tariffs for 2007-08 and 2008-09.

#### **3.8.1 Petitioner's Comments**

The amount referred to as excess charges realized by UJVNL has already been dealt by Hon'ble ATE in its Order.

### **3.9 Design Energy/Actual Energy Generated**

Industries Association of Uttarakhand submitted that Commission in its previous order had taken the average of annual generation of last 15 years as projected generation for 2004-05. Lower of this projected generation and the plant wise design energy mutually agreed between UPJVNL and UPPCL was considered for the purpose of working out the primary energy rate, and therefore, the Commission had fixed 3169.13 MU as approved primary energy generation for the year 2004-05. The objector has suggested that this analogy should not hold good for future years. The same was acceptable as far as sufficient data was not available and keeping in account the pleading of UJVNL that the plants were not kept in good condition and, therefore, the design energy could not be achieved in the previous years. Now as the UJVNL is claiming that they have moved a long distance in setting right their generating stations by taking appropriate steps and, therefore, there is substantial improvement in availability, the Commission may revisit the design energy and allow the benefit of higher generation to the consumers. This will also be in line with provisions of National Tariff Policy which stipulates that operating norms should be at normative levels only and not at the lower of normative and actuals.

All India Consumers Council (AICC) Uttarakhand submitted that there is vast difference between the approved saleable energy for 2006-07 and the figures shown for 2007-08 and 2008-09 in case of Dhalipur Hydel Station. They further submitted that though there is reduction in energy but the Annual Fixed Charges (AFC) have gone up and this needs to be examined.

#### **3.9.1 Petitioner's Comments**

The Petitioner submitted that the issue pertaining to Design Energy does not warrant any comment from UJVNL.

### **3.10 Views of Advisory Committee**

During the Advisory Committee meeting held on January 22, 2008, the members made the following suggestions:

- Design Energy of the stations for which Renovation and Modernisation has been carried out should be re-assessed
- Insurances charges claimed by the Petitioner are on higher side and should be approved at reasonable levels

- In case of tariff increase, the Power Development Fund (PDF) cess should be reduced

### **3.11 Commission's views**

As regards tax and excess charges realised by UJVNL during past years, it was agreed in the meeting of Chairman, UJVNL and Secretary (Energy), GoU in the Commission on 01.02.2008, to leave it with UJVNL. However, any tax implication and implication of true up till 2006-07 will be absorbed by UJVNL to the extent of the surplus.

As for objection regarding improvement in generation of these plants by additional capital expenditure, the Commission for the time being has accepted Petitioner's explanations for actual capital expenditures incurred for proper upkeep of plants and keep them in running condition with existing capacities. However, since the Petitioner has proposed huge capital investments for these plants in future, the Commission advises the Petitioner to make such investment only after proper tie-up for funds and cost-benefit analysis. The Commission may accept such capitalisations only after the Petitioner establishes need and efficacy of the same.

Although the issue of PDF cess and the rate does not fall within the purview of the Commission, the Commission has advised the GoU vide its letter no. 1056/UERC/08 dated 01.02.2008 to review the amount of cess in order to safeguard the interest of consumers at large under the changed scenario of severe power shortages in the State in certain months entailing purchase of costly power by the State utility from outside to make the State demand.

The Commission has considered the other responses related to determination of ARR & Tariff and Petitioner's comments on the same while taking view on each of the issues and analysing the various elements of Petitioner's Annual Revenue Requirement and determination of Tariff in Section 4 of the Order.

## **4. Commission's Approach**

### **4.1 Statutory Requirements**

Any exercise for tariff determination by the Commission is to be conducted as per the terms and conditions for determination of tariff and the same has been specified in the Regulations issued by the Commission under section 181 of the Electricity Act, 2003. While specifying the above terms and conditions, the Commission was to be guided by the principles and methodologies specified by the Central Electricity Regulatory Commission (CERC) through its relevant Regulations, the National Electricity Policy and the Tariff Policy issued by the Central Government.

Accordingly, the Commission's approach is already defined in the Uttaranchal Electricity Regulatory Commission (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 (Regulations), notified by the Commission on May 14, 2004. In the present exercise, the Commission is legally required to and will abide by these statutory Regulations. During the first tariff determination exercise for UJVNL, some relaxations in these requirements were allowed for reasons spelt out in the Commission's Order dated December 16, 2004 and July 12, 2006. The Commission proposes to continue with the same approach, unless it comes across convincing reasons for doing otherwise.

While these generating plants have been in operation for quite sometime, their transfer from Uttar Pradesh State Electricity Board (UPSEB) to Uttar Pradesh Jal Vidyut Nigam Ltd. (UPJVNL) first and then from UPJVNL to the Petitioner threw up issues like capital cost of assets of these stations, Petitioner's investment in these assets etc. Different claims and views pertaining to such issues were considered in depth and decided by the Commission in its Order dated December 16, 2004 and Order dated July 12, 2006, spelling out the rationale behind these findings. There is, therefore, no need for the Commission to revisit such issues in the present proceedings, unless some new facts are now brought out in these proceedings.

By and large, the Commission so far has been following the Cost Plus approach under which expenses incurred by the Petitioner, after prudence check, have been allowed to be recovered through tariffs.

### **4.2 Energy Generation and Saleable Primary Energy**

In absence of reliable information on Design Energy of these nine generating stations,

the Commission had, in its Order dated December 16, 2004, considered lower of 15 years' average annual generation and the plant-wise Design Energy mutually agreed between UPJVNL & UPPCL and had deducted auxiliary consumption and transformation losses from it for the purpose of working out the Primary Energy Rate. The Commission had adopted the same principle during 2006-07 for determination of saleable primary energy. The Commission has already considered this issue in depth and decided the same in para 5.2.1 of its Order dated December 16, 2004 regarding the matter. The relevant extract of the same is reproduced below:

*“For computing the Primary Energy Rates for these nine plants, their average annual generation over 15 years presents a more reliable basis than the Petitioner’s projections which are totally out of step both with last year’s generation as well as with the average annual generation.*

*Commission has, therefore, assumed this average annual generation as projected generation for 2004-05. Lower of this projected generation and the plant wise design energy mutually agreed between UPJVNL and UPPCL, has been taken for the purpose of working out the Primary Energy Rate.....”*

### **4.3 Capitalisation of new assets**

Regulation 16(2) dealing with the issue of additional capitalization and applicable to Petitioner’s plants reads as follows:

*“16 (2) ...the capital expenditure of the following nature actually incurred after the cut off date may be admitted by the Commission subject to prudence check:*

.....

*(iv) Any additional works/service which has become necessary for efficient and successful operation of plant but not included in the original capital cost.”*

The Regulations, thus, recognize only the additional capital expenditure actually incurred for tariff purposes. The Commission in relaxation to this stipulation had considered projected capitalizations in previous Tariff Orders for other Utilities. However, it was noticed that the approach of accepting and taking into account projections for commissioning and capitalisation of new assets was being misused by them and there was a wide gap between the value of assets projected to be capitalized and the value actually capitalized.

The Commission in para no 4.2 of its Order dated July 12, 2006 on ARR and

Transmission Tariff Determination of PTCUL for 2006-07 has dealt with this issue and considered the actual asset capitalisation and not the projected asset capitalisation. The relevant extract of the Order is given below:

*“For determining capital related expenditure, in the last tariff Order the Commission had accepted and taken into account Petitioner’s projections for commissioning and capitalisation of new assets. It has been noticed that this approach is being misused and there is wide gap between the value of assets projected to be capitalized and the value actually capitalized. Over-projection on this account results in inflating capital related costs and in turn the current tariffs. Therefore, the Commission is accepting only the capital cost of assets actually commissioned and capitalised and ignoring the value of assets projected for capitalisation. Further, additions in value of capital assets, if any, will be taken into account in the next tariff determination exercise with such truing up of related costs as may be warranted by facts of each such case.”*

The Commission is of the view that the over-projection on this account results in inflating capital related costs and in turn the current tariffs. UJVNL’s own projections have been far in excess of actual capitalisation in 2006-07 and 2007-08. Therefore, the Commission, in accordance with the provisions of Regulations, is accepting only the capital cost of assets actually commissioned and capitalized till September 2007. Further additions in value of capital assets, if any, would be taken into account in the next tariff determination exercise with such truing up of related costs as may be warranted by facts of each such case.

#### **4.4 Depreciation**

The principles to be followed for calculating the depreciation and the rates applicable for it have already been spelt out in Commission’s Regulations. However, the Commission had not allowed any depreciation in its previous Order for reasons given therein. In this regard, Hon’ble ATE vide its Order dated September 14, 2006 stipulated as follows

*“..... direct the Commission to sustain the claim of depreciation advanced by the appellant on the value of assets. As claimed by the appellant or at least at the normative value .....*”

[Para 19]

ii) *“ ..... to allow deprecation for the entire value of machinery of the nine generating stations and its buildings etc. as was hither before evaluated by the U.P. Electricity Regulatory Commission in the earlier determination. ....”*

[Para 21]



The Commission is, accordingly, considering the claims of depreciation as per Regulations. Regulation 23 of UERC (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2004, which specifies the methodology and extent of depreciation to be allowed on the assets, stipulates that depreciation shall be allowed only upto 90% of the asset cost, which is also the normal practice. In Khatima, Dhakrani, Dhalipur and Chibro generating stations the accumulated depreciation upto 31.03.2007 has reached 90% of the assets' cost. Accordingly, the Commission has provided depreciation for other five stations only.

#### **4.5 Return on Equity**

The Commission had not allowed Return on Equity in its previous Order for reasons given therein. The Hon'ble ATE in its Order dated September 14, 2006 passed in Appeal No. 189 of 2005 has dealt with the issue of the RoE. UJVNL has claimed Return on Equity (RoE) assuming a normative debt equity ratio of 70:30 in line with the Hon'ble ATE direction in the said order while disposing off the said Appeal of UJVNL filed against Commission's Order dated December 16, 2004.

Hon'ble Appellate Tribunal's observations/directions as per the Order dated September 14, 2006 passed in Appeal No. 189 of 2005 on RoE are as follows:

*i) "...The non-specification by the State Government as to the allocation of equity may be for ever so many reasons of State reorganisation or it may take some more time but that cannot be a ground for deprivation of return on the investment made in the generating stations, presently held by appellant, which was held by a larger State, now vested with the Government of Uttaranchal on re-organisation...."*

*[Para 23]*

*ii) "The appellant had sought return on equity on 30% of the share capital based/GFA as valued by the Commission. The Commission has assessed the GFA and that being so, the Commission should have allowed RoE at least on that basis...."*

*[Para 24]*

*iii) "The UP Electricity Regulatory Commission in its earlier proceedings, which is since being followed by Uttaranchal Electricity Commission, has fixed the capital cost/GFA for nine hydro generating plants at Rs. 503.96 crores as seen from Table 5.9, Page 48 of the tariff order. It is not only just but also appropriate to provide ROE on 30% on the said capital base, being normative equity. If such a portion of ROE on normative basis is not allowed, on the reasoning that the government has not issued a notification or allocation or fixed it either as*

*equity or loan or subsidy or a grant, as already pointed out on a later date, this will not be possible for the Commission to put back the clock or reopen the matter and revise the tariff retrospectively and eventually liability has to be fastened on the new generation of consumers ultimately .....*”

[Para 26]

Further, with regard to equity corresponding to opening GFA of UJVNL, GoU vide its letter No. 70/AS(E)/I/2008-04(3)/22/08 dated March 7, 2008 addressed to the Commission has recommended that the return on equity to UJVNL may be awarded/allowed on the equity of Rs 151.19 Crore being 30% of Gross Fixed Assets of Rs 503.96 Crore. It has also been mentioned that a formal notification in this regard will be issued later. This recommendation is as per decision taken in the meeting held between Government, UJVNL and Commission on 01.02.2008 in Commission's office, where it was also agreed that the Government would reduce the cess to absorb the resulting impact of this allowance.

As the recommendation of GoU is in line with the Paras 24 and 26 of above referred Order of Hon'ble ATE, the Commission in the present exercise has considered Return on Equity on the equity of Rs 151.19 Crore being 30% of Gross Fixed Assets of Rs 503.96 Crore as assessed by the Commission. The allowance is, however, provisional subject to adjustment as and when Final Transfer Scheme is notified. The Commission has also provisionally considered impact of 10 paise/unit towards allowing return on this equity and tax thereon to be absorbed in cess applicable for purchase of power by UPCL from these stations, in anticipation of issuance of notification in this regard by the Government.

#### **4.6 Operation & Maintenance Expenses**

Regulation 26 of the Commission's (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 stipulates that O&M expenses for plants in operation for more than 5 years have to be based on the actual expenses for the 5 year period 1998-99 to the 2002-03. The average of these expenses, excluding abnormal expenses, represents mid year expenses which is 2000-01. The average expenses are then to be escalated at compound rate of 4% p.a. in accordance with the Regulations to arrive at the allowable O&M expenses for the tariff year.

During the previous tariff proceedings for 2004-05, the Petitioner had claimed that O&M expenses should not be computed as per the above requirement as these plants had

been neglected while under Uttar Pradesh's control. The Commission had relaxed the above Regulations and had taken average of 3 years' expenses to arrive at base year expenses for 2002-03. The Commission had, accordingly, fixed the base level of total O&M expenses of Rs. 66.99 Crore for 2002-03. The Commission, for 2006-07, approved the O&M expenses with an annual increment of 4% on the base value of Rs. 66.99 Crore as determined for 2002-03. Thus, the Commission approved the base O&M expenditure for the year 2006-07 as Rs. 78.36 Crore. In addition, the Commission had approved Rs. 0.73 Crore to meet the cost of free supply to colonies etc. and another Rs. 1.00 Crore for the Regulatory Expenses making a total of Rs. 80.09 Crore as the O&M expenses for 2006-07.

In these Petitions, the Petitioner has sought further relaxations/deviations from the above approach. The Commission has taken a view on these after examining them and on merits of each case in Section 5 later.

## 5. Commission's Analysis, Scrutiny and Conclusions

### 5.1 Physical Parameters

#### 5.1.1 Energy Generation and Saleable Primary Energy

The Petitioner in line with the approach adopted by the Commission in its previous Tariff Orders, while computing the Saleable Primary Energy, has subtracted auxiliary consumption and transformation loss on normative basis and projected the normative Saleable Primary Energy of 3145.44 MU for 2007-08 and 2008-09 for tariff determination.

The Commission in line with the approach already defined in the Order dated December 16, 2004 and Order dated July 12, 2006 approves the same figures of primary energy generation and saleable primary energy arrived at in the said Orders. Accordingly, the Primary Energy Generation and Saleable Primary Energy for these nine generating plants are approved at 3169.13 MU and 3145.44 MU respectively for both the years, i.e. 2007-08 and 2008-09, for Primary Energy Rate determination as shown in the Table below:

**Table 5.1: Energy Generation and Saleable Energy  
Approved by Commission for 2007-08 and 2008-09**

Plant	Primary Energy	Auxiliary Consumption		Transformation Loss		Saleable Primary Energy
	MU	%	MU	%	MU	MU
Dhakrani	156.88	0.20%	0.31	0.50%	0.78	155.78
Dhalipur	192.00	0.20%	0.38	0.50%	0.96	190.66
Chibro	750.00	0.40%	3.00	0.50%	3.75	743.25
Khodri	345.00	0.20%	0.69	0.50%	1.73	342.58
Kulhal	153.91	0.20%	0.31	0.50%	0.77	152.83
Ramganga	311.00	0.20%	0.62	0.50%	1.56	308.82
Chilla	671.29	0.20%	1.34	0.50%	3.36	666.59
M Bhali I	395.00	0.20%	0.79	0.50%	1.98	392.24
Khatima	194.05	0.20%	0.39	0.50%	0.97	192.69
<b>Total</b>	<b>3169.13</b>		<b>7.83</b>		<b>15.86</b>	<b>3145.44</b>

### 5.2 Financial Parameters

#### 5.2.1 Capital Cost

The Petitioner has again submitted that the data relating to capital cost of these plants on the date of their commercial operation is not available. However, UJVNL has accepted the approach adopted by the Commission in its Tariff Order dated December 16, 2004 for determining the capital costs of these stations as on January 14, 2000, on provisional basis pending finalization and notification of the Transfer Scheme.

The value of Gross Fixed Assets (GFA) for these nine stations as approved by the Commission in its Order dated December 16, 2004 and Order dated July 12, 2006 is given in Table below:

**Table 5.2: GFA as on 14.01.2000 (Rs. Crore)**

<b>Plant</b>	<b>Amount</b>
Dhakrani	12.40
Dhalipur	20.37
Chibro	87.89
Khodri	73.97
Kulhal	17.51
Ramganga	50.02
Chilla	124.89
Maneri Bhali I	109.72
Khatima	7.19
<b>Total</b>	<b>503.96</b>

The Commission has considered the Capital Cost of Rs. 503.96 Crore as on January 14, 2000 as approved in the Tariff Order dated December 16, 2004 and Order dated July 12, 2006 and also proposed by the Petitioner.

### **5.2.2 Additional Capitalisation**

Against opening GFA of Rs. 503.96 Crore as on January 14, 2000 as approved in the previous Tariff Orders, UJVNL has claimed another Rs. 9.47 Crore by way of additional capitalisation till 2005-06. UJVNL in its Petitions has projected the additional capital expenditure to the tune of Rs. 207.48 Crore during the period 2006-07 to 2008-09.

UJVNL's capital expenditure plans, funding of the same, readiness to undertake the same, orders placed, etc., were discussed with UJVNL's officers, to ascertain whether such a high level of capital expenditure indicated by UJVNL for 2006-07 to 2008-09 would actually be undertaken and whether the required funds are tied up. As a part of the reply of the queries raised by the Commission after the discussions, UJVNL submitted that the actual capitalisation undertaken during 2006-07 was of the order of Rs. 9.10 Crore only as against the projected capitalisation of Rs. 49.80 Crore by the Petitioner. UJVNL further submitted that the actual expenditure undertaken during April to September 2007 is around Rs. 0.95 Crore for 2007-08 against annual projection of Rs. 92.27 Crore. UJVNL has subsequently submitted that since actual capitalisations in 2007-08 have been lower than budgeted expenditure due to paucity of funds, the same would be incorporated in the budget for 2008-09. Further, UJVNL has internal approval system for scrutiny of need, benefit and procedure of each proposed capital work, in support of which it has enclosed its relevant office orders.

With regard to the details pertaining to additional capitalisation claimed till 31.03.2006, UJVNL has submitted the details of works done indicating the need, copy of bills and vouchers, copy of administrative approvals and copy of purchase/work orders for major works where total value exceeds Rs. 2.5 Crore. UJVNL has requested that copies of bills were also submitted to Commission in last filing. However, as number of such petty works is large and records are in the respective units, collecting details of administrative approvals is very time consuming. It has therefore requested that since these capitalisations are of small value it may be exempted from providing individual approvals on lines similar to Transmission & Distribution Licensees, which are exempted from approvals for expenditure upto Rs. 2.50 Crore.

The Commission, in its previous tariff Order, had disallowed additional capitalization till 31.03.2006 for want of details of the additional capitalization. Since UJVNL has now provided details of major capital works and the explanations given by UJVNL for small value works seems reasonable, the Commission has now accepted the claimed actual capitalisations. However, UJVNL's accounts after 2002-03 are still provisional and yet to be audited. The capitalisation claimed on these accounts is, therefore, yet to be frozen. Therefore, as also for reasons discussed in Section 4, the Commission has considered only the actual capitalization as submitted by the Petitioner till September 2007 on provisional basis for determination of AFC and Tariff for 2007-08 and 2008-09 which is subject to true-up based on the actuals, audit of accounts and prudence check. The year-wise additional capitalisation considered by the Commission is summarized in Table below:

**Table 5.3: Additional Capitalisation as considered by the Commission (Rs. Crore)**

Station	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Actual till 30.09.07)
Dhakrani	0.00	0.15	0.23	0.13	0.04	0.05	0.02
Dhalipur	0.00	0.02	0.00	0.00	0.04	0.08	0.03
Chibro	0.01	0.31	0.22	0.28	0.10	5.73	0.27
Khodri	0.00	0.08	0.17	0.02	0.02	0.23	0.10
Kulhal	0.00	0.01	0.00	0.00	0.05	0.05	0.02
Ramganga	0.00	0.01	0.06	0.24	0.08	0.27	0.20
Chilla	0.99	0.35	0.34	2.37	2.21	2.12	0.03
M Bhalli-I	0.00	0.04	0.06	0.34	0.38	0.51	0.02
Khatima	0.00	0.00	0.01	0.07	0.04	0.05	0.28
<b>Total</b>	<b>1.00</b>	<b>0.96</b>	<b>1.10</b>	<b>3.46</b>	<b>2.95</b>	<b>9.10</b>	<b>0.95</b>

### 5.2.3 Depreciation

The Petitioner has claimed a sum of Rs. 11.18 Crore and Rs. 13.64 Crore for 2007-08 and 2008-09 respectively by way of depreciation in respect of these nine stations. UJVNL

submitted that while computing the depreciation it has considered the 90% of the opening GFA as the permissible limit.

Out of these nine stations, in four stations namely Khatima, Dhakrani, Dhalipur and Chibro the accumulated depreciation has already reached 90%. The maximum depreciation that can be allowed on any asset is 90% of the historical cost. Hence, no depreciation can be allowed on these four stations. UJVNL has also not claimed any depreciation on the opening GFA for these four generating stations.

UJVNL has claimed depreciation on opening GFA for five plants namely Khodri, Kulhal, Ramganga, Chilla and Maneri Bhali-I. The depreciation claimed for these five generating stations is of Rs. 7.76 Crore each for 2007-08 and 2008-09. In the absence of asset classification as specified in the Regulations, the permissible rate of depreciation on the opening GFA has been considered by the Commission as 2.38% as determined in its Previous Tariff Orders. Thus, the Commission has approved the total depreciation on the opening GFA for the Khodri, Kulhal, Ramganga, Chilla and Maneri Bhali-I as Rs. 7.76 Crore each for 2007-08 and 2008-09.

The Commission, while considering the additional capitalization, has considered the rates as projected by the Petitioner for the assets created and provisionally considered the actual capitalization till September 2007. For want of details of asset classification as per Regulations, the Commission has considered an average depreciation rate of 2.66% for additional capitalisation based on the rate projected by the Petitioner. The Commission has provided the depreciation in the year subsequent to the year in which the assets are capitalised. The summary of depreciation approved by the Commission for 2007-08 and 2008-09 is shown in the Table below:

**Table 5.4: Depreciation Approved by the Commission for 2007-08 & 2008-09 (Rs. Crore)**

Stations	2007-08			2008-09		
	Depreciation on Opening GFA	Depreciation on Additional Capitalisation	Total Depreciation	Depreciation on Opening GFA	Depreciation on Additional Capitalisation	Total Depreciation
<b>Dhakrani</b>	0.00	0.02	0.02	0.00	0.02	0.02
<b>Dhalipur</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Chibro</b>	0.00	0.18	0.18	0.00	0.18	0.18
<b>Khodri</b>	1.76	0.01	1.77	1.76	0.02	1.78
<b>Kulhal</b>	0.42	0.00	0.42	0.42	0.00	0.42
<b>Ramganga</b>	0.00	0.02	0.02	0.00	0.02	0.02
<b>Chilla</b>	2.97	0.22	3.19	2.97	0.22	3.20
<b>M Bhali-I</b>	2.61	0.04	2.65	2.61	0.04	2.65
<b>Khatima</b>	0.00	0.01	0.01	0.00	0.01	0.01
<b>Total</b>	<b>7.76</b>	<b>0.49</b>	<b>8.26</b>	<b>7.76</b>	<b>0.52</b>	<b>8.28</b>

### 5.2.4 Return on Equity

Regulation 18(1) of the Commission's (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 stipulates as follows:

*"In case of all generating stations, debt-equity ratio as on the date of commercial operation shall be 70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for determination of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan.*

*Provided that in case actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff".*

In accordance with the above Regulation, the Commission has provisionally considered 30% of the provisional additional capitalisation amount as normative equity to allow return on the same. As discussed in Section 4, 30% of opening asset value has provisionally also been considered as equity.

Thus, the Commission has provisionally allowed return on this normative equity and the equity considered in opening value of assets transferred at 14% in line with Regulation 25 which reads as follows:

*"Return on equity shall be computed on the equity base determined in accordance with regulation 18 and shall be @ 14% per annum.*

The summary of the Return on Equity approved for UJVNL for 2007-08 and 2008-09 is shown in the Table below:

**Table 5.5: Equity and Return on Equity for 2007-08 & 2008-09 (Rs. Crore)**

Station	Transferred Assets		2007-08			2008-09		
	Normative Equity	RoE	Additional Capitalisation		Total RoE	Additional Capitalisation		Total RoE
			Opening Equity	RoE		Opening Equity	RoE	
Dhakrani	3.72	0.52	0.18	0.03	0.55	0.19	0.03	0.55
Dhalipur	6.11	0.86	0.04	0.01	0.86	0.05	0.01	0.86
Chibro	26.37	3.69	1.91	0.27	3.96	1.99	0.28	3.97
Khodri	22.19	3.11	0.08	0.01	3.12	0.11	0.01	3.12
Kulhal	5.25	0.74	0.03	0.00	0.74	0.04	0.01	0.74
Ramganga	15.00	2.10	0.20	0.03	2.13	0.26	0.04	2.14
Chilla	37.47	5.25	2.25	0.31	5.56	2.26	0.32	5.56
Maneri Bhali I	32.92	4.61	0.40	0.06	4.66	0.41	0.06	4.67
Khatima	2.16	0.30	0.05	0.01	0.31	0.13	0.02	0.32
<b>Total</b>	<b>151.19</b>	<b>21.17</b>	<b>5.14</b>	<b>0.72</b>	<b>21.89</b>	<b>5.42</b>	<b>0.76</b>	<b>21.93</b>



### **5.2.5 Income Tax**

In this regard, Regulation 7 stipulates that :

*“(1) Tax on the income streams of the generating company from its core business shall be computed as an expense and shall be recovered from the beneficiaries.”*

Further, Regulation 10 stipulates that the recovery of income tax shall be done directly by the generating company from the beneficiaries without making any application before the Commission and provided that in case of any objection by the beneficiaries to the amounts claimed on account of income tax, the generating company may make an appropriate application before the Commission for its decision.

As the Regulations provides for the recovery of income tax directly by the generating company from the beneficiaries without making any application, the Commission has not considered the Income Tax while determining the tariff of these generating stations for 2007-08 and 2008-09. The Income Tax may be billed by UJVNL separately in addition to the tariff approved by the Commission.

### **5.2.6 Interest on Loans**

The Petitioner has claimed the interest on the normative debt as 70% of opening GFA as on January 14, 2008 and on subsequent GFA additions proposed, assuming the normative repayment on the normative debt to be equal to the accumulated depreciation. Thus, apart from claiming the interest on the normative debt of the additional capitalization, the Petitioner has also claimed the interest on the normative debt on the opening GFA as on January 14, 2000 for those stations where the accumulated depreciation for 2007-08 and 2008-09 has not exceeded the normative debt.

The Petitioner’s claim of interest on normative loan on the opening GFA is based on the presumption that entire asset value of Rs. 503.96 Crore was financed through 100% equity investment and equity in excess of 30% is to be treated as normative loan as per Regulations. Clearly, there are no real loans pending to be serviced and transferred to UJVNL for these assets. Further, this issue has to be dealt with keeping in mind the fact that these generating stations having been commissioned more than 20 years before the Petitioner company was registered, thus the possibility of balance loan, whether normative or actual, remaining to be serviced now is not there. Further, the Transfer Scheme detailing the assets/liabilities details for UJVNL has still not been finalized and the Petitioner has submitted that a decision on the same is expected shortly. The Commission is of the opinion

that if any liability of servicing of any outstanding loan is passed on to the Petitioner through the Transfer Scheme, the Commission may consider the same at appropriate time after the prudence check.

Clause 18(1) of the Commission's (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 stipulates as follows:

*"In case of all generating stations, debt-equity ratio as on the date of commercial operation shall be 70:30 for determination of tariff. Where equity employed is more than 30%, the amount of equity for determination of tariff shall be limited to 30% and the balance amount shall be considered as the normative loan.*

*Provided that in case actual equity employed is less than 30%, the actual debt and equity shall be considered for determination of tariff".*

Clause 18(2) of the Commission's (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 stipulates as follows:

*"The debt and equity amounts arrived at in accordance with sub-regulation (1) shall be used for calculating interest on loan, return on equity, Advance Against Depreciation and Foreign Exchange Rate Variation."*

In accordance with the above provisions of Regulations, the Commission has considered the normative loan on the additional capitalization as approved by the Commission for the period from 2001-02 to 2007-08. Summary of loans and interest thereon is presented in Table below.

**Table 5.6: Approved Interest on Loan for 2007-08 & 2008-09 (Rs. Crore)**

Station	2007-08		2008-09	
	UJVNL	Commission	UJVNL	Commission
Dhakrani	0.24	0.04	0.55	0.04
Dhalipur	0.64	0.01	1.18	0.01
Chibro	2.62	0.53	2.84	0.52
Khodri	0.21	0.05	0.31	0.05
Kulhal	0.00	0.01	0.13	0.01
Ramganga	0.31	0.06	0.87	0.06
Chilla	2.90	0.63	3.41	0.61
M Bhali I	3.23	0.10	3.24	0.10
Khatima	1.04	0.02	2.17	0.03
<b>Total</b>	<b>11.19</b>	<b>1.45</b>	<b>14.70</b>	<b>1.43</b>

### 5.3 Operation & Maintenance (O&M) Expenses

The Petitioner has claimed that except the component of employee cost, the O&M

expenses as determined by the Commission is acceptable to the Petitioner. The Petitioner has claimed an escalation of 10% on the actual employee expenses for 2005-06. During the proceedings of the tariff determination, the Commission obtained the actual O&M expenses for 2006-07 also. The Petitioner subsequently requested the Commission to consider an escalation of 10% over the actual employee expenses for 2006-07 for approving O&M expenses for 2007-08 and 2008-09.

The Commission has analysed the actual O&M expenses during 2005-06 and 2006-07 as provided by the Petitioner. If the Commission strictly adopts the relaxed Regulations and allows only 4% escalation on the base O&M determined under relaxed Regulations of Rs. 66.99 Crore for 2002-03, the O&M expenses for 2007-08 and 2008-09 work out to Rs. 81.49 Crore and Rs. 84.75 Crore respectively. As regard to the Petitioner's request of allowing 10% increase on the employee expenses, the Commission analysed the increase of actual the employee expense for 2006-07 over 2005-06 which is around 4.86%. Thus the claim of 10% increase is not validated by historical data. However, considering the fact that actual O&M expenses in 2006-07 have been higher than the approved level, the Commission has allowed further relaxation by taking base year as 2006-07 and base expense as actual expense in this year. The Commission is of the view that if O&M expenses are not allowed based on actual O&M expenses, Repairs & Maintenance (R&M) works will suffer as the Petitioner will not be able to control Government wage structure based employee expenses, which in turn will adversely affect generation from these stations. The Commission has, accordingly, considered the actual O&M expenses of the Rs. 85.20 Crore (excluding Insurance charges and Regulatory Fee as the same has been allowed by the Commission separately) for 2006-07 and allowed an escalation of 4% p.a. for estimating the O&M expenses for 2007-08 and 2008-09. The O&M expenses have been apportioned plant-wise in the proportion of the actual O&M expenses for each generating stations for 2006-07 as submitted by the Petitioner.

In addition to the O&M expenses discussed above, the Commission had considered and provided for cost of colony consumption. The Commission had recognised this consumption in colonies, barrages etc. and had frozen the same at a level of 33.47 MU in its previous Tariff Orders accepting the data provided by the Petitioner. The cost of this supply has been calculated in line with philosophy adopted in previous Tariff Orders i.e. at Primary Energy Rate for each station rather than at retail supply tariff of Rs. 2 per unit claimed by Petitioner for which it has claimed Rs. 5.706 Crore each for 2007-08 and 2008-09 respectively. At the determined Primary Energy Rates for 2007-08 and 2008-09, the cost of this supply

works out to about Rs. 1.40 Crore for 2007-08 and Rs. 1.50 Crore for 2008-09. The Commission has, accordingly, approved the extra cost of Rs. 1.40 Crore and Rs. 1.50 Crore for 2007-08 and 2008-09 respectively for such supply to colonies, barrages etc.

In addition to the above, UJVNL has considered 550 numbers of employees not residing in the UJVNL Colonies and 864 employees, who have retired from UJVNL for concessional supply of electricity in areas outside the colonies. UJVNL has assumed the monthly average consumption of 1900 Units per month for the purpose of the computation of the total units of free/concessional supplies to UJVNL's past & present employees and the rate while computing the cost thereof taken at the prevalent demand tariff rates of Rs. 2.00/unit in accordance with the rates specified in RTS-1 of the Commission's Order dated 12.07.2006 for Uttaranchal Power Corporation Limited. However, upon enquiring about such a high monthly consumption during the Technical Validation Sessions, UJVNL submitted that average consumption of 1900 units/month has been derived by dividing 33.47 MU of colonies consumption earlier approved by the Commission by number of employees residing in colonies under sites. This approach is obviously incorrect as the above level of consumption approved by the Commission included not only colonies consumption but also consumption in barrages/dams etc. UJVNL, therefore, submitted that relevant information pertaining to actual consumption in Yamuna Colony and the number of consumers therein have been requested from UPCL and on receipt of such information the re-worked monthly consumption would be submitted to the Commission. No such information have been furnished by UJVNL till date. UJVNL also confirmed that deduction on account of concessional supply to UJVNL employees from their salaries, in the form of electricity charge at an average amounts to Rs. 75/- per month, is being done from the Pension of the retired employees also.

The Commission had directed the Petitioner to segregate from the determined consumption of 33.47 MU, consumption in dams, barrages etc. and consumption in staff colonies in the last Tariff Order. However, UJVNL has not provided the details regarding the same. The Commission is concerned on the issue and directs the Petitioner to segregate the colony consumption, consumptions in dams, barrages etc. within 3 months of the passage of this Tariff Order. In the absence of these details, there is no reason to revisit the earlier estimate of 33.47 MU which might have included every consumption in colonies whether at site or elsewhere. However, pending availability of such data, the Commission has allowed additional cost of supply to such employees/pensioners who are not residing at

sites.

In the absence of the information towards the monthly consumption of such employees/pensioners, the Commission has considered the average monthly consumption of the Domestic-RTS (1) category of the consumers of UPCL, which works out to 86.20 units/consumer/month, and considered the rate while computing the cost thereof taken at the prevalent demand tariff rates of Rs. 2.00/unit in accordance with the rates specified in RTS-1 of the Commission's order dated 12.07.2006 for Uttaranchal Power Corporation Limited. Thus, the Commission approves the additional cost towards such supplies as Rs. 0.17 Crore each for 2007-08 and 2008-09 respectively.

With regard to terminal benefits and Provident Fund related claims, UJVNL stated that it is also required to incur expenditure towards the difference of the amounts collected from employee contribution to the GPF Trust and the actual payouts of the Trust. The amount involved is of the order of Rs. 2.05 Crore per annum. The Petitioner pleaded that it is duty bound to make good this difference, which is quite a significant proportion of the current turnover of the Nigam and can have severe financial impact unless compensated through the tariffs. Hon'ble ATE has also directed the Commission to consider this claim in its Order dated 14.09.2006. The Commission, therefore, accepts Petitioner's request on the same and approves an amount of Rs. 2.05 Crore against the difference of the amounts collected from employee contribution to the GPF trust and the actual payouts of the Trust for 2007-08 and 2008-09 subject to the condition that the same shall be adjusted against future tariffs when the unfunded GPF accumulation is made good by GoU/UPPSET/GoUP. Since, the actual amount towards this difference would be known at the end of the each financial year, any difference in the approved amount may be trued up based on the actuals subject to prudence check.

With regard to the Regulatory expenses, the Commission in its Tariff Order dated July 12, 2006 had approved an amount of Rs. 1 Crore towards the Regulatory expenses. As, UJVNL has submitted its combined ARR and Tariff Petition for 2007-08 and 2008-09, the possibility of UJVNL incurring any regulatory expense in 2008-09 is ruled out and, hence, not considered. Accordingly, as the tariff filing fees for Petition for each generating station is Rs. 10 Lakh, the Commission approves an amount of Rs. 90 Lakh towards the Regulatory expenses for 2007-08 only.

UJVNL claimed the insurance charges under various policies as Fire & Allied Perils for Large Hydro Power plants, Loss of complete Revenue due to reduction in

turnover/output and increased cost of working, Financial Liabilities relating to Director's and Officers Omission, Public Liability, Workman's Compensation, Legal Liability under the Workman's Compensation Act, 1923 and Indian Fatal Accidents Act, 1855. The actual insurance charges for 2006-07 as submitted by UJVNL are Rs. 3.15 Crore. As the Commission has approved O&M expenses for 2007-08 and 2008-09 by escalating actual O&M expenses for 2006-07 excluding insurance charges and Employee Terminal benefits, the Commission has separately approved the insurance charges of Rs. 3 Crore for 2007-08 as claimed by the Petitioner. For 2008-09, the Commission has approved insurance charges of Rs. 3.12 Crore by applying an escalation of 4% p.a. as per the Regulations.

The Commission is aware that during 2008-09, the employee expenses are likely to increase substantially due to pay revision etc. The Commission, therefore, in addition to O&M expenses computed in accordance with the Regulations has made a lump sum provision for additional Rs. 6 Crore to take into account the impact of pay revisions on provisional basis. The Commission would carry out the truing up of actual O&M expenses subject to prudence check in the next year tariff exercise.

O&M expenses as proposed by the Petitioner and approved by the Commission for 2007-08 and 2008-09 for the nine generating stations are summarised in the Table below:

**Table 5.7: O&M Expenses for 2007-08 & 2008-09 (Rs. Crore)**

Station	UJVNL	Approved	UJVNL	Approved
	2007-08		2008-09	
Dhakrani	9.86	4.91	10.73	5.11
Dhalipur	7.34	7.29	7.78	7.58
Chibro	19.16	17.99	20.54	18.71
Khodri	8.63	9.93	9.34	10.33
Kulhal	3.82	4.29	4.06	4.46
Ramganga	13.00	10.13	14.06	10.53
Chilla	17.55	12.93	18.75	13.45
M Bhali I	14.41	15.21	15.39	15.82
Khatima	6.05	5.93	6.52	6.16
<b>Sub-Total</b>	<b>99.81</b>	<b>88.61</b>	<b>107.17</b>	<b>92.15</b>
Colony Consumption	5.71	1.40	5.71	1.50
Terminal Benefits	2.15	2.05	2.15	2.05
Regulatory Expenses	1.08	0.90	1.08	0.00
Insurance	3.00	3.00	3.15	3.12
Cost of Concessional supply to past and present employees of UJVNL	4.96	0.17	4.96	0.17
Impact of Pay Revision				6.00
<b>Total</b>	<b>116.70</b>	<b>96.12</b>	<b>124.21</b>	<b>104.98</b>

#### 5.4 Interest on Working Capital

The Petitioner has claimed that it has projected the working capital for each plant in

accordance with the provisions of the Regulations. The components of working capital as per the Regulations are as follows:

- O&M expense at one month of projected expenses;
- Maintenance spares @ 1% of project cost escalated @ 6% per annum from the date of commercial operation (in case of UJVNL's stations transferred from UPJVNL, historical cost shall be the cost as on the date of unbundling of UPSEB to be escalated @ 6% p.a. thereafter); and
- Receivables at two months of revenue from sale of electricity.

#### **5.4.1 One Month O&M Expenses**

The annual O&M expenses admitted by the Commission are Rs. 96.12 Crore and Rs. 104.98 Crore for 2007-08 and 2008-09 respectively. Based on approved O&M expenses, one month's O&M expense, which works out to Rs. 8.00 Crore and Rs. 8.74 Crore for 2007-08 and 2008-09 respectively, has been considered by the Commission for working out the working capital requirement.

#### **5.4.2 Maintenance Spares**

The Commission has considered the maintenance spares on the basis of the relevant Regulation. For old assets, the Commission has considered maintenance spares @ 1% of the historical cost transferred from UPJVNL as on 14.1.2000 and escalated @ 6% per annum. For assets capitalised during subsequent years, maintenance spares have been considered @ 1% of the additional capitalisation by escalating 6% per annum from the year of capitalisation. The value of maintenance spares, thus, works out to Rs. 8.24 Crore and Rs 8.74 Crore for 2007-08 and 2008-09 respectively.

#### **5.4.3 Receivables**

Regulations envisage receivables equivalent to two months of fixed charges for sale of electricity as an allowable component of working capital. Annual Fixed Charges (AFC) for the Petitioner include O&M expenses, depreciation, interest on loan, return on equity and interest on working capital. The Commission has approved the receivables for two months based on the approved AFC which works out to Rs. 21.94 Crore and Rs. 23.47 Crore for 2007-08 and 2008-09 respectively.

Total working capital allowed by the Commission under the three components

discussed above works out to Rs. 38.19 Crore and Rs. 40.96 Crore for 2007-08 and 2008-09 respectively.

Regulation 27(2) of UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 stipulates:

*“Rate of interest on working capital shall be the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1<sup>st</sup> April of the year in which the generating unit/station is declared under commercial operation, whichever is later. The interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken working capital loan from any outside agency.”*

The Commission has, thus, allowed Rs. 3.91 Crore and Rs. 4.20 Crore as interest on working capital for 2007-08 and 2008-09 considering an interest rate of 10.25% in accordance with the Regulations. The plant-wise details of working capital and interest thereon for 2007-08 and 2008-09 are given hereunder:

**Table 5.8: Interest on Working Capital for 2007-08 (Rs. Crore)**

Plant	UJVNL	Approved				UJVNL	Approved
	Total Working Capital	1 month O&M Expenses	1% Maintenance Spares	2 months Receivables	Total Working Capital	Interest on Working Capital	Interest on Working Capital
Dhakrani	3.05	0.43	0.21	0.99	1.63	0.34	0.17
Dhalipur	2.73	0.64	0.33	1.47	2.43	0.3	0.25
Chibro	8.77	1.65	1.47	4.22	7.35	0.96	0.75
Khodri	4.77	0.91	1.19	2.73	4.83	0.55	0.50
Kulhal	1.66	0.38	0.28	0.98	1.64	0.18	0.17
Ramganga	5.23	0.96	0.80	2.37	4.14	0.57	0.42
Chilla	9.22	1.17	2.09	4.03	7.29	1.01	0.75
M Bhali I	7.83	1.33	1.76	4.03	7.13	0.86	0.73
Khatima	2.21	0.52	0.12	1.12	1.76	0.24	0.18
<b>Total</b>	<b>45.47</b>	<b>8.00</b>	<b>8.24</b>	<b>21.94</b>	<b>38.19</b>	<b>5.01</b>	<b>3.91</b>

**Table 5.9: Interest on Working Capital for 2008-09 (Rs. Crore)**

Plant	UJVNL	Approved				UJVNL	Approved
	Total Working Capital	1 month O&M Expenses	1% Maintenance Spares	2 months Receivables	Total Working Capital	Interest on Working Capital	Interest on Working Capital
Dhakrani	3.38	0.46	0.22	1.06	1.74	0.37	0.18
Dhalipur	3.05	0.69	0.35	1.57	2.60	0.34	0.27
Chibro	9.32	1.83	1.56	4.57	7.96	1.03	0.82
Khodri	5.09	1.00	1.26	2.92	5.17	0.58	0.53
Kulhal	1.80	0.41	0.30	1.04	1.75	0.20	0.18
Ramganga	5.70	1.09	0.85	2.63	4.58	0.63	0.47
Chilla	9.92	1.28	2.21	4.25	7.75	1.09	0.79
M Bhali I	8.29	1.43	1.87	4.22	7.52	0.91	0.77
Khatima	2.72	0.56	0.12	1.21	1.89	0.30	0.19
<b>Total</b>	<b>49.26</b>	<b>8.74</b>	<b>8.74</b>	<b>23.47</b>	<b>40.96</b>	<b>5.45</b>	<b>4.20</b>



## 5.5 Annual Fixed Charges and Primary Energy Rate

Based on the above analysis, the Commission has approved a sum of Rs. 131.63 Crore for 2007-08 and Rs. 140.82 Crore for 2008-09 as the Total Annual Fixed Charges (AFC) of the Petitioner. Based on the station-wise approved Annual Fixed Charges (AFC) and saleable primary energy, Primary Energy Rate has been worked out for each of these nine generating stations.

The summary of Annual Fixed Charges and Primary Energy Rates for 2007-08 and 2008-09 is given in Tables below:

**Table 5.10: Annual Fixed Charges and Primary Energy Rate for 2007-08**

Station	Depreciation	Interest on loan	Interest on Working Capital	O&M expenses	RoE	Total Annual Fixed Costs	Saleable Primary Energy	Primary Energy Rate
	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(MU)	(paise/kWh)
Dhakrani	0.02	0.04	0.17	5.19	0.55	5.96	155.78	38.25
Dhalipur	0.00	0.01	0.25	7.67	0.86	8.80	190.66	46.16
Chibro	0.18	0.53	0.75	19.88	3.96	25.30	743.25	34.03
Khodri	1.77	0.05	0.50	10.94	3.12	16.38	342.58	47.81
Kulhal	0.42	0.01	0.17	4.55	0.74	5.89	152.83	38.55
Ramganga	0.02	0.06	0.42	11.58	2.13	14.21	308.82	46.00
Chilla	3.19	0.63	0.75	14.04	5.56	24.18	666.59	36.27
M Bhali I	2.65	0.10	0.73	16.03	4.66	24.17	392.24	61.62
Khatima	0.01	0.02	0.18	6.23	0.31	6.75	192.69	35.02
<b>Total</b>	<b>8.26</b>	<b>1.45</b>	<b>3.91</b>	<b>96.12</b>	<b>21.89</b>	<b>131.63</b>	<b>3145.44</b>	

**Table 5.11: Annual Fixed Charges and Primary Energy Rate for 2008-09**

Station	Depreciation	Interest on loan	Interest on Working Capital	O&M expenses	RoE	Total Annual Fixed Costs	Saleable Primary Energy	Primary Energy Rate
	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(MU)	(paise/kWh)
Dhakrani	0.02	0.04	0.18	5.57	0.55	6.36	155.78	40.80
Dhalipur	0.00	0.01	0.27	8.25	0.86	9.40	190.66	49.28
Chibro	0.18	0.52	0.82	21.95	3.97	27.44	743.25	36.91
Khodri	1.78	0.05	0.53	12.02	3.12	17.50	342.58	51.07
Kulhal	0.42	0.01	0.18	4.90	0.74	6.25	152.83	40.86
Ramganga	0.02	0.06	0.47	13.10	2.14	15.79	308.82	51.12
Chilla	3.20	0.61	0.79	15.36	5.56	25.52	666.59	38.29
M Bhali I	2.65	0.10	0.77	17.14	4.67	25.32	392.24	64.56
Khatima	0.01	0.03	0.19	6.70	0.32	7.26	192.69	37.67
<b>Total</b>	<b>8.28</b>	<b>1.43</b>	<b>4.20</b>	<b>104.98</b>	<b>21.93</b>	<b>140.82</b>	<b>3145.44</b>	

The Commission hereby approves the Primary Energy Rates as mentioned in Table 5.10 above for these nine generating stations for 2007-08, i.e. with effect from 01.04.2007 to 31.03.2008. Considering that allowing recovery of approved charges for 2007-08 in excess of existing charges in one go may result in cash flow problems for UPCL, the payment of approved charges in excess of the existing charges shall be made by UPCL to UJVNL in

equal monthly installments from first day of the month following the date of issue of this Order till 31.03.2009.

The Commission hereby approves the Primary Energy Rates as mentioned in Table 5.11 above for 2008-09 with effect from 01.04.2008. These rates will continue to be the approved rates for sales to UPCL till revised by the Commission.

In case the recovery from the Primary Energy Charges is less than the Annual Fixed Charges (AFC), the difference between AFC and Primary Energy Charges shall be recoverable as Capacity Charges subject to provisions of Regulations 12 and 28.

In accordance with the provisions of Regulations, the secondary energy rate shall be equal to the primary energy rate and shall be applicable when the Saleable Primary Energy exceeds the Saleable Primary Energy corresponding to original Design Energy.

Sd/-  
**(V.K. Khanna)**  
**Member**

Sd/-  
**(V.J. Talwar)**  
**Chairman**

## 6. Annexures

### 6.1 Annexure 1: Public Notice

**UTTARAKHAND JAL VIDYUT NIGAM LTD.**  
 H.O.: "UJJWAL", Maharani Bagh, GMS Road, Dehradun – 248006  
 Ph : - 0135-2763508, 2763808

**PUBLIC NOTICE REGARDING  
 UJVNL'S PROPOSED TARRIF FOR SALE OF ELECTRICITY TO UPCL  
 FOR DISTRIBUTION IN THE STATE**

1. Uttarakhand Jal Vidyut Nigam Limited (UJVNL), a Government owned company, generating power for supply to consumers in the State, has filed tariff proposals for the financial year 2007-08 & 2008-09 for its nine large generating stations before Hon'ble Uttarakhand Electricity Regulatory Commission (Commission). UJVNL is hereby publishing the gist of proposals made along with the existing rates in the State as tabulated below:

Station	Installed Capacity (MW)	Year of Commissioning		Operation & Maintenance Expenses (Rs. Cr.)	Interest on Working Capital (Rs. Cr.)	Interest on Loan Capital (Rs. Cr.)	Return on Equity (Rs. Cr.)	Depreciation including Advance Against Depreciation (Rs. Cr.)	Annual Fixed Charges (Rs. Cr.)	Saleable Energy (MUe)	Primary Energy Rate (p/u)
Dhakrani	33.75	1965-70	Approved for 06-07	5.19	0.16	-	-	-	5.35	155.78	34.34
			Proposed for 07-08	10.57	0.34	0.24	0.66	0.11	11.92	155.78	78.00*
			Proposed for 08-09	11.45	0.37	0.55	0.85	0.22	13.44	155.78	88.00*
Dhalipur	51.00	1965-70	Approved for 06-07	5.72	0.18	-	-	-	5.90	190.66	30.95
			Proposed for 07-08	8.20	0.30	0.64	1.22	0.20	10.56	143.38	58.00*
			Proposed for 08-09	8.64	0.34	1.18	1.54	0.41	12.11	143.38	66.00*
Chibro	240.00	1974-76	Approved for 06-07	17.94	0.60	-	-	-	18.54	743.25	24.95
			Proposed for 07-08	23.60	0.96	2.623	5.21	0.89	33.29	743.25	47.00*
			Proposed for 08-09	25.02	1.03	2.837	5.40	1.22	35.51	743.25	50.00*
Khodri	120.00	1983-84	Approved for 06-07	8.40	0.34	-	-	-	8.74	342.58	25.49
			Proposed for 07-08	10.87	0.55	0.209	3.35	1.90	16.88	342.59	52.00*
			Proposed for 08-09	11.60	0.58	0.313	3.53	2.06	18.08	342.59	56.00*
Kulhal	30.00	1974-76	Approved for 06-07	3.86	0.13	-	-	-	3.99	152.83	26.13
			Proposed for 07-08	4.58	0.18	0.00	0.91	0.53	6.20	152.83	42.00*
			Proposed for 08-09	4.82	0.20	0.13	1.03	0.63	6.81	152.83	46.00*
Ramganga	198.00	1976-78	Approved for 06-07	9.00	0.31	-	-	-	9.31	308.82	30.15
			Proposed for 07-08	15.87	0.57	0.31	2.28	0.12	19.16	308.82	62.00
			Proposed for 08-09	16.97	0.63	0.87	2.61	0.30	21.37	308.82	69.00
Chilla	144.00	1980-81	Approved for 06-07	13.76	0.55	-	-	-	14.31	666.59	21.47
			Proposed for 07-08	20.09	1.01	2.90	6.85	3.83	34.69	666.59	52.00
			Proposed for 08-09	21.31	1.09	3.41	7.40	4.37	37.58	666.59	56.00
Tiloth	90.00	1984-85	Approved for 06-07	11.96	0.48	-	-	-	12.44	392.24	31.71
			Proposed for 07-08	16.11	0.86	3.23	6.05	3.31	29.58	392.24	75.00
			Proposed for 08-09	17.11	0.91	3.24	6.28	3.74	31.29	392.24	80.00
Khatima	41.40	1955-56	Approved for 06-07	4.26	0.12	-	-	-	4.38	192.69	22.76
			Proposed for 07-08	6.81	0.24	1.04	0.89	0.29	9.27	192.69	48.00
			Proposed for 08-09	7.28	0.30	2.17	1.55	0.69	11.99	192.69	62.00

\*Chargeable to UPCL, excluding Himachal Pradesh share of energy generated of 25% each in Dhakrani, Dhalipur, Chibro and Khodri and 20% in Kulhal on cost basis (i.e. without Return on Equity)

2. Detailed proposals as submitted by UJVNL can be seen free of cost on any working day at the commission's office at **Institute of Engineers (I), Building, 1<sup>st</sup> floor, near ISBT, Majra, Dehradun** or at the office of **Uttarakhand Jal Vidyut Nigam Ltd., "UJJWAL", Maharani Bagh, GMS Road, Dehradun**. Relevant extract can also be obtained from the above mentioned office of UJVNL.

3. The proposals filed by the UJVNL are also available at the website of the Commission ([www.uerc.in](http://www.uerc.in)) and at the UJVNL's website ([www.uttaranchaljalvidyut.com](http://www.uttaranchaljalvidyut.com)).

4. Responses/suggestions, if any are sought from all consumers and other stakeholders on the above proposals. Responses may be sent to the **Secretary, Uttarakhand Electricity Regulatory Commission** either in person, or by post or through e-mail on [uttaranchalerc@rediffmail.com](mailto:uttaranchalerc@rediffmail.com) as statement of objections or comments with copies of documents and evidence in support thereof so as to reach the Secretary by **December 17, 2007**.

Ref. No. 476/U.J.V.N.L./Adv. T.  
Dated : 03.12.2007

"AVOID WASTEFUL USE OF ELECTRICITY"

## 6.2 Annexure 2: List of Respondents

SL. No.	Name	Designation	Organization	Address
1	Shri K.G. Behl, Brig (Retd.)	President	All India Consumers Council, Uttaranchal	8-A, Nemi Road, Dehradun
2	Shri Pankaj Gupta	President	Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Indl. Area, Dehradun

### 6.3 Annexure 3: List of Participants in Public Hearings

#### List of Participants in Hearing at Almora on 16.01.2008

SL. No.	Name	Designation	Organization	Address
1.	Mr. Prakash Chandra Joshi			Ex. Chairman, Municipal Board, Malla Joshi Khola, Almora
2.	Shri Shyam Lal	District President	Prantiya Udhyog Vyapar Pratinidhi Mandal,	Kutchery Bazar, Almora
3.	Shri Bhupendra Joshi			117, Upper Gali, Jakhan Devi, Almora
4.	Shri Nand Kishor Valmiki			Rajpur Balmiki Basti, Joshikhola, Almora
5.	Shri Hem Chandra Shah			Lala Bazar, Almora
6.	Shri Kaushal Kishor Saxena			Srishti, Ranidhara Road, Almora
7.	Shri Trilochan Joshi			Ranidhara Road, Almora
8.	Shri Sanjay Kandpal			Kandpal Bhawan, Talli Joshikhola, Almora
9.	Shri B.D. Chabdal			Ranidhara Road, Almora
10.	Ms. Neha Rana			D/o. S.S. Rana, Rana Bhawan, N.T.D. Almora
11.	Shri Satish Upadhyay			Dughal Khola, Almora
12.	Shri Umesh Kandpal			Jakhan Devi, Almora

#### List of Participants in Hearing at Haldwani on 17.01.2008

SL. No.	Name	Designation	Organization	Address
1.	Smt. Neela Arya	Principal	Kanya Purva Madhyamik (Govt.) Vidhyalaya,	Tulsinagar, Haldwani
2.	Shri Krishna Singh Kalakoti			Lohariasal (Malla), P.O. Katgharia, Haldwani
3.	Shri Jai Bhagwan Agarwal		M/s. Kashi Vishwanath Steels Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713
4.	Shri P.S. Parihar		M/s. Shivangi Craft Ltd.	5 <sup>th</sup> Km. Stone, Ramnagar Road, Kahsipur
5.	Shri Y.S. Malik		Galwalia Ispat Udyog Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur, U.S. Nagar
6.	Shri Naveen Chandra Verma	Prantiya Adhyaksha,	Devbhoomi Udhyog Vyapar Mandal, Uttarakhand	Sharda Market, Haldwani
7.	Capt. M.S. Bhandari			LIG-280, Awasi Vikas Colony, Haldwani
8.	Shri Keshab Datt Paleriya			Vill.-Gaujazali Bichli, Bareilly Road, Haldwani
9.	Shri Bhupal Singh Jantwal			Shishu Bharti School, Suyal colony, Bareilly Road, Haldwani
10.	Shri Vinod Km. Jayswal			6/608, Talla Garakhpur, Haldwani
11.	Shri Kashmiri Lal Sahni			3/453, Govindpura, Haldwani
12.	Shri Manoj Kr. Gupta	Sanyakta Mantri	Vyapar Mandal, Haldwani	Multali Garden, Haldwani

SL. No.	Name	Designation	Organization	Address
13.	Shri Deewan Singh Negi			Navodaya Colony, Damuadhoonga, Panchakki, Haldwani
14.	Shri Ramnath Shah	Member	Lok Seva Samiti	Gram- Damuadhoonga, Haldwani
15.	Shri A.S. Thathola			Bhawani Bhawan, Tikonia, Haldwani
16.	Shri T.D. Loshali			Vill.-Phattabangar, Goraparav, Haldwani
17.	Shri R.K. Sharma		M/s. Century Pulp & Paper	Lalkuan, Nainital
18.	Shri M.P. Shrivastava		M/s. Century Pulp & Paper	Lalkuan, Nainital
19.	Shri Pukhraj Kushwaha		M/s. Khatima Fibers Ltd.	UPSIDC Industrial Area, Khatema-262308
20.	Shri G.D. Punera			Gaujajali Bichni, Bareilly Road, Haldwani
21.	Lt. Col. B.D. Kandpal (Retd.)			MIG-64, Avas Vikas Colony, Haldwani
22.	Shri Rajeev Agarwal			Amar Bartan Bhandar, Haldwani
23.	Shri Darbara Singh	President	KGCCI	Chamber House, Industrial Estate, Bazpur Road, Kashipur, U.S. Nagar
24.	Shri Ashok Bansal		M/s. Rudrapur Solvents	Vill. & P.O.- Lalpur, Udham Singh Nagar
25.	Shri C.K. Arora	General Secretary	KGCCI	Chamber House, Industrial Estate, Bazpur Road, Kashipur, U.S. Nagar
26.	Shri M.S. Fartyal			Adarsh Nagar, Gali No. 2, Talli Bamori, Kaladhoongi Road, Haldwani.
27.	Shri Gurucharan Singh			Bartan Bazar, Haldwani
28.	Shri Digamber Verma			Patel Chowk, Haldwani
29.	Shri Sanjay Singh Rajput			Patel Chowk, Haldwani
30.	Shri Om Prakash			Gupta Aata Chakki, Mangalparao, Haldwani
31.	Dr. Pramod	Vice-President	Prantiya Uhyog Vyapar Mandal	Haldwani
32.	Shri Shamsher Singh Kohil			Guru Govind Pura, Haldwani
33.	Babulal Gupta			Shankar Traders, Karkhana Bazar, Haldwani
34.	Shri N.B. Guruvant			Amravati Colony, Malli Bamori, Haldwani
35.	Shri Virendra Km. Gupta	Koshadhyaksh a	Vyapar Mandal	Virendra Iron & Steel Works, Nawabi Road, Kulyalpur, Haldwani
36.	Shri D.S. Khattri			S.K. Puram, Kusumkhera, Haldwani
37.	Shri D.S. Negi			Uttaranchal Colony, Kusumkhera, Haldwani
38.	Shri Vipin Tyagi		M/s. B.S.T. Textile Mills Pvt. Ltd.	Plot No. 9, Sector-9, SIDCUL, Pantnagar, Rudrapur
39.	Shri P.K. Mishra		M/s. B.S.T. Textile Mills Pvt. Ltd.	Plot No. 9, Sector-9, SIDCUL, Pantnagar, Rudrapur
40.	Shri J.C. Tiwari		M/s. Escorts Ltd.	SIDCUL, Rudrapur
41.	Shri Vinod Vyas		M/s. Endurance Tech. Pvt. Ltd.	SIDCUL, Rudrapur

**List of Participants in Hearing at Ramnagar on 19.01.2008**

SL. No.	Name	Designation	Organization	Address
1.	Shri Balkar Ji "Fauji" Ex. Asstt. Commandant	Distt. Chairman	Bhartiya Kisan Union, Kashipur	Office-Bhartiya Kissan Union, Kashipur
2.	Shri Jeet Singh			Dhakia No. 92, P.O. Dhakia-1, Kashipur
3.	Shri Sohan Singh			Ram Shyam Colony, Gali No. 1, Ramnagar Road, Kashipur
4.	Shri Satnam Singh	Pradesh Upadhyaksha	Bhartiya Kisan Union (Uttarakhand)	Chanakpur Farm, Kashipur
5.	Shri Ashok Kumar			Baaz Market, Ramnagar, Nainital
6.	Shri Chandra Mohan Pant			Khalsa Street, Near Gaur Sabha, Kashipur
7.	Shri Satya Veer Sharma	Pradesh Mahamantri	Uttarakhand Pradesh Kisan Congress	97/3, Purana Awas Vikas Chauraha, Kashipur
8.	Shri Teeka Singh Saini	President	Sanyukta Kisan Sangharsh Samiti	33- Katoratal, Kashipur
9.	Shri Balvinder Singh			Biraha Farm, Bazpur
10.	Shri Karam Singh			Ramraz Farm, Bazpur
11.	Shri Madan Mohan Pandey		Jan Kalyan Awam Sudhar Samiti	C/o Khajan General Store, Bharatpuri, Ramnagar, Nainital
12.	Shri L.M. Tiwari			Gas Godam Road, Ramnagar, Nainital
13.	Smt. Bhawna Bhatt			Mohalla Edgah Road Khatadi, Ramnagar, Nainital
14.	Shri Ramkumar Agarwal		M/s. U mashakti Steels (P) Ltd.	Bazpur
15.	Shri Manoj Km. Chugh		M/s. Wings Commercial Co. Ltd.	C-1&C-2, UPSIDC Indl. Area, Pipalia, Bazpur
16.	Shri Sanjeev Jindal		M/s. Uttaranchal Ispat Ltd.	Bazpur Road, Kashipur, U.S. Nagar
17.	Shri Shamad Kumar		M/s. Manokamna Steel Pvt. Ltd.	Station Node Kashipur, U.S. Nagar
18.	Shri Prateek Agarwal		M/s. Sun Shine Industries	Station Node Kashipur, U.S. Nagar
19.	Shri Naveen Chandra Papne			Vipin Vihar, Uttari Khatari, Kotdwar Road, Ramnagar
20.	Shri Anand Agarwal		M/s. Shree Tribhuvan Ispta (P) Ltd.	Bazpur
21.	Shri Anil Agarwal "Khulasa"	Pradesh Sachiv	Udyog Vyapar Mandal	Nanda Line, Bambagher, Ramnagar, Nainital
22.	Smt. Mohini Devi			W/o Late Pratap, Gularghati, Ramnagar
23.	Shri Narendra Sharma	Nagar Mahamantri, BJP		Lakhanpur, Ramnagar, Distt.- Nainital
24.	Smt. Dayarani,			R/o-Devichaur, Garjia Mandir Road, Ramnagar, Distt.- Nainital.

**List of Participants in Hearing at Roorkee on 21.01.2008**

SL. No.	Name	Designation	Organization	Address
1.	Shri Pawan Agarwal	Vice President	Uttarakhand Steel Manufactures Association	C/o Sidhbali Steels Ltd., Kotdwar
2.	Shri Subhash Kukreti	Director	M/s. Kukreti Steel Ltd.	Jashodarpur Industrial Area, Kotdwar
3.	Shri S.N. Bansal		M/s. Amrit Varsha Udyog Ltd.	Jashodarpur Industrial Area, Kotdwar
4.	Shri Deepak Poddar		M/s. Poddar Alloys Ltd.	Jashodarpur Industrial Area, Kotdwar
5.	Shri Rajesh Rathi		M/s. Bhagya Shree Steels	Jashodarpur Industrial Area, Kotdwar
6.	Shri Kurban Ahmed			263/27, Purana Mohalla, Tehsil Roorkee, Roorkee
7.	Shri Mam Chand Tyagi			Gram Tashipur, Roorkee
8.	Chaudhry Katar Singh	President	Bhartiya Kisan Union	Gram Sultanpur Sabatwali, Jhabreda, Hardwar
9.	Shri Sher Singh			Gram Delna, Block-Roorkee, Roorkee
10.	Shri Tejpal Singh			Majri, Roorkee
11.	Shri Ravi Prakash	President	Roorkee Small Scale Industries Association	C-58/1, New Adarsh Nagar, Roorkee
12.	Shri Mukesh Sharma	Secretary	Roorkee Small Scale Industries Association	M/s. Atma Ram Sharma & Sons, D-4, Industrial Estate, Roorkee
13.	Shri Israr Ahmed			Band Road, Roorkee
14.	Shri Moin Khan			Roorkee
15.	Shri Sanjay Chaudhry	Jiladhyaksha	Bhartiya Kisan Union	Gram Nagla Salaru, P.O. Gurukul, Narsan, Hardwar
16.	Shri B.P. Chaudhry			D-1, Industrial Estate, Roorkee
17.	Shri Harjeet Singh		Air Liquid North India Pv.t Ltd.	Manglore, Roorkee
18.	Shri A.K. Sharma		Air Liquid North India Pv.t Ltd.	Manglore, Roorkee
19.	Shri Virendra Singh			Gram Katwed, Laldhang, Hardwar
20.	Shri Om Prakash Arya			Vaungla, Hardwar
21.	Shri Naved Ahmed			Badhedi Rajputana, Roorkee, Hardwar
22.	Shri R.P. Chauhan			Shivaji Colony, P.O. Mizapnagar, Roorkee
23.	Shri Mohd. Anis			Mahmoodpur, Tehsil Roorkee, Piran Kaliyar
24.	Dr. Narayan Das Gupta		Jan Chetna Sangthan-Roorkee	35- Rajputana, Roorkee
25.	Shri Subodh Kapoor			Tehsil Roorkee, Hardwar
26.	Shri Vijendra Verma			Roorkee
27.	Shri Anis Gaud			S/o Muhammad Hanif, Vill.- Lathar Devashekh, P.O. Ikbalpur, Hardwar
28.	Shri Naresh Gupta			6/6 Chandra Puri, Roorkee
29.	Shri Raj Singh		Devbhoomi Dharmshala	NarSingh Bhawan, Upper Road, Hardwar
30.	Shri Kailash Sharma		Devbhoomi Dharmshala	NarSingh Bhawan, Upper Road, Hardwar
31.	Shri Dushyant		FCI (P) Ltd	52-C, Sector-63, Noida
32.	Shri Tehram Ahmed			Roorkee



**List of Participants in Hearing at Dehradun on 23.01.2008**

SL. No.	Name	Designation	Organization	Address
1.	Shri Rajiv Agarwal	Sr. Vice President	Industries Association of Uttarakhand	Mohabbewala Industrial Area, Dehradun
2.	Shri Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabbewala Industrial Area, Dehradun
3.	Shri Hemant Kumar	Secretary	Industries Association of Uttarakhand	Mohabbewala Industrial Area, Dehradun
4.	Shri Ashish Srivastava	Sr. Electrical Engineer	Northern Railway	New Delhi
5.	Shri Anil Goel	State General Secretary	Prantiya Udyog Vyapar Pratinidhi Mandal	13-Gandhi Road, Dehradun
6.	Shri Chatar Singh		State Project Office, Sarva Shiksha Abhiyan	Shiksha Sankul, Mayur Vihar, Shastradhara, Dehradun
7.	Shri Vinod Misra		State Project Office, Sarva Shiksha Abhiyan	Shiksha Sankul, Mayur Vihar, Shastradhara, Dehradun
8.	Shri Ambrish Bisht		State Project Office, Sarva Shiksha Abhiyan	Shiksha Sankul, Mayur Vihar, Shastradhara, Dehradun
9.	Shri Yogesh Tyagi		M/s. Gold Plus Glass Industry	Gold Plus Estate, Vill.-Thithola, Pargana Manglaur, Tehsil Roorkee, Hardwar
10.	Shri S.S. Saxena		M/s. Gold Plus Glass Industry	Gold Plus Estate, Vill.-Thithola, Pargana Manglaur, Tehsil Roorkee, Hardwar
11.	Shri Khursheet Ahmed Siddiqui			Preeti Enclave, Majra, Dehradun
12.	Shri Naval		Flex Foods Ltd.	Lal Tappar Industrial Area, Resham Majri, haridwar Road, Dehradun
13.	Shri D.P. Pandey			101/9, Dharampur, Dehradun
14.	Shri Gulshan Rai		Shri Ganesh Roller Flour Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun
15.	Shri Vishwa Mitra			36, Panchsheel Park, Chakrata Road, Dehradun
16.	Shri Rishi Saxena		Kumar Oxygen Ltd	Rampur Road, Rudrapur, U.S. Nagar
17.	Shri S.P. Kochhar		Uttaranchal Hotels & Restaurant Association, Hotel Madhuban	Rajpur Road, Derhadun
18.	Shri A.K. Gandhi		Uttaranchal Hotels & Restaurant Association, Hotel Madhuban	Rajpur Road, Derhadun
19.	Shri R.B. Lal		IDPL	Virbhadra, Rishikesh
20.	Shri P.M. Gupta		IDPL	Virbhadra, Rishikesh
21.	Shri R.C. Rastogi		IDPL	Virbhadra, Rishikesh
22.	Shri Rakesh Aggarwal		CII	Northern Region, 30/1, Rajpur Road, Dehradun
23.	Shri Pradeep Dutta		CII	11, Chandar Road, Dalanwala, Dehradun

<b>SL. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Organization</b>	<b>Address</b>
24.	Shri D.R. Semwal		Phool Chand Nari Shilp Mandir, Girls Inter College	Chakrata Road, Near Bindal Bridge, Dehradun
25.	Shri Kewal Ram			92-B, MDDA Colony, Indira Nagar, Dehradun
26.	Shri Om Prakash			MIG-171, Indirapuram, Dehradun
27.	Shri Ramesh Mamgain	Sr. Clerk	Rampyari Arya Samaj Inter College	Dehradun
28.	Shri Devesh Pant	Retd. Dy. GM, U PPCL		16-A, Kalidas Road, Dehradun
29.	Shri J.S. Rawat			335/4, Vijay Park Extension, Dehradun
30.	Shri Ram Baboo			8-A, Kaulagarh, Dehradun