Order

On

True up for FY 2019-20,

Annual Performance Review for

FY 2020-21

&

Annual Fixed Charges

for FY 2021-22

For

UJVN Ltd.

April 26, 2021

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION
Vidyut Niyamak Bhawan,
Near I.S.B.T., P.O. Majra, Dehradun–248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 02 to 11 of 2021

In the Matter of:

Petition filed by UJVN Ltd. for True Up for FY 2019-20, Annual Performance Review for FY 2020-21 and Annual Fixed Charges for FY 2021-22 for 10 LHPs.

AND

In the Matter of:

UJVN Ltd.

UJJWAL, Maharani Bagh, GMS Road, Dehra Dun-248006 …Petitioner

Coram

Shri D. P. Gairola	**Member (Law)**
Shri M. K. Jain	**Member (Technical)**

Date of Order: April 26, 2021

Section 64(1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as "the Act") requires the Generating Companies and the Licensees to file an application for determination of tariff before the Appropriate Commission in such manner and along with such fee as may be specified by the Appropriate Commission through Regulations.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as "UERC Tariff Regulations, 2011") for the First Control Period from FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the MYT Order dated May 6, 2013 for the First Control Period from FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had carried out the Annual

Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16 vide its Orders dated April 10, 2014, April 11, 2015 and April 5, 2016 respectively.

Further, in accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as "UERC Tariff Regulations, 2015") for the Second Control Period from FY 2016-17 to FY 2018-19 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the MYT Order on approval of Business Plan and Multi Year Tariff Order dated April 5, 2016 for the Second Control Period from FY 2016-17 to FY 2018-19. In accordance with the provisions of the UERC Tariff Regulations, 2015, the Commission had carried out the Annual Performance Review for FY 2016-17 FY 2017-18 and FY 2018-19 vide its Order dated March 29, 2017, March 21, 2018 and February 27, 2019 respectively.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 (hereinafter referred to as "UERC Tariff Regulations, 2018") for the Third Control Period from FY 2019-20 to FY 2021-22 specifying therein terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued Order on approval of Business Plan and Multi Year Tariff Petition on February, 27, 2019 for the Control Period FY 2019-20 to FY 2021-22. Further, the Commission had carried out the Annual Performance Review for FY 2019-20 vide its Order dated April 18, 2020.

As per relevant provisions of the Act and Regulation 11 and Regulation 12 of UERC Tariff Regulations, 2018, UJVN Limited (hereinafter referred to as "UJVN Ltd." or "Petitioner") filed the Petitions (Petitions No. 02 to 11 of 2021 hereinafter referred to as the "Petitions"), giving details of its revised projections of Annual Fixed Charges (AFC) for FY 2021-22, based on true up for FY 2019-20 and Annual Performance Review for FY 2020-21 on November 28, 2020.

The Petitions filed by UJVN Ltd. had certain infirmities/deficiencies which were informed to UJVN Ltd. vide Commission's letter no. UERC/5/Tech/726/2020-21/1024 dated December 14, 2020 and UJVN Ltd. was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for the admission of the Petitions. UJVN Ltd. vide its letter no. M-1220/ UJVNL/02/D(O)/B-8 dated December 18, 2020 has removed the critical deficiencies necessary for admission of the Petitions. Based on the submission dated December 18, 2020 made by UJVN Ltd., the Commission vide its Order dated February 09, 2021 provisionally admitted the Petitions for further processing subject to the condition that UJVN Ltd. shall furnish any further information/ clarifications as deemed necessary by the Commission during the processing of the Petitions and provide such information and clarifications to the satisfaction of the Commission within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose off the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to Petitions filed by UJVN Ltd. for true-up for FY 2019-20, APR for FY 2020-21 and revised AFC for FY 2021-22 and is based on the original as well as all the subsequent submissions made by UJVN Ltd. during the course of the proceedings and the relevant findings contained in the MYT Order dated February 27, 2019 and Order dated April 18, 2020.

Tariff determination being one of the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of Tariff. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of the licensee. The Annual Fixed Charges of UJVN Ltd. are recoverable from the beneficiaries. It has been the endeavour of the Commission in past also, to issue Tariff Orders for UJVN Ltd. concurrently with the issue of Order on Retail Tariffs for UPCL, so that UPCL is able to honour the payment liability towards generation charges of UJVN Ltd. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 -	Background and Procedural History.
Chapter 2 -	Stakeholders' Objections/suggestions, Petitioner's Responses & Commission's Views.
Chapter 3 -	Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing-up for FY 2019-20.
Chapter 4 -	Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2020-21 and AFC for FY 2021-22.
Chapter 5 -	Commission's Directives.

1 Background and Procedural History

UJVN Ltd. is a company wholly owned by the State Government and is engaged in the business of generation of power in the State including ten large hydro generating stations to which this Order relates. These generating stations are Dhakrani, Dhalipur, Chibro, Khodri, Kulhal, Ramganga, Chilla, Maneri Bhali-I, Maneri Bhali-II and Khatima. Electricity generated by these generating stations is supplied to Uttarakhand Power Corporation Ltd (UPCL), the sole distribution licensee in the State and Himachal Pradesh State Electricity Board (HPSEB), which, as per an old arrangement/scheme, has share in five of these generating stations viz. Dhakrani (25%), Dhalipur (25%), Chibro (25%), Khodri (25%) and Kulhal (20%).

The Commission vide its Order dated May 6, 2013 approved the Business Plan and Multi Year Tariff for UJVN Ltd. for the First Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had carried out the Annual Performance Review for FY 2013-14, FY 2014-15 and FY 2015-16, vide its Orders dated April 10, 2014, April 11, 2015 and, April 5, 2016 respectively.

The Commission vide its Order dated April 5, 2016 approved the Business Plan and Multi Year Tariff for UJVN Ltd. for the Second Control Period from FY 2016-17 to FY 2018-19. Further the Commission had carried out the Annual Performance Review for FY 2016-17, FY 2017-18 and FY 2018-19 vide its Orders dated March 29, 2017, March 21, 2018 and February 27, 2019 respectively.

The Commission vide its Order dated February 27, 2019 approved the Business Plan and Multi Year Tariff for UJVN Ltd. for the Third Control Period from FY 2019-20 to FY 2021-22. The Commission, in the approval of Business Plan, approved the Capital Expenditure Plan, Capitalisation Plan, Human Resource Plan and trajectory of the performance parameters and, in the approval of MYT, approved the Aggregate Revenue Requirement for each year of the Control Period from FY 2019-20 to FY 2021-22. Further, the Commission had issued the Tariff Order for FY 2020-21 vide its Order dated April 18,.2020. In accordance with Regulation 12 of the UERC Tariff Regulations, 2018, the Generating Company is required to file a Petition for Annual Performance Review by November 30 of every year.

In compliance with the Regulations, UJVN Ltd. filed its Petitions for True-up for FY 2019-20, Annual Performance Review for FY 2020-21 and Annual Fixed Charges for FY 2021-22 on November

28, 2020. The above Petitions were provisionally admitted by the Commission vide its Order dated February 09, 2021. The Commission, through its above Admittance Orders dated February 09, 2021, to provide transparency to the process of tariff determination and give all the stakeholders an opportunity to submit their objections/suggestions/comments on the proposals of UJVN Ltd., also directed UJVN Ltd. to publish the salient features of its Petitions in the leading newspapers. The salient features of the Petitions were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

Sl. No.	Newspaper Name	Date of Publication
1	Amar Ujala	11.02.2021
2	Dainik Jagran	11.02.2021
3	Hindustan (Hindi)	11.02.2021
4	Times of India	12.02.2021
5	Hindustan Times	12.02.2021

Through the above notices, the stakeholders were requested to submit their objections/ suggestions/comments latest by 31.03.2021 (copy of the notice is enclosed as **Annexure 1**). Besides suggestions/comments of the State Advisory Committee, the Commission received 04 objections/suggestions/comments in writing on the Petition filed by UJVN Ltd. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-2.**

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the proposals filed by the Petitioner at the following places in the State of Uttarakhand.

Table 1.2: Schedule of Hearing

Sl. No.	Place	Date
1	Nainital	06.04.2021
2	Dehradun	10.03.2021

The list of participants who attended the Public Hearing is enclosed at **Annexure-3.**

The Commission also sent the copies of the salient features of the tariff proposals to Members of the State Advisory Committee and the State Government. The salient features of the tariff proposals submitted by UJVN Ltd. were also made available on the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the Members of the State Advisory Committee on April 12, 2021, wherein, detailed deliberations were held with the Members of the

Advisory Committee on the various issues linked with the Petitions filed by UJVN Ltd.

The objections/suggestions/comments, as received from the stakeholders through mail/post as well as during the course of the public hearings were sent to the Petitioner for its response. All the issues raised by the stakeholders, Petitioner's response and Commission's views thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address all the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petitions submitted by UJVN Ltd., the Commission vide its letter no. UERC/5/Tech/726/2020-21/1024 dated December 14, 2020, an email dated January 25, 2021, letter no. UERC/5/Tech/726/2020-21/1205 dated January 27, 2021 pointed out certain data gaps in the Petitions and sought following additional information/clarifications from the Petitioner:

- Plant wise details of arrears paid to its employees on account of VII Pay Commission in FY 2019-20 duly reconciled with the audited Balance Sheet.
- Receipts of insurance premium paid in FY 2019-20.
- Details of actual no. of employees deputed in solar business.
- Documentary evidence of equity infused towards capitalization in FY 2019-20
- Justification for variation in closing number of employees in FY 2018-19 and opening number of employees in FY 2019-20
- Details of additional capitalization works proposed to be executed in FY 2020-21 and FY 2021-22
- Details of water tax paid to Government of Uttarakhand (GoU) in FY 2019-20
- Details of grant received from GoU along with utilisation certificates for its 10 LHPs for FY 2019-20 and Details of Grants received in FY 2020-21 till December 2020.
- Substantiation of UJVN Ltd.'s claim of interest on Fixed Deposits which are made out of its RoE.
- Details of actual working capital utilized in FY 2019-20.
- Details of calculation of estimated generation loss due to implementation of NGT Order in FY 2021-22

- Details of additional capitalisation, A&G and R&M expenses and vouchers of expenses above Rs. 10 Lakh for its 10 LHPs for FY 2019-20.
- Details of year wise additional capital expenditure of works covered under balance Capital Works of MB-II.
- Details of expenditure incurred under DRIP (Phase-I) works from the beginning booked under additional capitalization and R&M expenses along with amount kept under CWIP.

Further, the Commission has also communicated certain additional clarifications/justification pertaining to the additional capital expenditure and R&M expenses claimed in FY 2019-20 vide its letter no. UERC/5/Tech/726/Pet. No. 2 to 11 of 2021/1273 dated February 12, 2021. The Petitioner submitted the replies to data gaps/ information sought by the Commission vide its letter no. M-1220/ UJVNL/02/D(O)/B-8 dated December 18, 2020, M-1245/UJVNL/02/D(O)/B8 dated December 24, 2020, M-07/ UJVNL/02/D(O)/B-8 dated January 04, 2021, M-222/ UJVNL/02/D(O)/B-8 dated February 18, 2021 and M-265/ UJVNL/02/D(O)/B-8 dated February 26, 2021.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's Officers on March 04, 2021, for further deliberations on certain issues related to the Petitions filed by UJVN Ltd. Minutes of above Technical Validation Session were sent to the Petitioner vide Commission's letter no. UERC/5/Tech/Pet. No. 02 to 11 of 2021/1358 dated March 05, 2021, for its response.

The Petitioner submitted the replies to Minutes of TVS sought by the Commission vide its letter no. M-355/UJVNL/02/D(O)/B-8/C-20 dated March 16, 2021 and M-401/UJVNL/02/D(O)/C-20 dated March 24, 2021. Further, the Commission vide its letter no. UERC/5/Tech/726/Pet. No. 02 to 11 of 2021/1449 dated March 26, 2021 sought certain clarifications on the replies submitted by UJVN Ltd. pertaining to Commission's letters dated February 12, 2021 and Minutes of TVS dated March 04, 2021. In response, the Petitioner vide its letter Nos. M-466/UJVNL/02/D(O)/ dated April 7, 2021 and M-77/UJVNL/02/D(O)/GM (Comm)/ dated April 12, 2021 submitted its reply.

The submissions made by UJVN Ltd. in the Petitions as well as additional submissions have been discussed by the Commission at appropriate places in the Order along with the Commission's views on the same.

2 Stakeholders' Objections /Suggestions, Petitioner's Responses and Commission's Views

The Commission has received four suggestions/objections on UJVN Ltd.'s Petitions for True up of FY 2019-20, Annual Performance Review for FY 2020-21 and Annual Fixed Charges for FY 2021-22 for 10 Large Generating Stations. List of stakeholders who submitted their objections/suggestions/comments in writing is given at **Annexure-2** and the list of Respondents who participated in the Public Hearings is enclosed at **Annexure-3**. The Commission has further obtained replies from UJVN Ltd. on the objections/suggestions/comments received from the stakeholders. For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarized issue-wise. In the subsequent Chapters of this Order, the Commission has kept in view the objections/suggestions/comments of the stakeholders while deciding the Annual Fixed Charges and tariffs for different generating stations of UJVN Ltd.

2.1 Overall Tariff Increase

2.1.1 *Stakeholder's Comments*

Shri S.R. Gupta of Human Right Protection Society has strongly objected to the proposed tariff hike and submitted that the losses incurred by UJVN Ltd. and UPCL are due to reasons like theft of electricity, illegal connections, etc., which are occurring due to incapability of the employees of the Utilities. He submitted that these losses have to be reduced by the employees of UJVN Ltd. and UPCL by being responsible and efficient in their duties and all the incapable employees should be made responsible for such losses. He further submitted that employees' incapability should not at all be accepted.

2.1.2 *Petitioner's Reply*

The Petitioner submitted that the Petitions for determination of tariff are being filed in accordance with the Regulations notified by the Commission. The Petitioner submitted that UJVN Ltd. is a responsible commercial institution and strives its level best to provide quality power generation with minimum expenses. Most of the Plants operated by UJVN Ltd. have already completed their useful life and UJVN Ltd. is operating them efficiently even with minimum manpower. The Petitioner further submitted that efforts are being made to operate these Plants with full capacity and efficiency by incurring additional capital expenditure in order to provide quality power. It is also pertinent that in the face of the challenges of Covid-19, where almost all the factories were under shutdown, all the Plants of UJVN Ltd. have generated power at their full capacity and are continuing the same as on date. The Petitioner further submitted that UJVN Ltd. has been generating profits for the past several years and is also a leading institution paying dividend to the GoU.

2.1.3 *Commission's Views*

The Commission would like to clarify that it has been the practice of the Commission to explain in detail its approach in every Tariff Order. Normal approach so far has been to follow the Regulations and detail the reasons for any deviation in exceptional conditions. The Commission, before allowing any tariff increase or increase in expenses under truing-up of previous years carries out due diligence and prudence check of all the expenses incurred by the Petitioner before considering it as part of ARR. The Commission ascertains that no unnecessary cost attributable to the inefficiencies of the Petitioner is passed on to the consumers.

The Commission has carried out the detailed analysis of all the actual expenses while carrying out truing-up of expenses for FY 2019-20 as elaborated in Chapter 3 of the Order. Further, the Commission has worked out the sharing of gains and losses for FY 2019-20 in accordance with the provisions of the UERC Tariff Regulations, 2018 while carrying out the truing-up of expenses and revenues for FY 2019-20. The Commission has carried out detailed analysis of all the expenses while approving the Annual Fixed Charges for FY 2021-22 as elaborated in Chapter 4 of the Order.

Further, the reasons like theft of electricity, illegal connections, etc., are not relevant for UJVN Ltd., which is a Generating Company.

2.2 Capital Cost and RoE

2.2.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that UJVN Ltd. has again claimed Capital Cost disallowed for MB-II project. He further submitted that PTCUL and UJVN Ltd. have again claimed Return on Equity on PDF amount despite the fact that the same is a settled issue as per the Commission's Orders and is sub-judice before APTEL. He requested the Commission to follow the approach adopted in its earlier Orders and not to allow earlier disallowed Capital Cost and RoE on PDF as claimed by the Petitioner.

2.2.2 *Petitioner's Reply*

The Petitioner submitted that the Tariff Petition of MB-II HEP has been prepared on the basis of capital expenditure actually incurred. Regarding the equity contributed by GoU out of the Power Development Fund (PDF), the Petitioner submitted that it has considered Return on Equity (RoE) on full equity including the amount invested out of PDF.

The Petitioner further submitted that in view of the Appeals filed with the Hon'ble APTEL in the matter of Capital cost and RoE on PDF for MB-II, it has considered actual capital cost incurred in Maneri Bhali-II and Return on Equity on full equity including the amount invested out of PDF while computing the tariff for MB-II HEP.

2.2.3 *Commission's Views*

The Commission has considered the Capital Cost as approved in its earlier Orders and has also not allowed Return on Equity on funds deployed by the GoU out of PDF fund for reasons recorded in the previous Tariff Orders. Unlike other funds available with the Government collected through taxes and duties, PDF is a dedicated fund created in accordance with the provisions of the PDF Act passed by the GoU and the amount is collected directly from the consumers through the electricity bills as the same forms part of the power purchase cost of UPCL, which in turn is loaded on to the consumers. PDF Act and Rules made thereunder, further, clearly indicate that money available in this fund has to be utilized for the purposes of development of generation and transmission assets. Though UJVN Ltd. has preferred an Appeal on these issues before Hon'ble APTEL, however, no stay has been granted by Hon'ble APTEL. Therefore, the Commission has adopted the same approach as adopted in previous Tariff Orders while allowing the Capital cost and Return on Equity for MB-II project.

2.3 Rate of Interest

2.3.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission must relook into the rate of interest allowed as rate of interest is showing downward trend.

2.3.2 *Petitioner's Reply*

The Petitioner submitted that UJVN Ltd. has got a reduction in the interest paid to PFC for MB-II HEP over the period. The impact received for the same has been passed on to the consumers of the State by the Commission in the previous Tariff Orders. Further, UJVN Ltd. has adopted an approach of getting loan on an open tender basis to get the competitive interest rates for financing of its ongoing/upcoming projects.

2.3.3 *Commission's Views*

The Commission, in this regard, would like to clarify that the rate of interest allowed by the Commission is calculated considering the actual loan portfolio of the Petitioner in accordance with UERC Tariff Regulations, 2018 applicable from time to time after due prudence check. Further, as submitted by the Petitioner, there has been a reduction in the interest rates on the PFC Loan whose benefit has been passed on to the consumers. The approach adopted in this regard is elaborated in Chapter 3 and 4 of the Order.

2.4 Other Cost

2.4.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that UJVN Ltd. has proposed very high increase in all heads of the expenses for all the generating stations, which is not commensurate with the past and requested the Commission to look closely at all the costs.

2.4.2 *Petitioner's Reply*

The Petitioner submitted that UJVN Ltd. has prepared its Tariff Petition on actual/normative basis in accordance with the Regulations notified by the Commission.

2.4.3 *Commission's Views*

The Commission, in this regard, would like to clarify that the actual expenses, both of revenue and capital nature submitted by the Petitioner are examined separately in detail, while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed in accordance with UERC Tariff Regulations applicable from time to time.

2.5 Additional Capitalization

2.5.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the thrust of UJVN Ltd. is to spend more so that they can earn better RoE at 15.75% and interest on normative loan allowed on capitalization. He requested the Commission to examine whether such expenditure will result in benefit to consumers. He further submitted that if the additional capitalization is without any appreciable benefit to consumers, then same should not be approved.

2.5.2 *Petitioner's Reply*

The Petitioner submitted that UJVN Ltd. is a responsible Generating Company, which has always strived for the better utilization of its resources and attaining utmost efficiency from the resources is its continuous endeavour. UJVN Ltd. has never intended to increase its spending just to earn better RoE. UJVN Ltd. is currently operating the Plants, which mostly have completed their useful life and Renovation of the power plants and dams/barrages has become the necessity in the current times. Therefore, additional capitalization proposed in FY 2020-21 and FY 2021-22 includes the proposal against RMU of Dhalipur, Chilla and MB-I LHPs and Renovation of Dams/Barrages through DRIP-II and III schemes.

2.5.3 *Commission's Views*

The Commission, in this regard, would like to clarify that the additional capitalization, both incurred and proposed by the Petitioner are examined separately in detail while carrying out the truing up of expenses and allowing tariff and only legitimate expenses are allowed in accordance with UERC Tariff Regulations applicable from time to time.

2.6 Normative Annual Plant Availability Factor

2.6.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that UJVN Ltd. has achieved/projected lower NAPAF as against the approved NAPAF in most of the cases, and hence, requested the Commission to check the reasons of lower NAPAF in most of the plants.

2.6.2 *Petitioner's Reply*

The Petitioner submitted that it has proposed to achieve almost equal or higher NAPAF for Dhakrani, Chibro, Khodri, Kulhal and Khatima HEPs during FY 2020-21 and FY 2021-22. The projections of NAPAF are on lower side for Dhalipur, Chilla and MB-I due to the proposed RMU works. In case of Ramganga HEP, UJVN Ltd. is not able to achieve the approved NAPAF because of the fact that operation of the Ramganga Dam is in the hands of Irrigation Department of Uttar Pradesh and they release the water based upon their own irrigation requirement. In case of MB-II HEP, UJVN Ltd. is not able to achieve the approved NAPAF due to the severe damage of underwater parts owing to presence of excessive silt particles in the river water.

2.6.3 *Commission's Views*

The Commission before allowing any relaxation for NAPAF carries out due diligence and prudence check of all the conditions which hampered the NAPAF of the generating station. A detailed analysis has been carried out by the Commission to analyse the claim of actual/proposed NAPAF by the Petitioner in Chapter 3 and Chapter 4 of this Order.

2.7 Design Energy/Actual Energy Generated

2.7.1 *Stakeholder's Comments*

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Commission in its earlier Orders had taken the average of annual generation of last 15 years as projected generation for FY 2004-05 and lower of this projected generation compared with the Plant-wise design energy mutually agreed between UPJVNL and UPPCL was taken for the purpose of working out the primary energy rate. In this regard, he submitted that this analogy should not hold good for future years and was only acceptable as far as sufficient data was not available. He submitted that considering the Petitioner's claim that there has been substantial improvement in availability, it is surprising that the

Petitioner is claiming reduction in saleable energy. He requested the Commission to revisit the Design Energy and allow the benefit of increased generation to the consumers. He further submitted that the Tariff Policy notified by GoI stipulates for specifying operating norms based on actuals and not lower of normative and actuals so that it encourages better performance from utilities.

2.7.2 *Petitioner's Reply*

The Petitioner submitted that deviations in Design Energy for its 10 large hydro power Plants is due to reduced discharges available for generation of power on account of the Order issued by the Hon'ble National Green Tribunal (NGT) and subsequent Order of the Govt. of Uttarakhand (GoU Order No. 708/I/2018-05/24(Writ)/2016 dated 05.06.2018), wherein, directions have been issued for releasing a minimum 15% of average lean season flow of rivers.

2.7.3 *Commission's Views*

Due to non-availability of reliable information on the design water discharges and DPRs for nine old generating stations, the Commission in its previous Orders had considered the lower of 15 years' average annual generation or the Plant-wise Design Energy (as mutually agreed between UPJVNL and UPPCL) as the Projected Primary Energy generation of these generating stations for tariff purposes. For Maneri Bhali-II, the Commission, as discussed in MYT Order dated February 27, 2019 had appointed an Expert Consultant for detailed study/analysis to find out the actual reasons that are hindering the Plant performance despite the fact that various works have been carried out by the Petitioner post CoD of the project and, accordingly, the NAPAF and Design Energy are revised for the third Control Period. However, for Khatima HEP for which RMU works have been completed, the Commission has considered Design Energy for third Control Period in accordance with the DPR for RMU works and in-line with the approach adopted by the Commission in its earlier Orders.

With regard to Petitioner's request for reduction in saleable Primary Energy, the Commission, as elaborated in detail in Chapter 4 of this Order has provisionally considered the impact of implementation of NGT Order for the limited purpose of recovery of Energy Charges only for FY 2021-22. However, the Commission shall true up the same only based on the actual data submitted by the Petitioner during the True up of FY 2021-22 subject to prudence check.

2.8 Cess, Royalty and Water Tax by State Government

2.8.1 *Stakeholder's Comments*

Shri Pawan Agarwal of M/s Uttarakhand Steel Manufacturers Association submitted that ever since the formation of UJVN Ltd., the per unit cost has been artificially raised and its benefit has been given to the State Government. He submitted that every year, in the units where the production cost of power is up to Rs. 2.00 per unit, a cess of Rs. 0.30 per unit and Royalty of Rs. 0.10 per unit is being levied and given to the State Government. Earlier, whenever this issue was raised by the stakeholder(s), the Commission has been transferring the objection to UPCL and UPCL is stating that this matter is under the jurisdiction of the State Government and the Commission is also agreeing with UPCL's reply in many aspects and increasing the actual power cost and benefiting the Government. Therefore, stakeholder strongly protested in this regard stating that Electricity Act, 2003 is a Central Act and no State Act or legislation can supersede it.

Shri Pawan Agarwal further submitted that for the past few years, UPCL is provisioning about Rs. 0.60 per unit Water tax on the units of UJVN Ltd. in tariff and the Commission is also allowing it. This Water Tax is directly increasing the actual power cost and giving benefits to the State Government, which is in violation with the Electricity Act, 2003. Thus, Rs. 0.30 paise per unit Cess, Rs. 0.10 paise per unit Royalty, and Rs. 0.60 paise per unit Water Tax should be fully abolished while setting the electricity tariff for FY 2021-22.

2.8.2 *Petitioner's Reply*

The Petitioner submitted that the Cess and Royalty is imposed on the saleable energy generated from the existing hydro power projects of the State Government under UJVN Ltd., which are under Commercial Operation for more than 10 years and whose cost of electricity generation is not more than Rs. 2 per unit. The rate of Cess and Royalty is Rs. 0.30 per unit and Rs. 0.10 per unit, respectively. These cess and royalty are imposed by UJVN Ltd. in its electricity bills and any decision regarding Cess and Royalty can be taken only at the level of Uttarakhand Government. The right to take any decision in this regard lies with the Government of Uttarakhand.

2.8.3 *Commission's Views*

The Commission, in this regard, would like to clarify that the issues of Cess, Royalty and Water Tax do not fall under the purview of the Commission and are under the control of GoU. Further, with regard to nature of electricity, the Commission would like to clarify that electricity sector in India is under the concurrent list of the Constitution and is administered by both Central and State Governments.

2.9 Delay in Project

2.9.1 *Stakeholder's Comments*

Shri Vijay Singh Verma submitted that Vyasi Project of UJVN Ltd. is getting late year on year owing to inefficiency of the management. Further, the stakeholder submitted that the impact of cost overrun should not be imposed on the consumers.

2.9.2 *Petitioner's Reply*

The Petitioner submitted that the DPR of the mentioned project – Vyasi HEP - was approved by CEA in 2011 at cost of Rs. 936.23 Crore in February, 2010. The user agency was changed from ID to UJVN Ltd. by MOEF, GoI as the work was started from October, 2013, which resulted in a delay of four years at 20% escalation in project cost. Concreting activities in Dam works has been delayed due to lag in approval of establishment and operation of Crusher plant to the contractor by Govt. of Uttarakhand in June, 2015 and approval of reuse of excavated material was accorded by GoU in January, 2016. Further, due to various design, technical, geological reasons and prevailing site conditions, quantities of various items got increased and resulted in time and cost overrun. These various design, technical, geological changes got approved by Technical Advisory Committee of Vyasi HEP and the same changes were submitted to CEA for its concurrence. Most of the changes have been concurred by CEA, however, the final/overall concurrence is awaited.

Further, the revised cost of Vyasi HEP, i.e., Rs. 1581.01 Crore including IDC up to December, 2019 has been approved by the Board of Directors, UJVN Ltd. However, due to prevailing Covid-19 pandemic, there were supply chain disruptions and lack of skilled man power, which resulted in time overrun and additional burden of IDC up to September, 2021 which was the scheduled COD of the project. Hence, amid challenging conditions, Vyasi Project is being executed at faster pace for commissioning the project by September, 2021.

2.9.3 *Commission's Views*

The Commission, recognizing the importance of timely completion of the Projects and its benefits has been directing the Petitioner to submit the status of upcoming Projects. The Petitioner has been complying with the same and has made its submissions accordingly. Wirth regard to cost increase on account of inefficiency of the Petitioner, the Commission ensures that no unnecessary cost attributable to the inefficiencies of the Petitioner is passed on to the consumers of the State.

2.10 Issues raised during the Meeting of State Advisory Committee

2.10.1 *Views of State Advisory Committee*

During the State Advisory Committee meeting held on April 12, 2021, the Members made the following observations/suggestions/comments:

(1) The amount against additional capital expenditure incurred/proposed to be incurred by UJVN Ltd. is on higher side. Further, interest rates claimed/proposed by the UJVN Ltd. are in variation compared to the interest rates prevailing in the market.

(2) UJVN Ltd. has again claimed Return on Equity on PDF amount, though this is settled issue as per Commission's Orders and is sub-judice before Hon'ble APTEL. As no stay has been granted by Hon'ble APTEL on Commission's Orders, RoE on PDF amount should not be allowed.

(3) Need to relook at the various levies by State Government, viz., Electricity Duty and Green Cess in view of the cost of free power being paid to the State Government. Further, the GoU should subsidize the Electricity instead of charging the consumers.

(4) For some of the plants, Design Energy projected by the UJVN Ltd. is lower than the actual Design Energy of FY 2019-20 and in some cases it is lower than that approved by the Commission.

2.10.2 *Petitioner's Reply*

On the above observations/suggestions/comments of the State Advisory Committee, UJVN Ltd. has submitted its replies as follows:

(1) UJVN Ltd. submitted that majority of the Plants being operated by UJVN Ltd. have outlived their useful life and the additional capitalization/RMU has been proposed for improving efficiency and generation of electricity and submitted that the expenditure incurred/proposed is much less than what is required for construction of new Projects. UJVN Ltd. further submitted that a similar utility, i.e., THDC operating in the State and generating power of approx. 5000 MU has been allowed much higher revenue when compared to the revenue allowed for UJVN Ltd. by the Commission.

(2) With regard to the variation in the interest rates prevailing in market to the interest rate claimed in the Petition, UJVN Ltd. submitted that it has reduced the interest rates on PFC Loan to 10.25% with timely loan repayment whose benefit has been passed to the consumers of the State. Further, open tendering is being followed for availing loan for new projects.

(3) With regard to the Cess, Water Tax or any other charges applied by the Government, UJVN Ltd. submitted that such charges are beyond their control and there is no role of UJVN Ltd. in such charges.

(4) With regard to the observation on improvement in Design Energy, UJVN Ltd. submitted that in line with directive from NGT/NMCG, the Plants are maintaining minimum e-flow resulting in reduction of design energy. Further, with regard to MB-II, UJVN Ltd. submitted that efforts are being made to achieve the design energy target approved by the Commission by proposing some additional capitalization.

(5) UJVN Ltd. further submitted that it is planning to commission the Vyasi HEP in FY 2021-22 along with other Small HEPs, which shall benefit the consumers of the State by generating cleaner energy.

(6) With regards to the per unit rate of generating plants, UJVN Ltd. submitted that the per unit generation rates are minimum among almost all the States of India. Most of the plants which are operated by the UJVN Ltd. are already running beyond their life, these plants are

maintained efficiently and per unit rates of such plants are very low in comparison to the new plants supplying power in other States.

2.10.3 *Commission's Views*

The issues raised by the Members of the Advisory Committee have been taken into consideration while deciding on the Petitioner's claims in the Petitions filed for approval of true up for FY 2019-20, APR for FY 2020-21 and AFC for FY 2021-22 as detailed in subsequent Chapters of this Order. With regard to the issues of Cess, Royalty and Water Tax, the Commission would like to reiterate that they do not fall under the purview of the Commission and are under the control of GoU.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing-up of 9 LHPs and MB-II for FY 2019-20

Regulation 12 of the UERC Tariff Regulations, 2018 specifies as follows:

"12. Annual Performance Review

(1) Under the multi-year tariff framework, the performance of the Generating Company or Transmission and Distribution Licensees or SLDC, shall be subject to an Annual Performance Review.

(2) The Applicant shall under affidavit and as per the UERC Conduct of Business Regulations as amended from time to time, make an application for Annual Performance Review by November 30th of every year;

…

(3) The scope of the Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:

a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;

b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors).

c) Revision of estimates for the current and/or ensuing financial year, if required, based on audited financial results for the previous financial year;

d) Computation of the sharing of gains and losses on account of controllable factors for the previous year."

In its present filings, the Petitioner has submitted the data relating to its expenses and revenues for FY 2019-20 for nine LHPs and MB-II based on the audited accounts and has, accordingly, requested the Commission to carry out the truing-up for FY 2019-20 along with the sharing of gain and losses. In addition to the above, with regard to MB-II, the Petitioner has also requested the Commission to consider the capital cost as Rs. 1923.60 Crore as on CoD.

In the matter of truing-up of AFC of MB-II, the Commission vide its Tariff Order dated April 18, 2020 has already carried out the True up upto FY 2018-19 considering the capital cost of Rs. 1885.50 Crore as approved by the Commission as on CoD of the project. Hence, the Commission in the current tariff proceedings has decided to carry out truing-up of MB-II for FY 2019-20 considering the capital cost as on CoD as approved by the Commission in the Tariff Order dated April 18, 2020 in accordance with the UERC Tariff Regulations, 2018.

3.1 Impact of Sharing of Gains and Losses on account of Controllable Factors for FY 2019-20

Regulation 14 of the UERC Tariff Regulations, 2018 specifies as follows:

"14. Sharing of Gains and Losses on account of Controllable factors

(1) The approved aggregate gain and loss to the Applicant on account of controllable factors shall be dealt with in the following manner:

a) 1/3rd of such gain or loss shall be passed on as a rebate or allowed to be recovered in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of such gain or loss may be utilized or absorbed by the Applicant."

The UERC Tariff Regulations, 2018 requires a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing-up of expenses and revenues subject to prudence check including pass through of impact of uncontrollable factors.

O&M expenses comprises of the major portion of AFC of UJVN Ltd. and are within the control of the Petitioner and, moreover, in accordance with UERC Tariff Regulations, 2018, these are controllable expenses. Similarly, in accordance with the UERC Tariff Regulations, 2018, the variation in working capital requirements and variations in performance parameters are also a controllable factor. Hence, the sharing of gains and losses has been carried out for these expenses.

Accordingly, the Commission has worked out the trued up (surplus)/gap of the Petitioner after sharing of gains and losses as per the provisions of UERC Tariff Regulations, 2018.

3.1.1 *Physical Parameters*

3.1.1.1 *Relaxation sought in approved NAPAF*

A. Relaxation sought for 9 LHPs

The Commission vide its MYT Order dated February 27, 2019 had approved the NAPAF for 9 LHPs of UJVN Ltd. in accordance with Regulations 47(1)(b) of UERC Tariff Regulations, 2018 as under:

Table 3.1: NAPAF approved vide Order dated 27.02.2019 for FY 2019-20

Sl. No.	Name and Type of Plant		NAPAF Approved by the Commission in Order dt. 27.02.2019 for FY 2019-20
1	Dhakrani	RoR	66.17%
2	Dhalipur	RoR	61.07%
3	Chibro	Pondage	65.06%
4	Khodri	Pondage	57.23%
5	Kulhal	RoR	65.00%
6	Ramganga	Storage	19.00%
7	Chilla	RoR	74.00%
8	MB-I	Pondage	79.00%
9	Khatima	RoR	69.30%

Further, with regard to outages on account of RMU works, the Commission in its aforesaid Order held that:

> *"... while truing up for respective years, the Commission shall consider the outage period on account of RMU works while re-stating the actual PAFM subject to prudence check in accordance with the Regulations/Orders of the Commission in this regard."*

In the current Petition, the Petitioner has submitted the actual PAFY values achieved during FY 2019-20 and requested the Commission to relax the NAPAF norms for its plants namely Dhalipur, Ramganga, Chilla, and MB-I to the extent of PAFY achieved during FY 2019-20. The actual PAFY achieved during FY 2019-20 are as under:

Table 3.2: Plant-wise actual PAFY achieved during FY 2019-20

Sl. No.	Name and Type of Plant		NAPAF approved in MYT Order dated 27.02.2019 (%)	PAFY (in %)
1	Dhakrani	RoR	66.17%	69.22%
2	Dhalipur	RoR	61.07%	59.75%
3	Chibro	Pondage	65.06%	65.32%
4	Khodri	Pondage	57.23%	57.37%
5	Kulhal	RoR	65.00%	69.04%
6	Ramganga	Storage	19.00%	9.95%

Table 3.2: Plant-wise actual PAFY achieved during FY 2019-20

Sl. No.	Name and Type of Plant		NAPAF approved in MYT Order dated 27.02.2019 (%)	PAFY (in %)
7	Chilla	RoR	74.00%	67.67%
8	MB-I	Pondage	79.00%	48.41%
9	Khatima	RoR	69.30%	70.91%

In support of its claim, the Petitioner submitted the Plant-wise reasons for not being able to achieve the prescribed NAPAF, as follows:

- **Ramganga:** The Petitioner submitted that the water release from Ramganga Dam is purely irrigation based and the control of water release rests with Uttar Pradesh Irrigation Department (UPID) and, therefore, they have no control over the same. Therefore, the Petitioner requested the Commission to revise the NAPAF for FY 2019-20 as 9.95% instead of 19.00%.
- **Chilla:** The Petitioner has submitted that due to the flooding incident that occurred on July 13, 2018, the generating station could not achieve NAPAF in FY 2018-19. The Petitioner requested the Commission to consider the relaxation in NAPAF as restoration works have taken more than one year and they continued in FY 2019-20 also. The Petitioner further submitted that as the station is very old, it requires more maintenance and in order to carry out maintenance works, this station needs to be shut down for longer periods.
- **MB-I:** The Petitioner submitted that the Power Station is suffering from excessive silt and ageing. The Petitioner further submitted that high erosion and detrimental effects of high quantum of silt with quartzite contents in the Bhagirathi river water results in high damages to underwater parts and equipment carrying the river water such as pipelines, valves, etc. The Petitioner further submitted that the frequent shutdowns along with planned maintenance is required during monsoon period (approximately 1 month) and during lean discharge period (80 days) for operating the unit in safe operating conditions.

  Further, the Petitioner also submitted that the most critical aspect in operation of the powerhouse is shortfall in the design aspect. The Petitioner submitted that there is only a single pressure shaft emanating in the downstream of the surge tank of Tiloth HEP (MB-I HEP), which gets trifurcated into 3 nos. penstocks each feeding directly to the individual units. The problem arises when leakage starts due to detrimental effects of the silt in any of the equipment related to MIV or beyond such as valves, pipelines etc. In order to attend the same, the surge tank gate is required to be lowered and penstocks are required to be dewatered. Since there is a common pressure shaft from the surge tank, hence, lowering of the surge tank gate results in complete closure of the powerhouse contributing to high quantum of generation as well as availability loss. Further, the Petitioner submitted that the Power Station could not achieve NAPAF mainly due to RMU of the machines.

The Petitioner, accordingly, requested the Commission to revise the NAPAF to 48.41% from 79.00% as approved by the Commission for FY 2019-20.

- **Dhalipur:** The Petitioner requested that NAPAF may be relaxed on account of ongoing RMU works in Dhalipur HEP for FY 2019-20.

Commission's Analysis

- **Dhalipur**

With regard to Dhalipur HEP, the Petitioner achieved a PAFY of 59.75% against the approved NAPAF of 61.07%. The NAPAF was set by the Commission in the MYT Order dated February 27, 2019 without considering any RMU.

The Petitioner's submission in the instant Petition shows that RMU works at Unit#2 was carried out since February 7, 2019. In cases where the NAPAF has not been achieved by the Petitioner on account of genuine reasons, the approach adopted by the Commission is to allow the Petitioner to recover maximum of the approved AFC of the plant. Considering that Unit#2 of Dhalipur HEP was under shutdown since February 7, 2019, the Commission considered the NAPAF equal to the PAFY in order to fully recover the approved AFC for FY 2019-20.

- **Ramganga**

With regard to Ramganga HEP, the Petitioner has achieved a PAFY of 9.95% against the approved NAPAF of 19% and the relaxation sought by the Petitioner is on account of the reason that the control of water release lies with Uttar Pradesh Irrigation Department (UPID). Further, the Commission vide Minutes of TVS dated March 04, 2021 sought justification as to why the Ramganga HEP is not achieving the NAPAF. In reply, the Petitioner vide its reply dated March 16, 2021 reiterated the reasons submitted earlier. The Petitioner submitted that efforts are on to discuss the matter of release of water with UPID to increase peaking from Ramganga for which desilting may be required in downstream barrage and channels. Since the Plant has completed its useful life, technological upgradation is required for which additional capitalization was proposed. The Petitioner further submitted that this issue of operational constraint is flagged at the highest level of GoU.

The Commission observes that the Petitioner itself in its second MYT Petition had projected NAPAF for the station as 17.24% after factoring in the above reason. Further, it is also observed that the Petitioner was able to achieve PAFY of 30.07% in FY 2015-16 and had earned incentive on it. The Commission while approving NAPAF for the second Control Period had considered the maximum of NAPAF approved for the first Control Period and that projected by the Petitioner for the second Control Period, which already factors in the fact that the control of water release lies with UPID and the Commission in MYT Order for third Control Period has retained the NAPAF considering the similar conditions under which the plant is operating. The Commission has, therefore, not allowed any relaxation with regard to NAPAF or re-statement of PAFY for Ramganga HEP for FY 2019-20.

- **Chilla HEP**

With regard to Chilla HEP, the reasons for not achieving NAPAF as submitted by the Petitioner is on account of ageing and flooding incident, which occurred on July 13, 2018. The Commission observed that the Petitioner has not finalized the insurance claim with the insurance company as the restoration works were in progress in FY 2019-20. The Commission vide Minutes of TVS dated March 4, 2021, asked the Petitioner to submit the status of insurance claim made by UJVN Ltd. along with supporting documents. The Petitioner, vide its reply dated March 16, 2021 submitted that the total claim of Petitioner of Rs. 32.77 Crore was categorized into two categories, viz. generation loss of Rs. 12.13 Crore and material damage of Rs. 20.64 Crore and the insurance company is currently looking in to the claim against the material damage claim and after the same the generation loss component shall be considered. The Petitioner submitted that the claim on material damage is being processed and is at final stages of discussion and the claim on account of generation loss is at initial stages of scrutiny. Considering the fact that the claim on account of generation loss is yet to be finalized, the Commission has, therefore, not allowed any relaxation with regard to NAPAF or re-statement of PAFY for Chilla HEP for FY 2019-20. **The Commission directs the Petitioner to expedite the**

claim process and submit the details of final Insurance claim received in the next tariff proceedings.

- **MB-I HEP**

With regard to NAPAF of MB-I for FY 2019-20, the Petitioner has achieved PAFY of 48.41% against the approved NAPAF of 79%. The Commission in its review Order dated September 03, 2013 and subsequent Tariff Orders for second Control Period and third Control Period while determining NAPAF has already considered the operating problems on account of site conditions. The Commission has, therefore, not considered any change in the NAPAF on account of operational issues. Further, the Commission observed that one Unit of MB-I LHP was under shutdown from December 12, 2018 to March 31, 2020 for Comprehensive RMU works, which was not considered while approving NAPAF for the year. The Commission has considered the same and has re-stated the PAFY of MB-I LHP as 67.12% for FY 2019-20 based on the average PAFM of last 3 years achieved during the said period.

B. Relaxation sought for Maneri Bhali-II (MB-II) LHP

Petitioner's Submission

In the instant Petition, the Petitioner has submitted that the Generating station could not achieve the norm because of the following reasons:

- High erosion and detrimental effects of high quantum of silt with quartzite contents in the Bhagirathi River resulting in high damages to underwater parts and equipment such as runners, guide vanes, stay vanes, DT liner, pipelines, valves, etc. The silt concentration is further increasing because of landslides in rainy season and other developmental works.
- The Petitioner further submitted that the power station was commissioned in the financial year 2007-08. Due to operation of machine for more than past 10 years under adverse operating conditions in silt laden water, availability of machines has been adversely affected as maintenance hours have substantially increased. The phenomenon of erosion of underwater parts is beyond the control of the Petitioner and in spite of best efforts, the average PAFY achieved in MB-II since commissioning up to FY 2018-19 has been 54% only. The Petitioner further submitted that the highest PAFY that could be achieved by the station was 69% in FY 2018-19.

Commission's View

The Commission has gone through the submissions of the Petitioner and the reasons submitted by the Petitioner have already been examined and analysed in detail by the Expert Consultant appointed by the Commission pursuant to the ruling in MYT Order dated February 27, 2019. The Commission, based on the recommendations of Expert Consultant's Report approved the NAPAF of 76% for the third Control Period in the Order dated April 18, 2020. Therefore, the Commission does not feel appropriate to allow any relaxation in the approved NAPAF of 76% for MB-II.

3.1.1.2 *Energy Generation and Saleable Primary Energy*

The Petitioner submitted that in compliance to the NGT Order dated August 9, 2017, GoU issued Order No. 708 dated June 5, 2018 to UJVN Ltd. to maintain the minimum 15% of the average lean season flow in the rivers from the Dams/Barrages situated in the State of Uttarakhand. Further, the Gazette notification has also been issued by Govt. of India on 09.10.2018 in this regard.

The Petitioner submitted that in view of the aforesaid Orders of NGT and GoU, UJVN Ltd. has maintained the minimum discharges and, therefore, the available water discharge has reduced in the tunnels/power channels of the power stations of UJVN Ltd. Consequent to the reduction in the discharge available for power generation, the quantum of power generation as well as the declared capacity of the power Plants have reduced accordingly. However, the Petitioner has not requested the Commission to revise Design Energy for FY 2019-20.

Therefore, the Commission decides to consider the Design Energy and Saleable Primary Energy as approved in the Commission's Order dated February 27, 2019. However, with regard to MB-II, the Commission has considered the Design Energy and Saleable Primary Energy as 1291 MU and 1278.09 MU respectively as approved for the third Control Period in Order dated April 18, 2021 based on the recommendations of Expert Consultant's Report Accordingly, the approved Design Energy for FY 2019-20 is as under:

Table 3.3: Design Energy and Saleable Primary Energy Approved for FY 2019-20 (MU)

Generating Station	Original Design Energy	Design Energy	Auxiliary consumption (including Transformation Loss)		Saleable Primary energy
	MU	MU	%	MU	MU
Dhakrani	169.00	156.88	0.70%	1.10	155.78
Dhalipur	192.00	192.00	0.70%	1.34	190.66
Chibro	750.00	750.00	1.20%	9.00	741.00
Khodri	345.00	345.00	1.00%	3.45	341.55
Kulhal	164.00	153.91	0.70%	1.08	152.83
Ramganga	385.00	311.00	0.70%	2.18	308.82
Chilla	725.00	671.29	1.00%	6.71	664.58
MB-I	546.00	395.00	0.70%	2.77	392.24
Khatima*	235.59*	235.59	1.00%	2.36	233.23
MB-II	1566.10	1291.00	1.00%	12.91	1278.09
Total	**5077.69**	4501.67		**42.90**	**4458.78**

** Post RMU*

3.1.2 *Financial Parameters*

3.1.2.1 *Apportionment of Common Expenses*

The Petitioner in its Petition has considered the allocation for indirect expenses in the ratio of 85:10:5 among 9 LHPs, MB-II and SHPs, respectively, as considered by the Commission in its Order dated April 18, 2020. The Commission in its Order dated February 27, 2019 had considered the allocation for indirect expenses in the ratio of 85:10:5 among 9 LHPs, MB-II and SHPs, respectively. With regard to Solar business expenses, the Commission in its Order dated February 27, 2019 stated as follows:

"The Commission as discussed in Chapter 4 of this order is of the view that the solar business is a new business vertical for UJVN Ltd., the expenses incurred for the Solar business should be treated separately from the expenses for 9 LHPs and MB-II Generating station. The Commission as of now has considered the allocation of common expense for Third MYT Control Period in the ratio 85:10:5 among 9LHPs, MB-II and SHPs as approved vide Commission's Order dated 21.03.2018. Further, the Commission has considered the expenses allocated to solar business as proposed by the Petition. ***The Commission directs the Petitioner to submit the details of expenses allocated to solar business during FY 2018-19 and approach the Commission for allocation of Common expenses for solar power Plant while truing-up of FY 2018-19 as it is a new business vertical for UJVN Ltd****."*

Accordingly, the Petitioner has separately treated the expenses incurred for Solar business and submitted the same along with the Petition. The Petitioner has not claimed the same from the Tariff of LHPs.

During the scrutiny of the claim of additional capitalization for FY 2019-20, the Commission observed rectification entries pertaining to the assets booked under Project Distribution Division (PDD) accounting unit, wherein assets capitalized in accounts for FY 2018-19 under the PDD unit were transferred back to respective units for which the works were originally executed. The Petitioner has also ensured to nullify the impact of such asset transfer in the claim of additional capitalization for FY 2019-20. The Commission in previous year Order has adopted the similar methodology as followed by the Petitioner while disallowing/deferring any expense pertaining to PDD cost centre. Since the Petitioner has transferred the assets addition to the respective units, the Commission while allowing the deferred expenses pertaining to PDD in previous year has considered the claim as submitted by the Petitioner.

3.1.2.2 *Capital Cost*

A. Old Nine Generating Stations

Pending finalization of the Transfer Scheme, for various reasons recorded in the previous Tariff Orders, the Commission had been approving the opening GFA for the nine LHPs as on 14.01.2000 as Rs. 506.17 Crore.

The Commission vide its Order dated April 18, 2020 had directed UJVN Ltd. to closely follow up the issue and submit the quarterly status report towards finalization of Transfer Scheme. Further, the Commission vide its Order dated April 18, 2020 also pointed out that there had been an inordinate delay in the finalization of the Transfer Scheme, which is attributable to the Petitioner, hence, any consequential claim arising due to finalization of the Transfer Scheme would be considered on merits by the Commission without any carrying cost on the same**.** The Petitioner in the instant Petitions submitted that Quarterly progress report for June 2020 was already submitted to the Commission vide letter dated September 28, 2020. The Petitioner further submitted that the matter is being pursued at the highest level and the GPF issue has been resolved. However, the status on remaining issues shall be submitted after next meeting at State Government level.

The Commission has noted the submissions of the Petitioner and **directs the Petitioner to**

closely follow up the pending issues and submit quarterly status report to the Commission. The Commission further directs that there has been an inordinate delay in the finalization of the Transfer Scheme, which is attributable to the Petitioner, hence, any consequential claim arising due to finalization of the Transfer Scheme shall be considered on merits by the Commission without any carrying cost on the same.

Since, the Transfer Scheme is yet to be finalized, the Commission for the purposes of truing- up for FY 2019-20 has considered the opening GFA of nine LHPs, as on 14.01.2000 as Rs. 506.17 Crore as per the details given below:

Table 3.4: Approved Capital Cost for 9 LHP's as on CoD (Rs. Crore)

Generating Station	Claimed	Approved
Dhakrani	12.40	12.40
Dhalipur	20.37	20.37
Chibro	87.89	87.89
Khodri	73.97	73.97
Kulhal	17.51	17.51
Ramganga	50.02	50.02
Chilla	124.89	124.89
MB-I*	111.93	111.93
Khatima	7.19	7.19
Total	**506.17**	**506.17**

**Including DRB claim*

B. Maneri Bhali-II

The Petitioner has requested the Commission to consider the capital cost of Rs. 1923.60 Crore as on CoD, i.e., 15.03.2008 and, accordingly, allow True Up of AFC and Tariff for MB-II HEP.

With regard to fixation of the Capital Cost of MB-II on the date of its Commercial Operation (CoD), the Commission in its Tariff Order dated 05.04.2016 had revised the Capital Cost as on CoD to Rs. 1885.50 Crore and stated as follows:

"The Commission in the current tariff proceedings observed that the Petitioner has submitted that the Capital Cost as *on COD included provisioning towards discharge of liabilities in future amounting to Rs. 3.72 Crore which was actually discharged in FY 2008-09 and wrongly included as R&M expenses. In accordance with MYT Regulations, 2011, any capital expenditure after COD is to be considered as additional capital expenditure subject to condition provided there in and also it has been the approach of the Commission in the past to not allow tariff on the provisioned amount and, therefore, the Commission has revised the Capital Cost of MB-II as on COD to Rs. 1885.50 Crore. Further, the Commission has*

considered the aforesaid amount of Rs. 3.72 Crore as additional capitalisation in FY 2008-09 as the same was actually discharged during FY 2008-09."

Moreover, the Petitioner has filed an Appeal before the Hon'ble ATE vide its Appeal No. 283 of 2016 agitating the issue of Capital Cost of MB-II LHP and RoE on PDF against the principle adopted by the Commission in its MYT Order dated 05.04.2016. As the matter is still pending before the Hon'ble ATE, therefore, pending disposal of the Appeal, the Commission does not find any reason to revisit the capital cost of MB-II LHP approved by it in the Tariff Order dated April 18, 2020.

Accordingly, in line with the above decision in Order dated April 18, 2020, the Commission for the purposes of this Tariff Order is considering the capital cost for MB-II Power Station as on CoD, i.e. 15.03.2008, as Rs. 1885.50 Crore as per the details given below:

Table 3.5: Approved Capital Cost for MB-II as on CoD (Rs. Crore)

Particulars	Approved in Order dated 18.04.2020	Approved Now
Capital Expenditure	1490.98	1490.98
Add: Adjustment on Account of DRB Award	44.51	44.51
Price Variation	-7.94	-7.94
Sub-total (A)	**1527.55**	**1527.55**
IDC & Other Financial Charges		
Interest paid to PFC	257.41	257.41
Guarantee Fee	28.86	28.86
Interest on GoU Loan	5.04	5.04
Interest Repayment AGSP	66.64	66.64
Excess Guarantee Fee Payable	0.00	0.00
Sub-total (B)	**357.95**	**357.95**
Total Capital cost (A+B)	**1885.50**	**1885.50**

Further, financing of the approved capital cost of MB-II Power Station as on CoD is shown in the Table below:

Table 3.6: Financing for MB-II as on CoD (Rs. Crore)

Particulars	Approved in MYT Order dt. 27.02.2019	Approved Now
Loans		
PFC Loan	1200.00	1200.00
Unpaid Liability	0.00	0.00
Guarantee Fee Payable	0.00	0.00
Normative Loan	119.85	119.85
Total debts	**1319.85**	**1319.85**
Equity		
PDF	326.76	326.76
GoU Budgetary support	74.89	74.89
Pre-2002 expense	164.00	164.00
Total Equity	**565.65**	**565.65**
Total Loan and Equity	**1885.50**	**1885.50**

In the above Table, the total equity, i.e. Rs. 565.65 Crore which is 30% of the total approved Capital Cost of MB-II, has been considered to be funded by way of pre-2002 expenses of Rs. 164 Crore, actual disbursement from PDF upto CoD of Rs. 326.76 Crore and the balance amount of Rs. 74.89 Crore from the GoU budgetary support.

3.1.2.3 *Additional Capitalisation*

A. Old Nine Generating Stations

In addition to the opening GFA of Rs. 506.17 Crore as on 14.01.2000 of 9 LHPs, the Commission had approved the additional capitalization from FY 2001-02 to FY 2018-19 amounting to Rs. 362.89 Crore (including De-capitalisation of Rs. 2.03 Crore) in its previous Tariff Orders.

Accordingly, the additional capitalisation from FY 2001-02 to FY 2018-19 so far considered by the Commission for 9 LHPs is shown in the Table below:

Table 3.7: Additional Capitalisation already approved by the Commission from FY 2001-02 to FY 2018-19 for 9 LHPs (Rs. Crore)

Generating Station	Amount
Dhakrani	10.34
Dhalipur	11.22
Chibro	45.82
Khodri	27.12
Kulhal	7.95
Ramganga	34.72
Chilla	31.89**
MB-I	39.76
Khatima	154.06*
Total	**362.89**

** Including de-capitalisation of Rs. 2.03 Crore in FY 2014-15*
*** Including decapitalization of Rs. 19.30 Crore in FY 2016-17 for DRIP*

Based on the approved capital cost of 9 LHPs as on 14.01.2000 and considering, the additional capitalisation upto FY 2018-19 for these LHPs, the Commission has considered the opening GFA for FY 2019-20 for nine LHPs as presented below:

Table 3.8: Opening GFA for 9 LHPs as considered by the Commission for FY 2019-20 (Rs. Crore)

Generating Station	Amount
Dhakrani	22.74
Dhalipur	31.59
Chibro	133.71
Khodri	101.09
Kulhal	25.46
Ramganga	84.74

Table 3.8: Opening GFA for 9 LHPs as considered by the Commission for FY 2019-20 (Rs. Crore)

Generating Station	Amount
Chilla	156.78*
MB-I	151.69**
Khatima	161.25***
Total	**869.05**

** Including de-capitalisation of Rs. 19.30 Crore in FY 2016-17 for DRIP*
*** Including DRB claim*
**** Including de-capitalisation of Rs. 2.03 Crore in FY 2014-15*

The Petitioner for its 9 LHPs has claimed the additional capitalisation for FY 2019-20 as given in the Table below:

Table 3.9: Additional Capitalisation for 9 LHPs claimed by the Petitioner for FY 2019-20 (Rs. Crore)

Generating Station	Additional Capitalisation	De-Capitalisation	Net Additional Capitalisation
Dhakrani	15.91	0.00	15.91
Dhalipur	21.24	0.00	21.24
Chibro	15.37	0.00	15.37
Khodri	7.57	0.00	7.57
Kulhal	18.42	0.00	18.42
Ramganga	4.45	0.00	4.45
Chilla	24.25	0.00	24.25
MB-I	17.96	0.00	17.96
Khatima	3.30	0.00	3.30
Total	**128.47**	**0.00**	**128.47**

The Petitioner in the Petitions submitted that the additional capitalization claimed above includes the capitalization on account of Dam Rehabilitation and Improvement Project (DRIP) (Executed under Phase-I, herein after referred as DRIP Works).

The Commission in the earlier Tariff Orders, viz., true up Orders for FY 2015-16 to FY 2018-19 had deferred the additional capitalization claimed on account of DRIP Works stating that the Petitioner has to come up with the firm financing details for the works covered under DRIP scheme and the Commission may consider the same, subject to prudence check. Further, the Commission in its Order dated April 18, 2020 had not considered the claim of works pertaining to DRIP booked under R&M expenses for FY 2017-18 and FY 2018-19.

However, the Petitioner did not submit any financing details along with the Petition. Accordingly, the Commission vide its letter dated December 14, 2020 sought the same. The Petitioner, vide its reply dated December 24, 2020 submitted a letter dated November 20, 2020 from GoU, which states that the debt amount arranged by GoU is to be considered as an interest free loan. Considering that the letter did not specify about the percentage of debt and equity in the DRIP works executed, the Commission sought details of the same and the Petitioner, vide its reply dated April 07, 2021 submitted that UJVN Ltd. has received Rs. 140.19 Crore in the form of Loan and Rs. 35.11 Crore in the form of equity till February 04, 2021 and the debt equity ratio of DRIP works is around 80:20. Therefore, the financing for DRIP works is now finalized and the Commission has considered the claim of additional capitalization on account of DRIP Works.

Simultaneously, the Commission also sought a consolidated sheet with the details of all the works pertaining to DRIP Scheme executed during the period FY 2015-16 to FY 2019-20 and details of expenditure proposed to be incurred/capitalized in FY 2020-21. The Petitioner vide its Reply dated March 24, 2021 has submitted the consolidated sheet and further submitted a revised sheet vide its revised submission dated April 7, 2021. A summary of the DRIP works submitted by the Petitioner is as follows:

Table 3.10: Additional Capitalisation for 9 LHPs claimed by the Petitioner for FY 2019-20 (Rs. Crore)

Dam/Barrage	FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		Total	
	Add Cap	R&M	Add Cap	R&M	Add Cap	R&M	Add Cap	R&M	Add Cap	R&M	Add Cap	R&M
Ichari dam					0.49	0.12	0.53	0.15	19.98	0.08	21.00	0.35
Dakpathar dam					2.65	0.25	3.43		35.26	0.41	41.34	0.66
Asan Barrage					2.43		1.23		16.59		20.25	0.00
Virbhadra Barrage	17.48		1.83		12.67		5.36		2.67		40.02	0.00
Maneri Dam							0.54		14.31		14.85	0.00
Khatima Dam											0.00	0.00
Total	**17.48**		**1.83**		**18.24**	**0.37**	**11.10**	**0.15**	***88.81**	**0.49**	**137.46**	**1.01**
Total of expenses from FY 2015-16 to FY 2018-19							**48.65**	**0.52**				

**Rs. 88.81 Crore included in the claim of Rs. 128.47 Crore claimed as additional capitalization for FY 2019-20*

From the above, it can be observed that a total of Rs. 138.48 Crore (Rs. 137.46 Crore +Rs. 1.01 Crore) was incurred till FY 2019-20 pertaining to DRIP works including the total amount of deferred works till FY 2018-19 of Rs. 49.17 Crore (Rs. 48.65 Crore + Rs. 0.52 Crore).

The Commission has gone through the details of the expenditure submitted in the consolidated sheet and found the same to be in order. With regard to the issue of considering whether the DRIP expenses should be booked under R&M head or under additional capitalization, considering that these works are found to be similar to the Renovation and Modernization of Dams/Barrages, the Commission is of the view that the DRIP expenses booked under R&M head have to be considered as additional capitalization as a one-time expense. Accordingly, an expense of Rs. 1.01 Crore (Rs. 0.49 Crore pertaining to the expenses incurred in FY 2019-20 and Rs. 0.52 Crore pertaining to the deferred claim till FY 2018-19) has been considered as additional capital expenditure. More so in light of the fact that when RMU of dams and barrages are carried out all the expenses related to the DRIP works should be capitalised. Further, the Commission has considered the additional capitalization on account of DRIP works by directly considering the same under the Plant to which the Dam/Barrage is associated and in case the Dam/Barrage is associated with one or more plants the expenditure on account of the same is apportioned to the Plants based on installed capacity of the Plants.

With regard to the claim of additional capitalization for Khatima LHP, the Commission observed that the total claim of Rs. 3.30 Crore includes additional capitalization on account of RMU works amounting to Rs. 2.07 Crore. The Commission vide its letter dated February 12, 2021 sought justification for such delayed claim considering that the Commission had categorically directed in MYT Order dated February 27, 2019 to complete all the RMU works of Khatima LHP latest by cut-off date, i.e., 31.03.2019. The Petitioner vide its reply dated February 26, 2021 submitted that these expenses were kept under CWIP in previous year and were inadvertently missed out in the claim of additional capitalization for previous year and, accordingly, requested the Commission to consider the same. In this regard, the Commission has considered the same as the works were carried out before cut-off date and were parked under CWIP. However, the **Commission directs the Petitioner to ensure that such instances are not repeated in future claims**.

During the scrutiny of the additional capitalization claimed in Kulhal HEP, it was observed that 2 sets of 110 Volt battery chargers amounting to Rs. 0.11 Crore was clubbed with the supply of battery bank of 220 Volt. The Commission vide its letter dated February 12, 2021 sought clarification regarding the same. The Petitioner vide its reply dated February 26, 2021 submitted that the supply of 2 sets of 110 Volt battery charger for Dhakrani HEP was clubbed with SITC work of 220 V DC battery bank and charger for Kulhal HEP and the expenses were incurred out of Kulhal HEP. Further, the Petitioner requested to take considerate view and consider the expenditure of Rs. 0.11 Crore against Dhakrani HEP. Accordingly, the Commission transferred the expenses of Rs. 0.11 Crore to Dhakrani and adjusted the same against Kulhal HEP.

With regard to the claim of additional capitalization claimed for MB-I, the Commission observed that the claim of the Petitioner includes an expenditure of Rs. 2.34 Crore, which pertains to the works against the SPA-R Grant received from GoU. Accordingly, the Commission has deducted the said expenditure of Rs. 2.34 Crore from the claim of Petitioner as the Grant amount is not eligible for Depreciation, interest on loan and RoE in line with UERC Tariff Regulations, 2018. However, the said expenditure of Rs. 2.34 has been considered as part of Opening GFA for computing normative R&M expenses for future years.

With regard to the claim of additional capitalization for Chilla HEP, the Commission observed that the total claim of Rs. 24.25 Crore for FY 2019-20 includes the expenses on account of restoration works carried out at Chilla HEP due to the flooding event that occurred on July 13, 2018. The Commission vide its letter dated February 12, 2021 sought unit-wise expenditure incurred on account of flooding at Chilla HEP along with status of insurance claim. The Petitioner vide its reply dated February 26, 2021 submitted that the total amount incurred on account of Restoration works is Rs. 17.74 Crore. However, the Petitioner vide its reply dated April 7, 2021 revised the amount on account of Restoration works to Rs. 17.17 Crore. The Commission has considered the latest submission of the Petitioner. Further, with regard to the status of insurance claim, as discussed in the section for NAPAF, the insurance claim on account of material damages is not yet finalized and is at final stages of settlement. The Commission is of the view that the expense of Rs. 17.17 Crore has to be deferred and the same can be adjusted after the finalization of insurance claim. Further, the Commission observed that the rest of the claim includes an amount of Rs. 0.38 Crore pertaining to ITW make compounds to be applied on different parts of machines and the same ideally has to be booked under R&M expenses. Accordingly, the Commission has considered transfer of Rs. 0.38 Crore from additional capitalization to R&M Expenses for FY 2019-20.

With regard to the nature of expenses to be booked under the respective head of additional capitalization, the Commission vide its Order dated March 21, 2018 specifically held as under and directed the Petitioner to comply with the philosophy in future claims:

"It is observed that UJVN Ltd. is having different approach for claiming expenses under major overhauling for different Plants. In this regard, the Commission is of the view that the nature of expense is independent of the values of expense being incurred and thus the expenses should be booked under the respective head of ARR under which it should actually fall. ***Hence the Commission has taken a view that all the works related to Major overhaul claimed under additional capitalization is shifted to R&M expenses of UJVN Ltd. The Petitioner is further directed to comply the same***

philosophy in future claims as well."

Further, the Commission had adopted a similar approach in its Tariff Order dated February 27, 2019 and April 18, 2020. However, the Commission during the current proceedings observed that the Petitioner in case of additional capitalisation for Ramganga HEP in FY 2019-20 had included the expenses of Rs. 3.17 Crore on account of Stator and MIV Repair under additional capitalization. The Commission has, accordingly, deducted such expenses from the additional capitalization and considered the same under R&M expenses for FY 2019-20.

Further, the Commission, during the scrutiny of expenses carried out by Civil Dhalipur for Dakpathar Colony has observed that the Petitioner has claimed expenses of Rs. 2.16 Crore pertaining to providing and laying of bituminous macadam (BM) and semi-dense bituminous concrete (SDBC) on external roads and internal roads at Dakpathar and Yamuna colony, respectively. The Commission vide its letter dated February 12, 2021 sought whether the said works on roads are for newly constructed road or for old roads and confirm when such works were last carried out. The Petitioner vide its reply dated February 26, 2021 submitted that due to lack of repair and maintenance of road for around 10 years, the road had deteriorated badly and laying BM and SDBC was carried out. In this regard, the Commission is of the view that the works carried out were for old Road, which was not properly maintained for a long time leading to damages. The Commission has, therefore, considered the same under Repair and Maintenance Expenses for FY 2019-20.

As discussed above, the total amount of expenses transferred from Additional Capitalization to R&M expenses is Rs. 5.72 Crore. The plant-wise details is as follows:

Table 3.11: Expenses of R&M Nature included under Additional Capitalization for 9 LHPs during FY 2019-20 (Rs. Crore)

Generating Station	Amount
Dhakrani	0.00
Dhalipur	0.00
Chibro	1.44
Khodri	0.72
Kulhal	0.00
Ramganga	3.17
Chilla	0.38
MB-I	0.00
Khatima	0.00
Total	**5.72**

The details of the expenses transferred from Additional Capitalization to R&M expenses are provided as **Annexure 4** of this Order.

Further, the Commission, while scrutinizing the R&M expenses for FY 2019-20, apart from the expenses claimed for DRIP has observed that the Petitioner in R&M expenses has booked some expenses, which are capital in nature. The Commission vide letter dated February 12, 2021 sought explanation of the same and the Petitioner submitted the same vide its letter dated February 26, 2021. The details of all such expenses amounting to Rs. 0.33 Crore are provided at **Annexure 5** of this Order. The Commission has, accordingly, shifted the expenses of the nature of additional capitalization booked under R&M expenses to additional capitalization in FY 2019-20. The Plant-wise details are as per Table below:

Table 3.12: Expenses of additional capitalization nature but included under R&M for 9 LHPs during FY 2019-20 (Rs. Crore)

Generating Station	Amount
Dhakrani	0.18
Dhalipur	0.02
Chibro	0.10
Khodri	-
Kulhal	0.02
Ramganga	-
Chilla	-
MB-I	-
Khatima	-
Total	**0.33**

Further, in addition to the expenses of Rs. 0.33 Crore transferred from R&M expenses to additional capitalization, expenses pertaining to DRIP of Rs. 1.01 Crore (Rs. 0.49 Crore pertaining to expenses booked in R&M expenses of FY 2019-20 + Rs.0.52 Crore booked in R&M expenses of previous years during the period FY 2017-18 and FY 2018-19) were also transferred from R&M expenses to additional capitalization.

The Commission, accordingly, approves an additional capitalisation for FY 2019-20 for 9 LHPs as shown below:

Table 3.13: Additional Capitalisation approved for 9 LHPs for FY 2019-20

Generating Station	Claimed#	Deferred claim of additional capitalization of DRIP	Approved in this Order ##
Dhakrani	15.91	2.52	18.98
Dhalipur	21.24	3.81	25.45
Chibro	15.37	0.86	14.81

Table 3.13: Additional Capitalisation approved for 9 LHPs for FY 2019-20

Generating Station	Claimed#	Deferred claim of additional capitalization of DRIP	Approved in this Order ##
Khodri	7.57	0.43	7.23
Kulhal	18.42	3.66	21.97
Ramganga	4.45		1.27
Chilla	24.25	37.34	44.04
MB-I	17.96	0.54	16.17
Khatima	3.30		3.30
Total	**128.47**	**49.17**	**153.23**

 # including claim of Rs. 88.81 Crore against DRIP works included in add cap

including claim of Rs. 88.81 Crore against DRIP works included in add cap, shifting of expenses after prudence check of Add cap & R&M expenses, and excluding Rs. 17.17 Crore of deferred expenses in Chilla, excluding2.34 Crore towards SPAR grant in MB-I.

B. Maneri Bhali-II

In addition to the Capital Cost of Rs. 1885.50 Crore as on CoD, the Commission had approved additional capitalization from FY 2007-08 to FY 2018-19 amounting to Rs. 342.15 Crore in its previous Tariff Orders, as shown in the Table below:

Table 3.14: Year-wise Additional Capitalisation already approved by the Commission from FY 2007-08 to FY 2018-19 for MB-II LHP (Rs. Crore)

Financial Year	Amount
2007-08	0.09
2008-09	10.26
2009-10	8.14
2010-11	21.70
2011-12	2.01
2012-13	17.90
2013-14	35.32
2014-15	36.77
2015-16	127.24
2016-17	55.08
2017-18	17.00
2018-19	10.64
Total	**342.15**

Based on the above closing GFA approved for FY 2018-19, the opening GFA for FY 2019-20 for MB-II LHP is shown below:

Table 3.15: Opening GFA for MB-II as considered by the Commission for FY 2019-20 (Rs. Crore)

Particulars	Amount
Capital Cost	1885.50
Additional Capitalization from FY 2007-08 to FY 2018-19	342.15
Opening GFA for FY 2019-20	**2227.65**

The Petitioner for MB-II LHP has claimed additional capitalization for FY 2019-20 as given in the Table below:

Table 3.16: Additional Capitalisation claimed by the Petitioner for FY 2019-20 (Rs. Crore)

Components	Additional Capitalisation	De-capitalisation	Net Additional Capitalisation
Land	0.00	0.00	0.00
Building	3.35	0.00	3.35
Hydraulic works	0.00	0.00	0.00
Major Civil Works	1.08	0.00	1.08
Plant & Machinery	4.97	0.00	4.97
Vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.05	0.00	0.05
Office Equipment & Others	0.05	0.00	0.05
IT Equipment's including Software	0.05	0.00	0.05
Total	**9.55**	**0.00**	**9.55**

The Commission in its Order dated February 27, 2019 approved the additional capitalisation of Rs. 12.05 Crore for FY 2019-20 subject to prudence check at the time of true up. Further, the Commission in its Order April 18, 2020 while truing-up the additional capitalization for MB-II for FY 2018-19 had directed the Petitioner as follows:

"The Commission upon the scrutiny of the justification provided along with supporting documents it was observed that the Pending works except testing of surge shaft gate are uncontrollable in nature as the same were pending before various Courts. With regard to Testing of Surge Shaft Gate the Commission observes that the works are very important with respect to safety of the Plant and delaying of such works may be catastrophic from Plant safety perspective.

The Commission directs the Petitioner to complete the said works as soon as possible and cautions that any occurrence of damage to safety of the MB-II in future due to delay in execution of the testing of surge shaft gate shall solely be attributable to UJVN Ltd."

(Emphasis added)

The Commission observed that the Petitioner, apart from the details of additional capitalization for FY 2019-20, has not submitted any information with respect to status of pending balance capital works. Accordingly, the Commission vide its letter dated February 12, 2021 sought details of expenditure incurred for works covered under balance capital works. The Petitioner vide its reply dated February 26, 2021 submitted that the expenditure incurred in FY 2019-20 for the work of testing of surge shaft gates is Nil against the estimated expenditure of Rs. 5 Crore. Considering that the information regarding the status of other pending works was not provided, the Commission vide its Minutes of TVS dated March 4, 2021 again sought the status of balance capital works at MB-II in line with the Format provided in previous Tariff Order at Annexure 7. The Petitioner, vide its reply dated March 16, 2021 submitted a detailed sheet showing the status of works, the Commission observed that an expenditure of Rs. 6.57 Crore was incurred in FY 2019-20 and the Commission vide its letter dated March 26, 2021 asked the Petitioner to confirm regarding the capitalization of Rs. 6.57 Crore in FY 2019-20. The Petitioner vide its reply dated April 07, 2021 submitted that the sheet submitted vide reply dated March 16, 2021 had some typographical error and submitted that the capitalization in FY 2019-20 is Nil. Further, the Petitioner submitted a revised sheet and requested the Commission to consider the revised sheet. Accordingly, the Commission has considered the revised sheet submitted vide its reply dated April 07, 2021.

The sub-head-wise details of expenses for works covered under Balance Capital Works is given in **Annexure 7** of this Order. It was observed that out of 20 no. main items approved in DPR of Balance Capital Works (as summarized in **Annexure 7**) only 6 items, viz., 1, 4, 14, 16 and 20(g) and payment of court decree amount to Continental Company Ltd. are pending and the rest have been completed. The summary of justification of pending works as submitted by the Petitioner is as follows:

Table 3.17: Summary of pending works of Balance Capital Works of MB-II

S. No	Particulars/ Item	Justification
1	1 (Rehabilitation) and 14 (Construction of Infrastructure for affected villagers)	• Decision regarding exchange of land between Joshiyara reservoir affected villagers and UJVN Ltd. is still pending with SDM Court Uttarkashi. • Owing to Covid-19 pandemic, the hearing in these matters has been delayed and expected to carry beyond March 2021. • Since this is uncontrollable factor beyond the control of UJVN Ltd., the Petitioner requested to grant extension in the completion date up to March 2022.
2	4 (Compensation for affected people)	• Decision regarding exchange of land between Joshiyara reservoir affected villagers and UJVN Ltd. is still pending with SDM Court Uttarkashi. Subsequent to the decision, the land will be exchanged • Owing to the Covid-19 pandemic, these works were delayed and further due to non-availability of manpower the progress of works is slow. • Since these are uncontrollable reasons beyond the control of UJVN Ltd., the Petitioner requested to grant extension in the completion date up to March 2022.

Table 3.17: Summary of pending works of Balance Capital Works of MB-II

S. No	Particulars/ Item	Justification
3	16 (Testing of Surge Shaft Gate)	• The works viz. Videography Survey, Inspection & Repair of Guides and Overhauling of Hoist system have to be done before the Testing od Surge Shaft Gate. • An Order has already been placed with EE, Erection Division, Uttarakhand Irrigation Dept. Roorkee for videography works. Even though a tendering process has been initiated for two time no bid has been received for the same. • During the visual inspection of Surge Shaft Gate, it was inferred that re-concreting of some of damaged portion and overhauling of Hoist Gate has to be done before testing of Shaft Gate. • Under water repairing work of damaged guides and rails at a huge depth (more than 100 meters) is required and is a very difficult and risky job and option of performing such during dry condition is left and possibility of evacuation of tunnel for carrying out testing of surge shaft gate is required to be assessed. • In view of the above, various works are required to be carried out before testing of surge shaft gate and best efforts are being done for the same. After completion of said activities, testing will be done considering the availability of surge tank in dry condition.
4	20 (g) (Expenditure incurred for arbitration)	• Arbitration cases are pending before Hon'ble High Court and District Court, Dehradun. After the decision of Hon'ble Court, the action shall be taken as per order
5	Payment of decree amount to M/s Continental Company Ltd against arbitration case	• This is old arbitration case of MB-II, started in 1995. The award was passed in year 2002. • After order of Hon'ble Supreme Court, New Delhi the Hon'ble District Court Uttarkashi has passed decree order amounting to Rs 3.18 Crore against 09 claims out of 12 claims in favour of M/s Continental Company on 16-03-2018. In compliance of order of District Court (Uttarkashi) dated 09-09-2019 amount of Rs 1.99 Cr against 09 claims has been deposited in account of ADJ, Commercial, Dehradun in favor of M/s CCL. Now the case is pending before District Judge (Commercial), Dehradun.

The Commission observed that UJVN Ltd. with regard to MB-II has claimed expenses of Rs. 247.52 Crore against balance capital works (Rs. 229.96 Crore of Balance Capital works + Rs. 17.56 Crore against provisionally allowed IDC in Tariff Order dated 21.03.2018) till FY 2019-20 as against estimated DPR cost of Rs. 211.72 Crore and revised estimate of Rs. 238.62 Crore.

The Commission upon the scrutiny of the justification provided along with supporting documents, observed that the pending works except testing of surge shaft gate are uncontrollable in nature as the same were pending before various Courts. With regard to Testing of Surge Shaft Gate, the Commission observes that there has been no progress and these works are very important with respect to safety of the Plant and delaying of such works may be catastrophic from Plant safety perspective.

The Commission directs the Petitioner to complete the said works as soon as possible and cautions that any occurrence of damage to safety of the MB-II plant in future due to delay in execution of the testing of surge shaft gate shall be solely attributable to UJVN Ltd. However, the Commission shall approve the additional capitalisation subject to prudence check during the truing up of the same.

Further, the Commission observed that the Petitioner has claimed expenses of Rs. 0.53 Crore pertaining to Reconstruction and laying of Semi Dense Bituminous Concrete (SDBC) roads at Shaktipuram Colony. The Commission vide its letter dated February 12, 2021 sought whether the said works on roads are for newly constructed road or for old road and confirm when such works were last carried out. The Petitioner vide its reply dated February 26, 2021 submitted that the internal road of Shaktipuram colony was damaged badly and SDBC was not laid on the road since 2008. The Petitioner further submitted that fresh base course was laid at many stretches and in compliance to NGT Order for construction of sewers the road has been widened. In this regard, the Commission is of the view that as the works carried out were for old Road, which was not properly maintained after 2008 leading to damages and had the Petitioner maintained the roads properly, this situation would not have arisen. The Commission has, therefore, considered the same under Repair and Maintenance Expenses for FY 2019-20.

The Commission has, accordingly, approved additional capitalisation for FY 2019-20 for MB-II LHP as shown below:

Table 3.18: Asset-wise Additional Capitalization approved by the Commission for FY 2019-20 for MB-II (Rs. Crore)

Particulars of Assets	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Approved now after Truing-up for FY 2019-20	
		Net Additional Capitalization Claimed	Net Additional Capitalization Approved
Land	0.01	0.00	0.00
Building	0.07	3.35	3.35
Hydraulic works	1.19	0.00	0.00
Major Civil Works	2.85	1.08	0.55

Table 3.18: Asset-wise Additional Capitalization approved by the Commission for FY 2019-20 for MB-II (Rs. Crore)

Particulars of Assets	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Approved now after Truing-up for FY 2019-20	
		Net Additional Capitalization Claimed	Net Additional Capitalization Approved
Plant & Machinery	7.67	4.97	4.97
Vehicles	0.03	0.00	0.00
Furniture and Fixtures	0.03	0.05	0.05
Office Equipment & Other Items	0.20	0.05	0.05
IT Equipment including Software	0.00	0.05	0.05
Total	**12.05**	**9.55**	**9.02**

3.1.2.4 *Depreciation*

A. Old Nine Generating Stations

Regulation 28 of the UERC Tariff Regulations, 2018 specifies as follows:

*"28. **Depreciation***

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

...

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

..."

The Petitioner has submitted that no depreciation has been claimed on opening GFA as on January 2000 since depreciation of 90% has already been recovered.

The Petitioner submitted that it has computed depreciation on additional capitalisation from FY 2001-02 onwards at the rates specified by the Commission in UERC Tariff Regulations, 2004, UERC Tariff Regulations, 2011, UERC Tariff Regulations, 2015 and UERC Tariff Regulations, 2018.

With regard to the depreciation on opening GFA as on January, 2000, as all the 9 LHPs are over

12 years old and 9 out of 9 stations have depreciated by 90% of the original cost, no depreciation has been allowed by the Commission in line with the submission of UJVN Ltd.

As regards the depreciation computation on the asset added during the period from FY 2001-02 to FY 2018-19, the Commission has computed the depreciation in accordance with the provisions of UERC Tariff Regulations, 2011 and UERC Tariff Regulations, 2015. The Commission has computed the balance depreciable value for assets added in each year after January, 2000 by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2016 from the gross depreciable value of the assets. The Commission, further, computed the difference between the cumulative depreciation as on 31.03.2016 and the depreciation so arrived and in case, where asset life has crossed 12 years of such asset addition, the remaining depreciable value as on 31st March of the year has been spread over the balance life.

Based on the above discussed approach, the summary of depreciation as approved in Order dated February 27, 2019 and as approved now by the Commission for FY 2019-20 after truing-up is shown in the following Table:

Table 3.19: Depreciation approved for 9 LHPs after truing-up of FY 2019-20 (Rs. Crore)

Generating Station	On Opening GFA as on 14.01.2000		On Additional Capitalisation up to FY 2018-19		Total Depreciation		
	Approved in MYT Order dt. 27.02.2019 for FY 2019-20	Approved now after Truing-up for FY 2019-20	Approved in MYT Order dt. 27.02.2019 for FY 2019-20	Approved now after Truing-up for FY 2019-20	Approved in MYT Order dt. 27.02.2019 for FY 2019-20	Claimed by the Petitioner in FY 2019-20	Approved now after Truing-up for FY 2019-20
Dhakrani	0.00	0.00	0.51	0.66	0.51	0.64	0.66
Dhalipur	0.00	0.00	0.58	0.62	0.58	0.71	0.62
Chibro	0.00	0.00	2.05	2.97	2.05	3.03	2.97
Khodri	0.00	0.00	1.36	1.74	1.36	1.76	1.74
Kulhal	0.00	0.00	0.36	0.50	0.36	0.49	0.50
Ramganga	0.00	0.00	1.53	2.11	1.53	2.31	2.11
Chilla	0.00	0.00	1.37	1.62	1.37	1.64	1.62
MB-I	0.00	0.00	1.69	1.99	1.69	2.48	1.99
Khatima	0.00	0.00	8.26	8.12	8.26	8.32	8.12
Total	**0.00**	**0.00**	**17.70**	**20.32**	**17.70**	**21.38**	**20.32**

B. Maneri Bhali-II

As discussed earlier, the Commission has worked out the additional capitalization for FY 2019-20 for MB-II Plant considering the Capital Cost approved as on CoD of the project and year-wise additional capitalisation approved by the Commission.

The Commission for computing the depreciation for FY 2019-20 in accordance with the UERC Tariff Regulations, 2018 has computed the balance depreciable value for MB-II by deducting the cumulative depreciation as admitted by the Commission up to 31.03.2019 from the gross depreciable value of the assets. The Commission, further, computed the difference between the cumulative depreciation as on 31.03.2019 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2018 corresponding to 12 years. The Commission has spread the above difference in the remaining period up to 12 years from CoD of MB-II and it is to be noted that MB-II completed 12 years from CoD in FY 2019-20.

In line with the above approach, the Commission has computed the depreciation for FY 2019-20 for MB-II on the approved capital cost as on CoD of Rs. 1885.50 Crore along with additional capitalisation of Rs. 342.15 Crore approved up to FY 2018-19. Further, the Commission observed that the Depreciation calculation as submitted by the Petitioner had some infirmities resulting in higher claim.

Accordingly, the Commission in this Order has trued up the depreciation for FY 2019-20 as follows:

Table 3.20: Depreciation for MB-II for FY 2019-20 (Rs. Crore)

Particulars	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up
Depreciation	64.37	83.96	62.52

3.1.2.5 *Return on Equity (RoE)*

A. Old Nine Generating Stations

Regulation 26 of the UERC Tariff Regulations, 2018 specifies as follows:

"26. Return on Equity

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on amount of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.5% for thermal generating stations, Transmission Licensee, SLDC and run of the river hydro generating station and at the base rate of

16.50% for the storage type hydro generating stations and run of river generating station with pondage and distribution Licensee on a post-tax basis.

..."

In the previous Tariff Orders, pending finalisation of the Transfer Scheme of the Petitioner, the Commission had allowed RoE on the provisional value of the opening equity of Rs. 151.19 Crore in accordance with the directions of the Hon'ble Appellate Tribunal for Electricity issued in the Order dated 14.09.2006 (Appeal No. 189 of 2005), and detailed in the Commission's Order dated 14.03.2007. As regards RoE on additional Capitalisation, the Commission has considered the normative equity of 30% where entire financing has been done through internal resources and on actual basis in other cases subject to a ceiling of 30% as specified in the UERC Tariff Regulations, 2018.

Further, a de-capitalisation of Rs. 2.03 Crore in FY 2014-15 in Khatima LHP was considered, accordingly, the same was deducted from the original GFA resulting in reduction in the Original capital cost as on 01.04.2015. Due to de-capitalisation, the Commission has reduced 30% of equity of the de-capitalised amount from the equity infused in the original capital cost and has, thus, computed RoE on Rs. 150.58 Crore instead of the earlier amount of Rs. 151.19 Crore.

The Petitioner has submitted that it has claimed RoE in accordance with the aforesaid UERC Tariff Regulations, 2018 at the rate of 16.50% for Chibro, Khodri, Ramganga and MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla and Khatima on post-tax basis. Accordingly, the Commission has allowed RoE at the rates as claimed by the Petitioner in line with Regulation 26 of UERC Tariff Regulations, 2018.

With regard to the Income Tax, the Petitioner, in the Petitions submitted that Tax Audit of UJVN Ltd. under Section (u/s) 44AB of Income Tax Act was in progress and only after receipt of the same the Income Tax filing can be done. The last date for obtaining Tax Audit Report by Income Tax Department was extended to December 31, 2020 and the last date for filing of Income Tax Return was January 31, 2021. Since the amount recoverable from beneficiaries can be determined after filing of Income tax Return, the Petitioner submitted that the actual claim along with documentary evidence shall be submitted during the scrutiny of the Petition and further requested that it may be allowed to recover Income Tax on actual basis for its 10 LHPs including MB-II in respect of sale of energy to UPCL, as per Regulations 34 of UERC Tariff Regulations, 2018, which specifies as follows:

*"**34. Tax on Income***

Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to the prudence check."

The Commission vide its Minutes of TVS dated March 4, 2021 sought the updated status of Income Tax Filing. The Petitioner vide its reply dated March 13, 2021 has submitted the documentary evidence of filing of Income Tax on February 02, 2021 along with income tax recoverable from UPCL and HPSEB with and without including interest under Section 234B (interest imposed on account of incomplete tax payments/delay in payment of advance tax) and Section 234C (Interest imposed on account of delay in payment of instalment of advance tax). The Commission has considered the income tax recoverable without including interest under section 234B. Further, it is observed that the Petitioner has apportioned the total tax amount (pertaining to sale of power to UPCL, HPSEB and sale of SHP's power) into individual plants by considering the installed capacity of the Plants. However, the apportionment should have been on the basis revenue contribution out of total revenue. The Commission has, accordingly, apportioned the income tax considering the revenue contribution and a summary of the same is shown in the Table below:

Table 3.21: Income Tax as apportioned by the Commission for 9 LHPs (Rs. Crore)

Generating Station	Income Tax in respect of sale of energy to UPCL	Income Tax in respect of sale of energy to HPSEB	Total Income Tax
Dhakrani	0.52	0.17	0.69
Dhalipur	0.61	0.20	0.81
Chibro	1.64	0.55	2.19
Khodri	0.90	0.30	1.20
Kulhal	0.41	0.10	0.52
Ramganga	0.72	-	0.72
Chilla	1.69	-	1.69
MB-I	0.89	-	0.89
Khatima	1.14	-	1.14
Total	**8.52**	**1.33**	**9.85**

The Commission is of the view that the Regulation 34 of UERC Tariff Regulations, 2018 allows recovery of actual Tax paid subject to submission of documentary proof. Therefore, the Commission has allowed the Petitioner to recover (actual) Income Tax paid separately from its beneficiaries in accordance with Regulation 34 of the UERC Tariff Regulations, 2018.

Further, with regard to funding of additional capitalization for the works till FY 2018-19, the Petitioner submitted that normative Debt: Equity ratio of 70:30 has been considered. Accordingly, the Commission has also considered normative Debt: Equity ratio of 70:30.

As the Transfer Scheme is yet to be finalized, the Commission is provisionally allowing a return on normative equity at the rate of 16.50% for Chibro, Khodri, Ramganga and MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla and Khatima in accordance with the provisions of UERC Tariff Regulations, 2018. The summary of the Return on Equity approved for 9 LHPs for FY 2019-20 is shown in the Table given below:

Table 3.22: Equity and Return on Equity for Nine Old LHPs for FY 2019-20 (Rs. Crore)

Generating Station	RoE approved in MYT Order dated 27.02.2019 for FY 2019-20			Claimed by the Petitioner		Approved now after truing-up for FY 2019-20				
	On Transferred Asset	On Additional Capitalisation	RoE	Opening Equity	RoE	On Transferred Asset as on Jan 14, 2000		On Additional Capitalisation upto FY 2018-19		Total RoE
						Normative Equity	RoE	Opening Equity	RoE	
Dhakrani	0.58	0.47	1.05	6.82	1.06	3.72	0.58	3.10	0.48	1.06
Dhalipur	0.95	0.54	1.48	9.47	1.47	6.11	0.95	3.37	0.52	1.47
Chibro	4.35	2.04	6.39	40.11	6.62	26.37	4.35	13.56	2.24	6.59
Khodri	3.66	1.32	4.98	30.32	5.00	22.19	3.66	8.07	1.33	4.99
Kulhal	0.81	0.34	1.15	7.63	1.18	5.25	0.81	2.38	0.37	1.18
Ramganga	2.48	1.78	4.26	25.42	4.19	15.01	2.48	10.42	1.72	4.19
Chilla	5.81	2.18	7.99	47.04	7.29	37.47	5.81	9.48	1.47	7.28
MB-I	5.43	1.86	7.29	45.51	7.51	32.92	5.43	11.53	1.90	7.33
Khatima	0.33	7.64	7.98	48.30	7.50	1.55	0.24	46.22	7.16	7.40
Total	**24.40**	**18.17**	**42.57**	**260.62**	**41.82**	**150.58**	**24.30**	**108.13**	**17.20**	**41.50**

B. Maneri Bhali-II

As discussed earlier, the Commission has considered the Capital Cost of MB-II project as on CoD as Rs. 1885.50 Crore as approved by the Commission in its Order dated 05.04.2016. In the said Order, the Commission had approved financing of the Capital Cost and held as follows:

"As discussed earlier, the Commission has approved the Capital cost of MB-II project as on COD and, accordingly, the financing of the project. The Commission has reworked the total equity component as on COD to Rs. 685.50 Crore. In accordance with the Tariff Regulations, equity in excess of 30% has to be treated as normative loan. Accordingly, the equity for MB-II LHP as on COD works out to Rs. 565.65 Crore which includes pre-2002 expenses of Rs. 164 Crore, power development fund of Rs. 326.76 Crore and GoU budgetary support of Rs. 74.89 Crore and the balance amount of Rs. 119.85 Crore has been considered as normative loan."

The Commission has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for reasons recorded in the previous Tariff Orders. In line with the approach considered in previous Tariff Orders, the Commission is of the view that unlike other funds available with the Government, collected through taxes and duties, PDF is a dedicated fund created in accordance with the provisions of the PDF Act passed by the GoU and the amount is collected directly from the consumers through the electricity bills as the same forms part of the power purchase cost of UPCL, which in turn is loaded on to the consumers. PDF Act and Rules made thereunder, further, clearly indicate that money available in this fund has to be utilized for the purposes of development of generation and transmission assets.

Thus, the Commission has not deviated from its earlier approach and is of the view that the money for the purpose of this fund is collected by the State Government through cess imposed on the electricity generated from old hydro generating stations, which are more than 10 years old. The cost of such cess is further passed on to UPCL, which in turn recovers the same from ultimate consumers of electricity through tariffs. Further, as the Petitioner in this regard has preferred an Appeal before the Hon'ble APTEL, the Commission is not deviating from its approach, since the matter is sub-judice.

The Commission with regard to funding of additional capitalisation post COD till FY 2018-19 has considered the funding approved by it in its Order dated February 27, 2019. Further, with regard to additional capitalisation for FY 2019-20, the normative Debt: Equity ratio of 70:30 has been considered by the Commission.

The Petitioner has further submitted that it may be allowed to recover Income Tax of Rs. 5.34 Crore as per Regulation 34 of UERC Tariff Regulations, 2018. As discussed above in this regard, the Commission has allowed the Petitioner to recover actual Income Tax paid separately from its beneficiaries in accordance with Regulation 34 of the UERC Tariff Regulations, 2018.

The Commission on account of the financing of the additional capitalisation for FY 2018-19 has revised the RoE allowed for FY 2019-20 as shown below:

Table 3.23: RoE approved for MB-II for FY 2019-20 (Rs. Crore)

Particulars	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up
RoE	50.36	112.16	50.29

3.1.2.6 *Interest on Loans*

A. Old Nine Generating Stations

Regulation 27 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**27. Interest and finance charges on loan capital and on Security Deposit***

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.

(2) The normative loan outstanding as on 01.04.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year

...

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the previous year after providing appropriate accounting adjustment for interest capitalised:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

Provided further that if the generating station or the transmission system or the distribution system or SLDC, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the Transmission Licensee or the Distribution Licensee or SLDC as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

..."

The Petitioner submitted that as per the provisions of Regulation 24 of UERC Tariff Regulations, 2018, interest on normative debt has been considered on the value equivalent to 70% of additional capitalisation only.

Further, the Petitioner submitted that the rate of interest has been considered as the weighted average rate of interest for FY 2019-20 and the repayment has been considered as equal to the depreciation claimed for the year. The details of quarter-wise actual loan repayment, and interest paid towards existing loans along with interest refund received for FY 2019-20 for the 10 LHPs have been submitted by the Petitioner.

For the purpose of truing-up and computing the interest expenses for FY 2019-20, the Commission has determined the normative loan in accordance with the UERC Tariff Regulations, 2018. The Commission, in accordance with UERC Tariff Regulations, 2018 has computed the weighted average interest rate based on the outstanding loans for UJVN Ltd. except for loans taken for new projects that are yet to achieve CoD. The interest rate based on the above works out to 9.43% in case of Khatima LHP and 9.06% for other 8 LHPs. The Commission has, accordingly, considered the above-mentioned interest rates for computing the interest expenses for 9 LHPs.

Based on the above considerations, the Commission has approved interest on loan based on the average of opening and closing loans for 9 LHPs for FY 2019-20 after excluding the loan corresponding to Additional Capitalisation during the year as the practice of the Petitioner is to capitalise the assets at the end of the year. The same is shown in Table below:

Table 3.24: Interest on Loan as approved for 9 LHPs for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYT Order dt. 27.02.2019	Interest Claimed	Interest Approved
Dhakrani	0.47	1.05	0.40
Dhalipur	0.07	1.20	0.30
Chibro	1.83	2.60	1.76
Khodri	0.65	1.04	0.55
Kulhal	0.31	1.03	0.30
Ramganga	2.13	2.12	1.70
Chilla	2.01	1.72	0.72
MB-I	0.07	1.03	0.09
Khatima	9.98	8.66	8.06
Total	**17.53**	**20.45**	**13.89**

B. Maneri Bhali-II

The Commission has considered the Capital Cost of Maneri Bhali-II as on CoD and the financing thereof as approved in Tariff Order dated April 18, 2020. The Commission has considered the equity in excess of 30% of the capital cost of MB-II as normative loan, which works out to Rs. 119.85 Crore in addition to PFC loan of Rs. 1200 Crore.

The details of interest refund/rebate received on loans pertaining to MB-II LHP for FY 2019-20 were submitted by UJVN Ltd.

In case of MB-II station, as the actual loans have been availed for the project, therefore, the interest has been computed on the basis of interest rate applicable to these loans availed for the project. The Commission has adjusted the yearly interest refunds received by the Petitioner as done previously in the Order dated April 18, 2020. For calculating the interest expense for FY 2019-20, the Commission has considered the interest rate of 8.94% for MB-II LHP based on the weighted average interest rate on PFC loans available for MB-II LHP. The Commission, for computing interest of MB-II station for FY 2019-20 has considered the above-mentioned interest rate.

The Commission based on the approved capital cost and the opening and closing loan including the normative loan for MB-II as on 31.03.2020 has computed the interest expenses for FY 2019-20 after excluding the loan corresponding to the additional capitalisation during the year as the practice of the Petitioner is to capitalise the asset at the end of the year. The Commission, in accordance with Regulation 27(3) of UERC Tariff Regulations, 2018 has considered the repayment for FY 2019-20 equal to the depreciation allowed for the year.

Based on the above considerations and the UERC Tariff Regulations, 2018, the Commission has calculated the interest expenses for MB-II for FY 2019-20 as shown in the Table below:

Table 3.25: Interest on Loan as approved for MB-II for FY 2019-20 (Rs. Crore)

Particulars	Approved in Order for FY 2019-20 dated 27.02.2019	Claimed	Approved now after truing-up
Interest on Loan	63.02	62.02	53.77

3.1.2.7 *Operation & Maintenance (O&M) Expenses*

A. *Truing-up of O&M Expenses for FY 2019-20 (Nine Large Generating Stations)*

The Petitioner submitted that O&M expenses for FY 2019-20 have been considered as per the audited accounts. Further, as per Regulation 30(1) of UERC Tariff Regulations, 2018, the Petitioner submitted the O&M expenses comprising Employee Expenses, Repair & Maintenance expenses and Administrative & General expenses. The components of total O&M expenses have been bifurcated into direct and indirect expenses. Direct expenses have been allocated to respective hydro power project for which corresponding expenses have been incurred. The Petitioner has allocated indirect expenses as already detailed in the Section dealing with apportionment of common expenses of this Order. The Commission, in this regard, has also taken a similar view on the approach of allocating indirect expenses.

The Commission has considered the revision in CPI Inflation and WPI Inflation on the basis of actual data and has computed the O&M expenses on the basis of Regulation 48(2) of UERC Tariff Regulations, 2018. Accordingly, for arriving at the normative O&M expenses for FY 2019-20, the Commission has escalated the expenses of FY 2018-19. The Commission for the purpose of escalation has considered following escalation rates.

Table 3.26: Escalation Rates as considered by the Commission for FY 2019-20

Particulars	FY 2019-20
CPI Inflation	4.22%
WPI Inflation	2.98%

Further, for the purpose of arriving at employee expenses for FY 2019-20, the Commission has considered the value of Growth Factor 'Gn' on the basis of actual details of recruitment provided by UJVN Ltd. Further, the Commission has considered the 'K' factor as approved in the MYT Order dated 27.02.2019.

3.1.2.7.1 Employee Cost for 9 LHPs

The Commission has considered the same approach for computation of employee expenses for FY 2019-20 as considered by it in the Tariff Order dated February 27, 2019. With regard to calculation for 'Gn', the Commission observed that opening number of employees for FY 2019-20, i.e, 2032 (1862 for Head Quarters (HQ) and LHPs) submitted by the Petitioner was in variation with the closing number of employees for FY 2018-19, i.e., 2065 (1793 for HQ and LHPs) submitted during previous year. The Commission, vide its letter dated December 14, 2020 sought justification for the variation in the number. The Petitioner, vide its reply dated December 24, 2020 submitted that pursuant to implementation of ERP the employee's data was uploaded in SAP-ERP and upon completion of the activity the redundant data such as retirees, abscondment, temporary employment, re-appointment, etc. were rectified and the opening number of employees for FY 2019-20 was worked out as 2032. The Commission in further query dated March 26, 2021 sought the break-up of total employees between HQ, LHPs, SHPs, Projects and Others. The Petitioner, vide reply dated April 12, 2021 submitted the break-up and the Commission has considered the no. of employees located at HQ and 10 LHPs for arriving the Gn factor for FY 2019-20. The Petitioner submitted that 24 employees were recruited during FY 2019-20 and 91 employees retired during FY 2019-20 pertaining to HQ and 10 LHPs. The Commission observed that the actual additions during the year were less than the nos. of retirements and, accordingly, the Growth Factor 'Gn' considered by the Commission is as given below:

Table 3.27: Growth Factor 'Gn' considered for FY 2019-20

Particulars	FY 2019-20
Gn	0.00%

With regard to approval of normative employee expenses for FY 2019-20, the Commission vide its Order dated February 27, 2019 had stated as follows:

"The Commission for arriving at the normative employee expense for FY 2019-20, has first calculated the normative employee expense for FY 2018-19 by escalating the normative employee expense of the base year i.e. FY 2017-18 without considering the impact of VII Pay Commission arrear and considering the Gn as 0% for FY 2018-19 and CPI of 4.34% for FY 2018-19. The Employee expense for FY 2018-19 so calculated have been multiplied considering a factor of 1.15 for taking care the impact of VII Pay Commission arrear to form the normative employee expense for FY 2018-19. Thus, the above calculated normative employee expense for FY 2018-19 has been used for calculating the normative employee expense for the Third Control Period by considering the Gn and CPI factor applicable for the respective years as mentioned in the Table below in accordance with the provisions of Regulation 48(2) of the UERC Tariff Regulations, 2018

Table 5.21: Gn and CPI approved by the Commission

Particulars	*FY 2018-19 (%)*	*FY 2019-20 (%)*	*FY 2020-21 (%)*	*FY 2021-22 (%)*
Gn	***0.00***	***0.78***	***1.29***	***3.05***
CPI	***4.34***	***4.34***	***4.34***	***4.34***

The Commission shall consider the actual impact of VII Pay Commission during the True Up of FY 2018-19. Further, the Commission rules that the employee expenses shall be allowed at actual for FY 2019-20 subject to prudence check at the time of True Up without any sharing of gains and losses…."

From the above, it can be observed that the employee expenses shall be allowed at actuals for FY 2019-20 subject to prudence check at the time of True Up without any sharing of gains and losses. It is also observed that the Petitioner has included interest on GPF trust liabilities and VII Pay Commission arrears. The Commission has not considered the claim of interest on GPF trust liability in line with its earlier approach.

Further, during scrutiny of the details of A&G expenses for FY 2019-20, the Commission observed that the Petitioner, under various heads has claimed certain expenses related to UPNL staff/contractual staff and UPNL staff are engaged in both security of the plant and for operation of the plant/office, viz., accountant, peon, operator for plant equipment, etc. The Commission vide its letter dated March 7, 2021 asked the Petitioner to confirm that the said expenses claimed under A&G

expenses does not include staff employed for operation of the Plant. The Petitioner, vide Reply dated April 7, 2021 submitted that all the expenses claimed under A&G expenses pertains to security expenses except certain expenses booked in case of Khatima, Chibro and Khodri, which were to be booked in Employee Expenses and requested the Commission to adjust the same. The Commission has, accordingly, adjusted the A&G and Employee Expenses for FY 2019-20.

A summary of the employee expenses claimed and approved by the Commission for FY 2019-20 are shown in the Table below:

Table 3.28: Employee Expenses approved and claimed for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYT Order dated 27.02.2019	Claimed	Actual Expenses*
Dhakrani	11.00	10.63	10.42
Dhalipur	16.59	11.60	11.29
Chibro	45.87	43.07	41.61
Khodri	25.33	20.42	19.68
Kulhal	9.77	9.30	9.12
Ramganga	30.77	29.06	27.84
Chilla	33.52	31.37	30.49
MB-I	24.50	25.53	24.97
Khatima	13.62	11.03	10.79
Total	**210.98**	**192.00**	**186.20**

* Excluding the GPF trust interest and adjustments on account of transfer from A&G to Employee expenses

3.1.2.7.2 *Repairs and Maintenance Expenses for 9 LHPs*

The Commission in its MYT Order dated February 27, 2019 had computed the percentage of actual R&M expenses vis-a-vis actual opening GFA for each year from FY 2015-16 to FY 2017-18. Thereafter, the Commission had considered the average of such percentages as 'K' factor. The Commission had considered the constant factor 'K' as follows:

Table 3.29: K-Factor as considered by the Commission

Station	Average of 3 years
Dhakrani	47.60%
Dhalipur	32.05%
Chibro	11.97%
Khodri	8.12%
Kulhal	26.36%
Ramganga	9.72%
Chilla	9.84%
MB-I	7.90%
Khatima	2.00%

With regard to the generating station undergoing RMU, the MYT Order dated February 27, 2019 stated as follows:

"With regard to the generating station undergone, RMU works or planned for RMU works in the Third Control Period the Commission in its Regulation 48(2) of UERC Tariff Regulations, 2018 had stated that for projects whose Renovation and Modernisation works has been carried out, the R&M expenses for the nth year shall not exceed 4% of the capital cost admitted by the Commission. The Commission further observes that RMU works of Khatima LHP were completed in FY 2016-17. Further, with regard to Dhakrani, Dhalipur, Chilla and MB-I, the RMU works is yet to be initiated and is projected to be carried out either in Third Control Period from FY 2019-20 to FY 2021-22. With regard to Khatima, Regulation 48(2) of the UERC Tariff Regulations, 2015 states that the R&M expenses for the nth year shall not exceed 2% of the capital cost admitted by the Commission. Therefore, the Commission, in case of Khatima RMU whose RMU works were completed in FY 2016-17 has considered allowable R&M Expenses for each year of the Third Control Period considering K factor equal to 2% as per Regulation 48(2) of the UERC Tariff Regulations, 2018 as the aforesaid Regulation provides that R&M Expenses for the nth year shall not exceed 4% of the Capital cost admitted by the Commission. In this regard, the Commission has observed that the actual R&M Expense incurred in Khatima HEP are well within the limit of 2% and, therefore, as of now the K-Factor for Khatima HEP has been limited to 2% only for Third Control Period, which is subject to revision during True Up based on the actual R&M expenses incurred during the year upto the aforesaid ceiling limit in the MYT Regulations, 2018 after the prudence check…."

From the above, it can be observed that the 'K' factor for Khatima was considered as 2% and the same is subject to revision during True up based on actual R&M expenses. In this regard it is observed that the R&M expenses claimed by the Petitioner for FY 2019-20, i.e., Rs. 4.95 Crore, is on a higher side compared to the normative approved R&M expenses of Rs. 3.44 Crore with 'K' factor as 2%. Although the claim of R&M Expenses for Khatima is subject to certain adjustments/disallowances which are discussed in following paras, considering that the actual incurred expenses of Khatima LHP vary significantly from the approved expenses having 'K' factor as 2%, the Commission has revised the approved 'K' factor to 3% for Khatima LHP for FY 2019-20, FY 2020-21 and FY 2021-22.

For computing the R&M expenses for FY 2019-20, the Commission has multiplied the 'K' Factor as given above with the opening GFA approved for FY 2019-20. The Commission observed that the actual expenses claimed by the Petitioner includes the expenses on account of implementation of ERP, whereas, the normative O&M Expenses approved for the third Control Period in MYT Order does not include the GFA on account of ERP. Accordingly, the Commission has adjusted the opening GFA for FY 2019-20 with the addition on account of ERP approved in FY 2018-19.

The Commission has revised the WPI Inflation for FY 2019-20 based on the WPI Indices for the preceding three years and, accordingly, approved the WPI Inflation of 2.98% for FY 2019-20.

3.1.2.7.2.1 Transfer from Additional capitalization to R&M expenses

Further, as discussed in additional capitalisation, the Commission has shifted the amounts pertaining to the major overhaul/maintenance/capital maintenance from additional capitalisation to R&M expenses amounting to Rs. 5.72 Crore and the same are detailed in **Annexure 4** of this Order.

3.1.2.7.2.2 Transfer of R&M expenses to additional capitalization

Further, the Commission has also shifted the amounts of the nature of capital expenditure, which are booked under R&M expenses amounting to Rs. 0.82 Crore, which includes the works carried out in general for regular operation of plants of Rs. 0.33 Crore incurred in FY 2019-20 and Rs. 0.49 Crore under the DRIP (Phase-I) booked under R&M expenses in FY 2019-20. The additional capitalization on account of transfer of works, which were carried out during the period FY 2017-18 to FY 2018-19 of Rs. 0.52 Crore booked under R&M expenses were not considered as the same does not pertain to the claim for FY 2019-20. The detailed list of works transferred from R&M expenses to additional capitalization are provided in **Annexure 5** of this Order.

3.1.2.7.2.3 Improper Accounting

The Commission, during the detailed scrutiny of the R&M expenses of Chibro LHP has observed that the stock issue statement submitted by the Petitioner with 1274 items and a total of Rs. 1.76 Crore has repetitive entries and capital nature of items and sought clarification on the same. The Petitioner, vide its reply dated February 26, 2021 submitted a revised stock issue statement with 995 items and a total of Rs. 1.76 Crore. The Petitioner submitted that pursuant to implementation of SAP ERP, all new supplies (stock and T&P) are being entered into SAP system by using different T codes and during the preparation of stock issue statement, due to selection of wrong T Codes and typographical errors, the T&P items were wrongly submitted. The Commission vide its letter dated

March 26, 20121 sought further clarification on the same as to how the total of stock issue statement was not changed with different item numbers and the Petitioner vide its reply dated April 7, 2021 submitted the justification that the earlier submitted sheet included some items transferred to PDD and Khodri and left out some items issued to Chibro HEP and submitted detailed list of such items. The justification submitted by the Petitioner in its reply dated April 07, 2021 is found to be in order.

The Commission during the detailed scrutiny of the R&M expenses of Head Office has observed that the claim of R&M Expenses includes expenses of Rs. 1.18 Crore pertaining to ERP, which were paid to M/s Sify, which should ideally have been booked under the A&G Expenses head. In this regard, the Commission vide its letter dated March 26, 2021 asked the Petitioner to confirm that these were the only expenses pertaining to ERP claimed under R&M expenses and justification for such claim under R&M expenses. The Petitioner vide reply dated April 7, 2021 confirmed that only expenses of Rs. 1.18 Crore paid to M/s Sify were included in R&M Expenses. Accordingly, the Commission has adjusted the claim of R&M and A&G Expenses for FY 2019-20 after considering the apportionment of the same in the ratio of 85:10:5 between 9 LHPs, MB-II and SHPs.

Further, the Commission observed that the R&M expenses claimed by UJVN Ltd. include the expenses pertaining to A&G expenses of Plants like Annual sweeping and cleaning charges, Horticulture upkeeping and sweeping, etc. In this regard, the Petitioner is directed to ensure proper booking of expenses under their respective heads.

In view of the above observations, the **Commission directs the Petitioner to ensure that it derives maximum benefit out of the SAP ERP system without any errors and also ensure proper accounting of expenses incurred under their respective heads**.

3.1.2.7.2.4 Disallowed/ Deferred R&M Expenses

The Commission, during the detailed scrutiny of the R&M expenses of Chilla LHP has sought details of unit-wise R&M expenditure incurred on account of restoration of Chilla HEP after flooding event that occurred on July 13, 2018. The Petitioner vide reply dated February 26, 2021 submitted a list of expenditure with a total of Rs. 0.83 Crore. However, the Commission observed that the submitted details of expenditure worth Rs. 0.83 Crore were not unit-wise and did not match with the claim of R&M Expenses for FY 2019-20 and, accordingly, the Commission vide its letter dated March 26, 2021 asked UJVN Ltd. to clarify the unit-wise expenditure incurred and confirm that all the works submitted under restoration works were included in the claim before the Insurance Company. The Petitioner, vide reply dated April 7, 2021 submitted a revised R&M Expenses with a total of Rs. 0.11 Crore incurred in FY 2019-20 whose details match with the claim of R&M expenses for FY 2019-20. The Commission is of the view that the restoration expenses shall be adjusted after the claim is received from the Insurance Company and as discussed in the Section dealing with NAPAF, the Petitioner is in the process of receiving the claim on account of restoration expenses from M/s Oriental Insurance Company. Accordingly, the Commission has not considered the claim of Rs. 0.11 Crore and reduced the same from the claim of R&M expenses of Chilla LHP for FY 2019-20. In this regard, UJVN Ltd. is required to furnish the details of insurance claim settled with insurance company along with the next tariff filings.

The Commission, during the scrutiny of the Plant-wise details of R&M expenses of Khatima LHP, has observed that the Petitioner has included a claim of Rs. 0.29 Crore towards replacing the new diffusers with old diffusers whose invoice was raised on July 06, 2019. However, in the previous tariff proceedings, UJVN Ltd. has submitted that in the meeting held on June 19, 2019 it was decided that new diffusers should be modified as per old diffuser without any financial implication to UJVN Ltd. The relevant extracts as recorded in Section 5.5.2 of the Order dated April 18, 2020 are as follows:

"3-Installation of diffuser valves after manufacturing as per new design.

As per agreement no. 01/EE (M&U-BP)/2015-16 supply, 02/EE (M&U-BP)/2015-16 supply, 03/EE (M&U-BP)/2015-16 Wrap dated 29.03.2016 6 Nos. Diffuser valves/Discharges Regulators for 3X13.8 MW Sharda Power House, Khatima were supplied by M/s AVK Valves India Pvt. Ltd. Installation, Testing & Commissioning work of 4 Nos. Diffusers Valves/Discharges Regulators was carried out by M/s AVK Valves India Pvt. Ltd. Many problems were faced during installation of these diffusers and a lot of operational problems were faced after installation of these valves. Some modifications were also made to overcome these problems. But, in spite of these modifications performance of these valves was not satisfactory. It was decided in meeting held on 19.06.2019 at Sharda Power House between UJVN Ltd. & M/s AVK Valves India Pvt. Ltd. that these diffusers should be modified as per old diffuser in order to make trouble free operation as per site condition without any financial implication to UJVN Ltd. Accordingly, required modifications of valves is under progress. Therefore, Installation, Testing & Commissioning of diffusers is pending till now."

In view of the above, the expenses of Rs. 0.29 Crore are also to be on the account of M/s AVK Valves India Pvt. Ltd as the need of replacing the new diffusers with old diffusers arose on account of operational problems. Accordingly, the Commission sought justification for the same vide its letter dated February 12, 2021. The Petitioner, vide its reply dated February 26, 2021 did not submit proper justification as to why the claim should be allowed. The Commission vide its letter dated March 26, 2021 sought clarification on the same and the Petitioner vide its reply dated April 7, 2021 submitted that the work of replacing the new diffusers with old diffusers was carried out by M/s PES Engineers Pvt. Ltd. on open tender basis and as discussed in Meeting dated June 19, 2019 the same shall be deducted from the upcoming bill of M/s AVK Valves India and, accordingly, requested the Commission not to consider the claim of Rs. 0.29 Crore for FY 2019-20 in Khatima LHP. Accordingly, the Commission has not considered the same and reduced the claim of R&M Expenses by Rs. 0.29 Crore.

The details of all the disallowed/deferred works have been mentioned in **Annexure 6** of this Order. The Plant wise details of the same is as follows:

Table 3.30: Disallowed/deferred claim of R&M Expenses in FY 2019-20 (Rs. Crore)

Generating Station	Expenditure
Dhakrani	-
Dhalipur	-
Chibro	-
Khodri	-
Kulhal	-
Ramganga	-
Chilla	0.11
MB-I	-
Khatima	0.29
Total	**0.40**

Accordingly, the Commission has trued up the normative R&M expenses for FY 2019-20 as shown in the Table below:

Table 3.31: R&M Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up as per norms for FY 2019-20
Dhakrani	10.76	7.23	10.75
Dhalipur	10.27	6.01	10.02
Chibro	15.58	12.58	15.76
Khodri	8.21	8.76	8.21
Kulhal	6.56	4.79	6.71
Ramganga	8.39	3.77	8.00
Chilla	15.35	12.96	15.52
MB-I	11.96	7.02	12.17

Table 3.31: R&M Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up as per norms for FY 2019-20
Khatima	3.44	4.95	4.81
Total	**90.52**	**68.07**	**91.96**

3.1.2.7.3 *Administrative & General Expenses for 9 LHPs*

The Commission in its MYT Order dated February 27, 2019 on approval of ARR for FY 2019-20 approved the A&G expenses in accordance with the UERC Tariff Regulations, 2018. The Commission is considering the same approach for truing up of the A&G expenses for FY 2019-20 in accordance with the aforesaid Regulations.

With regard to the insurance expenses, the Commission in the MYT Order dated February 27, 2019, observed as follows:

"The UERC Tariff Regulations, 2018 stipulate the normative O&M expenses for the Third Control Period to be approved taking into account the actual O&M expenses for FY 2013-14 to FY 2017-18. The Commission observed that the A&G expenses have increased significantly in the immediately preceding years partly on account of the increase in insurance expenses. In view of the above, as discussed in Chapter 4, the Commission has decided to treat insurance expense as uncontrollable in nature.

….

In addition to the above, the Commission shall allow to recover actual Petition filing fees and insurance charges subject to prudence check at the time of truing up"

The normative A&G expenses for FY 2019-20 have been arrived by escalating the normative A&G expenses for FY 2018-19 with the revised WPI escalation rate of 2.98% after excluding Petition filing fees and actual insurance expenses paid in FY 2018-19, and thereafter, adding the actual insurance expenses incurred in FY 2019-20 and Petition filing fees for FY 2019-20.

The A&G expenses approved by the Commission for FY 2019-20 is as shown in the Table given below:

Table 3.32: A&G Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after Truing-up as per norms for FY 2019-20 and considering the actual insurance expenses & Petition filing fees
Dhakrani	0.84	2.33	0.89
Dhalipur	1.34	2.42	1.45

Table 3.32: A&G Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after Truing-up as per norms for FY 2019-20 and considering the actual insurance expenses & Petition filing fees
Chibro	4.68	9.16	6.03
Khodri	2.58	5.52	2.87
Kulhal	0.73	1.97	0.77
Ramganga	4.09	6.69	4.55
Chilla	4.60	6.45	4.15
MB-I	2.26	4.27	2.51
Khatima	0.85	2.06	0.92
Total	**21.98**	**40.86**	**24.14**

The Petitioner under the A&G expenses, has included expenses of Rs. 4.16 Crore on account of operational expenses of ERP implemented in UJVN Ltd. The Petitioner has apportioned the said amount of Rs. 4.16 Crore for 9 LHPs by apportioning the total in the ratio of 85:10:5 between 9 LHPs, MB-II and SHPs, which works out to Rs. 3.53 Crore. Further, as discussed in the above section, the Commission has included the expenses Rs. 1.18 Crore pertaining to ERP, which were paid to M/s Sify and the expenses apportioned for 9 LHPs work out to be Rs. 1.00 Crore. Further, the Commission observed that the expenses on account of ERP in A&G for 9 LHPs worked out to Rs. 4.54 Crore, which is of significant variation with what was claimed in FY 2018-19, i.e. Rs. 2.05 Crore. The Commission vide letter dated March 26, 2021 sought justification for the same and also sought details of efforts made or being made to reduce the recurring expenditure in future years. The Petitioner, vide its reply dated April 7, 2021 submitted that majority of the recurring expenditure on account of ERP is incurred as per the agreement already made during the implementation of ERP with M/s Accenture. The Petitioner further submitted the existing agreement with M/s Accenture Solutions Limited will come to end in December 2021 and it will retender this work after December 2021 wherein it shall make its best possible efforts to reduce the recurring expenditure on ERP system. Considering that the Petitioner shall make its best possible efforts to reduce the expenses, the Commission has considered the same.

Further, the Commission is of the view that as the expenses on account of the same were not included in the normative expenses approved in the Tariff Order dated February 27, 2019 and as the nature of such expenses falls under A&G expenses, the Commission has, accordingly, considered the same on actual basis by excluding the same from sharing and has added in the net entitlement of

O&M expenses after sharing of O&M expenses.

Further, as discussed, in section for Employee expenses above, the Petitioner vide reply dated April 7, 2021 submitted that certain expenses claimed under A&G expenses pertains to Employee Expenses and requested the Commission to adjust the same. The Commission has, accordingly, adjusted the A&G and Employee expenses for FY 2019-20.

3.1.2.7.3.1 Disallowed expenses pertaining to claim of A&G expenses for FY 2019-20

During the scrutiny of the details of A&G expenses of Head Office for FY 2019-20, the Commission observed that the Petitioner has claimed the expenses pertaining to Corporate Social Responsibility (CSR) of Rs. 1.90 Crore. The Commission vide its letter dated March 26, 2021 sought justification for such claim. The Petitioner, vide its reply dated April 7, 2021 has submitted as follows:

"Section 135(5) of the Company Act states:

> *"…(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy"*

As the expenditure of Rs. 189.99 lac has been incurred during FY 2019-20 against CSR activities in compliance of the aforesaid provision of the Companies Act, therefore it is requested that the same may be considered and allowed to UJVN Ltd."

The Commission is of the view that UJVN Ltd., as a commercial organization has to comply with the provisions of the Companies Act, 2013. However, the expenses on such CSR activities needs to be borne from the profits of the organisation and cannot be allowed as part of tariff for recovery from the consumers of the State as its Board has also approved CSR activity to the tune of atleast 2% of average net profits made during the three immediately preceding financial years. Thus, this has to be funded out of the profits of the Company. Therefore, the Commission has not considered the said claim and has, accordingly, reduced the claim of A&G Expenses for FY 2019-20 after apportioning the said expenditure in the ratio of ratio of 85:10:5 between 9 LHPs, MB-II and SHPs.

The Petitioner in the Head Office also has also claimed expenses of Rs. 1.18 Crore paid to IIT Roorkee on account of R&D project, viz., Development and implementation of 100 kW through surface water velocity driven hydrokinetic turbines -Varun III. The Commission vide its letter dated March 26, 2021 asked the Petitioner to submit the trail of expenditure on this account along with justification for such claim. The Petitioner, vide its reply dated April 7, 2021 submitted that apart from Rs. 1.18 Crore claimed in FY 2019-20, an amount of Rs. 1.00 Crore was incurred in FY 2017-18, which is still lying under CWIP and the same has not been claimed in present and past Petitions. In this regard the Commission is of the view that since the R&D project does not pertain to hydro generation by the 10 LHPs, the same should not be considered in this tariff proceedings and, accordingly, reduced the claim of A&G Expenses for FY 2019-20 after apportioning the said expenditure in the ratio of 85:10:5 between 9 LHPs, MB-II and SHPs. **Further, with regard to the expenditure of Rs. 1.00 Crore incurred in FY 2017-18, the Commission directs the Petitioner to not include the same in future claims.**

Further, the Petitioner vide its reply dated March 16, 2021 along with submission of details of A&G expenses for FY 2019-20 for Kulhal LHP, has submitted that an expenditure of Rs. 0.11 Crore was erroneously booked again under the A&G Expenses pertaining to an expenditure, which was already claimed in FY 2018-19 and requested not to consider the said expenditure. Accordingly, the Commission has adjusted the claim of FY 2019-20 for Kulhal LHP.

The details of all the disallowed/deferred works have been mentioned in **Annexure 6** of this Order. The Plant wise details of the same is as follows:

Table 3.33: Disallowed/deferred claim of A&G Expenses in FY 2019-20 (Rs. Crore)

Generating Station	Expenditure
Dhakrani	0.10
Dhalipur	0.15
Chibro	0.69
Khodri	0.34
Kulhal	0.19
Ramganga	0.53
Chilla	0.38
MB-I	0.24
Khatima	0.11
Total	**2.74**

As A&G expenses are controllable in nature, the Commission has carried out sharing of gains excluding insurance charges, Petition Filing Fees and operational expenses on account of ERP as the same were not part of earlier normative A&G expenses in accordance with UERC Tariff Regulations, 2018 as elaborated below.

3.1.2.7.4 Sharing of O&M expenses for 9 LHPs

As per the UERC Tariff Regulations, 2018, O&M Expenses are controllable expenses and, accordingly, the sharing of gains and losses have been carried out for O&M expenses.

The Petitioner has submitted the actual O&M expenses of Rs. 300.93 Crore including interest on GPF trust and provision for VII Pay Commission arrears for 9 LHPs. Further, the Petitioner has claimed Rs. 323.90 Crore after sharing of gains and losses as per UERC Tariff Regulations, 2018.

As discussed in above sections, the employee expenses for FY 2019-20 have been considered as actuals without any sharing of gains and losses. From the total claim, the Commission has deferred/disallowed a claim of Rs. 0.40 Crore pertaining to claim of R&M Expenses as discussed above and further disallowed a claim of Rs. 2.74 Crore pertaining to claim of A&G expenses for FY 2019-20. For computing net gain or loss with respect to R&M and A&G expenses, the Commission has considered actual O&M expenses excluding the Petition filing fee of Rs. 1.20 Crore, Expenses pertaining to ERP of Rs. 4.54 Crore, insurance expense of Rs. 10.72 Crore and adjusted the expenses of R&M nature shifted from additional capitalisation for FY 2019-20 along with the expenses of the nature of capital expenses shifted from R&M expenses to additional capitalization for FY 2019-20. The Insurance expenses of Rs. 10.72 Crore, Petition filing fee of Rs. 1.20 Crore, Expenses pertaining to ERP of Rs. 4.54 Crore and employee expenses adjusted with interest on GPF trust of Rs.5.84 Crore have been allowed on actual basis and added in the Net O&M Entitlement as shown in Table below.

Accordingly, the Commission has approved the total O&M expenses for FY 2019-20 after sharing of gains and losses as shown in the Table below:

Table 3.34: O&M Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYT Order dt. 27.02.2019 for FY 2019-20	Claimed based on actual	Actual Adjusted Emp. Exp	R&M, A&G Actual Adjusted for sharing	R&M, A&G Normative for Sharing	Efficiency gain/(loss) of R&M and A&G	R&M and A&G approved after sharing	Net O&M Entitlement
			(A)	(B)	(C)	(D)=(C)-(B)	(E)=(B)+2/3 of (D)	
Dhakrani	22.60	20.19	10.42	8.51	11.15	2.64	10.27	21.34
Dhalipur	28.20	20.03	11.29	7.01	10.78	3.78	9.52	21.74
Chibro	66.13	64.81	41.61	18.27	18.90	0.63	18.69	64.34
Khodri	36.12	34.39	19.68	12.58	9.61	(2.97)	10.60	32.32
Kulhal	17.06	16.06	9.12	5.99	7.04	1.05	6.69	16.40
Ramganga	43.26	39.51	27.84	9.78	10.17	0.39	10.04	41.20

Table 3.34: O&M Expenses approved for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYT Order dt. 27.02.2019 for FY 2019-20	Claimed based on actual	Actual Adjusted Emp. Exp	R&M, A&G Actual Adjusted for sharing	R&M, A&G Normative for Sharing	Efficiency gain/(loss) of R&M and A&G	R&M and A&G approved after sharing	Net O&M Entitlement
			(A)	(B)	(C)	(D)=(C)-(B)	(E)=(B)+2/3 of (D)	
Chilla	53.47	50.78	30.49	16.81	17.88	1.07	17.52	50.49
MB-I	38.72	36.82	24.97	9.44	13.49	4.05	12.14	38.73
Khatima	17.91	39.51	10.79	5.82	5.15	(0.66)	5.37	16.94
Total	**323.49**	**300.93**	**186.20**	**94.20**	**104.17**	**9.97**	**100.85**	**303.50**

B. O&M Expenses for Maneri Bhali-II

With regard to the O&M expenses of MB-II, the Commission has adopted the same approach as adopted for O&M expenses of 9 LHPs.

The escalation rates have been computed on the basis of revised CPI Inflation and WPI Inflation. The Commission has considered the revision in CPI Inflation and WPI Inflation on the basis of actual data and has computed the normative O&M expenses on the basis of Regulation 48(2) of UERC Tariff Regulations, 2018.

With regard to the employee expenses for FY 2019-20, the Commission, as discussed in earlier Sections, has considered the actual employee expenses for FY 2019-20 without any sharing of gains and losses after disallowing GPF trust interest of Rs. 0.69 Crore in line with the ruling of the Commission in MYT Order dated February 27, 2019.

For computing the normative R&M expenses for FY 2019-20, the Commission has multiplied the K Factor as approved in MYT Order dated February 27, 2019 with the opening GFA approved for FY 2019-20. The Commission has considered the average increase in WPI for preceding three years from FY 2016-17 to FY 2018-19 as 2.98%.

As discussed in additional capitalization, an expense of Rs. 0.53 Crore has been transferred from additional capitalization to R&M expenses.

For computing the normative A&G Expenses for FY 2019-20, the Commission has considered the normative A&G expenses for FY 2018-19 and escalated the same with the revised WPI escalation rate of 2.98% after excluding Petition filing fees and actual insurance expenses incurred in FY 2018-19. Thereafter, the actual insurance expenses incurred in FY 2019-20 of Rs. 5.94 Crore and Petition filing fees for FY 2019-20 of Rs. 0.30 Crore has been added to the normative expenses.

As discussed in above section for 9 LHPs, with regard to claim of A&G Expenses, the Commission has not considered the claim of the Petitioner pertaining to CSR expenses and R&D project and the amount pertaining to MB-II after apportionment amounting to Rs. 0.30 Crore has been adjusted from the claim of the Petitioner. Further, suitable adjustments of A&G and R&M expenses has been done considering that the Petitioner has claimed expenses pertaining to ERP under R&M.

The Commission, accordingly, approves the normative O&M expenses for MB-II as shown in the Table below:

Table 3.35: Normative O&M Expenses as approved for MB-II Station for FY 2019-20 (Rs. Crore)

Particulars	Approved in MYT Order dated 27.02.2019	Claimed	Normative O&M Expenses
Employee Expenses	25.73	25.08	24.39*
R&M Expenses	20.12	19.45	20.61
A&G Expenses	10.25	10.67	11.55
Total O&M	**56.10**	**55.20**	**56.55**

*** Actual Employee expenses without considering the claim of Rs. 0.69 Crore pertaining to GPF trust interest**

Further, the UERC Tariff Regulations, 2018 provide for sharing of gains/losses due to controllable factors. For computing net gain or loss, the Commission has considered actual R&M and A&G expenses, Petition filing fee of Rs. 0.30 Crore, Expenses pertaining to ERP of Rs. 0.53 Crore and Insurance Expense of Rs. 5.94 Crore and adjusted the expenses of R&M nature of Rs. 0.53 Crore from additional capitalization to R&M for FY 2019-20. The Insurance expenses of Rs. 5.94 Crore, Petition filing fee of Rs. 0.30 Crore, Expenses pertaining to ERP of Rs. 0.53 Crore and actual employee expenses after disallowing GPF interest of Rs 0.69 Crore have been allowed on actual basis and added in the Net O&M Entitlement as shown in Table below:

Table 3.36: O&M Expenses approved after sharing of gains and losses for FY 2019-20 (Rs. Crore)

Particulars	Claimed based on actual	Actual Adjusted Employee Expenses	Actual adjusted claim of R&M and A&G	Normative R&M and A&G	Efficiency gain/(loss)	Generator Share	R&M and A&G approved after sharing	Net O&M Entitlement
		(A)	(B)	(C)	(D)=(C)-(B)	(E)=2/3 of (D)	(F)=(B)+(E)	
O&M Expenses of MB-II	55.20	24.39	23.57	25.91	2.34	1.56	25.13	56.30

3.1.2.8 *Interest on Working Capital*

A. Old Nine Large Hydro Generating Stations

The Petitioner has claimed that it has computed the working capital for each Plant in accordance with the provisions of the UERC Tariff Regulations, 2018, on normative basis. The rate of interest considered by the Petitioner for computing interest on working capital for FY 2019-20 has been considered as 13.75% on the basis of the PLR of State Bank of India as on November 30, 2018 on which the Petition for tariff determination for FY 2019-20 was made.

The components of working capital as per Regulation 33 (1) b) of UERC Tariff Regulations, 2018 are as follows:

> *"In case of hydro power generating stations and transmission system and SLDC, the working capital shall cover:*
>
> *(i) Operation and maintenance expenses for one month*
>
> *(ii) Maintenance spares @ 15% of operation and maintenance expenses; and*
>
> *(iii) Receivables equivalent to two months of the annual fixed charges"*

With respect to the interest on working capital, Regulation 33 of the UERC Tariff Regulations, 2018 specifies as under:

> *"Rate of interest on working capital shall be on normative basis and shall be equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date on which the application for determination of tariff or truing up or annual performance review is made.*

...."

3.1.2.8.1 One Month O&M Expenses

The Commission has trued up the plant-wise annual O&M expense for FY 2019-20. Based on the approved plant-wise O&M expenses, one month's O&M expenses has been worked out for determining the working capital requirement.

3.1.2.8.2 Maintenance Spares

The Commission has considered the maintenance spares in accordance with UERC Tariff Regulations, 2018. The Commission has determined the plant-wise maintenance spares requirement at the rate of 15% of the Trued-up O&M Expenses for FY 2019-20.

3.1.2.8.3 Receivables

The UERC Tariff Regulations, 2018 envisages receivables equivalent to two months of fixed charges for sale of electricity as an allowable component of working capital. Plant-wise Annual Fixed Charges (AFC) for the Petitioner includes O&M expenses, depreciation, interest on loan, return on equity and interest on working capital. The Commission has considered the receivables for two months based on the plant-wise Trued-up AFC for FY 2019-20.

As regards the interest on working capital, Regulation 33 of the UERC Tariff Regulations, 2018 specifies rate of interest on working capital to be taken equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date on which the application for determination of tariff is made. As the tariff Petition for FY 2019-20 was filed on 30.11.2018, the Commission has considered the prevailing SBAR, i.e., 13.75% for computing the Interest on Working Capital.

Accordingly, the normative Interest on Working Capital for FY 2019-20 as approved by the Commission is shown in the Table below:

Table 3.37: Interest on Working Capital for Nine LHPs for FY 2019-20 (Rs. Crore)

Generating Station	Approved Working Capital after Truing-up				Interest on Working Capital		
	1-month O&M Expenses	Maintenance Spares @15% of O&M	2 months Receivables	Total Working Capital	Approved in MYT Order dt. 27.02.2019	Claimed	Normative Approved
Dhakrani	1.78	3.20	3.86	8.84	1.31	1.20	1.22
Dhalipur	1.81	3.26	3.83	8.90	1.63	1.21	1.22
Chibro	5.36	9.65	11.85	26.86	3.94	3.94	3.69
Khodri	2.69	4.85	6.24	13.78	2.18	2.14	1.90
Kulhal	1.37	2.46	3.01	6.84	1.00	0.97	0.94
Ramganga	3.43	6.18	7.70	17.32	2.60	2.43	2.38
Chilla	4.21	7.57	9.75	21.53	3.26	3.11	2.96
MB-I	3.23	5.81	7.83	16.86	2.38	2.33	2.32
Khatima	1.41	2.54	6.76	10.71	1.61	1.59	1.47
Total	**25.29**	**45.53**	**60.83**	**131.65**	**19.91**	**18.90**	**18.10**

Further, the UERC Tariff Regulations, 2018 provides for sharing of gains/losses due to controllable factors and as per UERC Tariff Regulations, 2018, variation in working capital requirements is a controllable factor. With regard to actual interest on working capital, the Petitioner vide its submission dated February 18, 2021 submitted the details of overdraft drawn for O&M purpose and submitted the amount as Rs. 3.53 Lakh in case of Khatima LHP for FY 2019-20. The

Commission has, accordingly, considered the same for Khatima LHP. As the actual interest on working capital incurred by the Petitioner is less than the normative interest on working capital, the Commission has shared the gain in interest on working capital in accordance with the provisions of UERC Tariff Regulations, 2018.

The interest on working capital for nine LHPs after sharing the gains is as given in the Table below:

Table 3.38 Interest on Working Capital for Nine LHPs for FY 2019-20 after sharing of Gains (Rs. Crore)

Particulars	Actual	Normative	Efficiency gain/(loss)	Rebate in Tariff	Net Entitlement
	(A)	(B)	(C)=(B)-(A)	(D)=1/3x (C)	(E)= (A)+(C)-(D)
Interest on Working Capital	0.04	18.10	18.07	6.02	12.08

B. Maneri Bhali-II

As discussed earlier, the Commission has approved the Capital Cost of MB-II as on CoD and considered additional capitalisation and reviewed all the components of AFC. The Interest on Working Capital calculated in accordance with UERC Tariff Regulations, 2018 is shown in the Table below:

Table 3.39: Interest on Working Capital as approved for FY 2019-20 (Rs. Crore)

Particulars	Approved in Order for FY 2019-20 dated 27.02.2019	Claimed	Normative
Interest on Working Capital	7.31	9.16	6.98

As discussed above, with regard to actual interest on working capital, the Petitioner vide its submission dated February 18, 2020 submitted the details of overdraft drawn for O&M purpose and submitted the amount of Rs. 4.40 Crore towards interest on overdraft for FY 2019-20. The Commission has, accordingly, considered the same. As the actual interest on working capital incurred by the Petitioner for FY 2019-20 is less than the normative interest on working capital, the Commission has shared the gain in interest on working capital in accordance with the provisions of UERC Tariff Regulations, 2018.

The interest on working capital for MB-II after sharing the gains for FY 2019-20 is as given in the Table below:

Table 3.40: Interest on Working Capital for MB-II for FY 2019-20 after sharing of gains (Rs. Crore)

Particulars	Actual	Normative	Efficiency gain/(loss)	Rebate in Tariff	Net Entitlement
Interest on Working Capital	(A)	(B)	(C)=(B)-(A)	(D)=1/3x(C)	(E)=(A)+(C)-(D)
	4.40	6.98	2.58	0.86	6.12

3.1.2.9 Annual Fixed Charges for Nine LHPs for FY 2019-20

Based on the above analysis, the Commission has worked out the approved figures of Gross AFC for FY 2019-20 after truing-up. The summary of Gross AFC for FY 2019-20 is as shown in the Table below:

Table 3.41: Summary of AFC for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYTT Order dt. 27.02.2019 for FY 2019-20	AFC Claimed	AFC Approved after truing-up of FY 2019-20					
			Depreciation	Interest on loan	Interest on Working Capital after sharing of gains	O&M expenses	RoE	Gross Annual Fixed Cost
Dhakrani	25.93	26.07	0.66	0.40	0.81	21.34	1.06	24.27
Dhalipur	31.96	30.53	0.62	0.30	0.82	21.74	1.47	24.95
Chibro	80.34	83.80	2.97	1.76	2.46	64.34	6.59	78.12
Khodri	45.29	46.56	1.74	0.55	1.26	32.32	4.99	40.87
Kulhal	19.89	20.70	0.50	0.30	0.63	16.40	1.18	19.02
Ramganga	53.78	54.64	2.11	1.70	1.59	41.20	4.19	50.79
Chilla	68.11	67.54	1.62	0.72	1.97	50.49	7.28	62.09
MB-I	50.16	52.22	1.99	0.09	1.55	38.73	7.33	49.68
Khatima	45.74	44.40	8.12	8.06	0.99	16.94	7.40	41.52
Total	**421.19**	**426.46**	**20.32**	**13.89**	**12.08**	**303.50**	**41.50**	**391.30**

3.1.2.10 *Non-Tariff Income*

A. Old Nine Large Hydro Generating Stations

Regulation 46 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**46. Non-Tariff Income***

The amount of non-tariff income relating to the Generation Business as approved by the Commission shall be deducted from the Annual Fixed Charges in determining the Net Annual Fixed Charges of the Generation Company.

Provided that the Generation Company shall submit full details of its forecast of non-tariff income to the Commission in such form as may be stipulated by the Commission from time to time.

The indicative list of various heads to be considered for non-tariff income shall be as under:

a) Income from rent of land or buildings;

b) Income from sale of scrap;

c) Income from statutory investments;

d) Interest on delayed or deferred payment on bills;

e) Interest on advances to suppliers/contractors;

f) Rental from staff quarters;

g) Rental from contractors;

h) Income from hire charges from contactors and others;

i) Income from advertisements, etc.;

j) Any other non- tariff income.

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the Generating Company shall not be included in Non-Tariff Income."

The Petitioner has submitted the details of actual Non-Tariff Income for 9 old large hydro generating stations as well as for MB-II LHP for FY 2019-20 in accordance with the audited accounts. The Petitioner has further submitted that Non-Tariff income for FY 2019-20 has been claimed in accordance with the following exception provided in Regulation 46 of UERC Tariff Regulations, 2018.

"…Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the Generating Company shall not be included in Non-Tariff Income. "

The Commission observed that Petitioner has not considered interest on fixed deposit as a part of Non-Tariff Income stating that the interest amount is from investments out of Return on Equity for 9 LHPs and MB-II.

The Commission vide its letter dated January 27, 2021 directed the Petitioner to substantiate its claim towards "other income" from fixed deposits, which has been through Return on Equity earned by the Petitioner. The Petitioner vide its reply dated February 18, 2021 submitted the justification as to why the interest earned on fixed deposit should not be considered as Non-Tariff Income by submitting a cashflow statement for the period November 9, 2001 to March 31, 2020. UJVN Ltd. submitted that it had generated a cash surplus of Rs. 357.59 Crore from Operating activities during the above-mentioned period mainly out of RoE allowed by the Commission, which was invested as FD's and liquid deposits with Banks and, accordingly, submitted that the same should not be considered as Non-Tariff Income in determining the Net AFC of UJVN Ltd. The detailed cash flow statement submitted by UJVN Ltd. is as follows:

"The detailed Cash Flow statement of UJVNL for the period from 9.11.2001 to 31.3.2020 is as under:--

(Amount in crores)

Particular	***Period 9.11.2001 to FY 2018-19***	***During FY 2019-20***	***For the period 9.11.2001 to FY 2019-20***
CASH INFLOW			
Net Cash from Operating Activities	*3074.73*	*220.91*	*3295.64*
from Issue of Share Capital	*1178.86*	*85.32*	*1264.18*
from Loan Fund	*2784.97*	*343.05*	*3128.02*
from Grant fund	*127.49*	*0.52*	*128.01*
from Interest earned	*291.26*	*26.53*	*317.49*
Total Inflow	***7457.31***	***676.03***	***8133.34***
CASH OUTFLOW			
for Fixed Assets	*2989.39*	*173.25*	*3162.64*
for CWIP	*1223.23*	*439.85*	*1663.08*
for Dividend Paid	*68.08*	*12.08*	*80.16*
for loan repayment	*1265.49*	*107.12*	*1372.61*
for Interest Paid	*1431.12*	*66.14*	*1497.26*
Total Out Flow	***6977.31***	***798.44***	***777.75***
Cash surplus increase during the period	***480.00***	***(122.41)***	***357.59***

…

1.Details of Cash Flow of UJVNL under capital heads period 9.11.2001 to FY 2019-20 is as under:-

Particular	***Period 9.11.2001 to FY 2018-19***	***During FY 2019-20***	***period 9.11.2001 to FY 2019-20***
A. CASH INFLOW UNDER CAPITAL HEADS			
Cash received from Equity	*1178.86*	*85.32*	*1264.18*
Gross loan received	*2784.97*	*343.05*	*3128.02*
Grant for capital assets	*127.49*	*0.52*	*128.01*
Total Cash Inflow under capital head(A)	***4091.32***	***428.89***	***4520.21***
B. CASH OUTFLOW UNDER CAPITAL HEADS			
Addition to Fixed Assets	*2989.39*	*173.25*	*3162.64*
Addition to CWIP	*1223.23*	*439.85*	*1663.08*
Total capital assets(B)	***4212.62***	***613.10***	***4825.72***

Particular	***Period 9.11.2001 to FY 2018-19***	***During FY 2019-20***	***period 9.11.2001 to FY 2019-20***
C. CASH SHORTFALL MET OUT OF OPERATING INCOME (A-B)	***(121.30)***	***(184.21)***	***(305.51)***

As stated above, The Nigam has spent Rs. 4825.72 Crore on Capital assets whereas total cash inflow under capital heads was Rs 4520.21 crore only. Therefore, the shortfall of Rs. 305.51 crore has been met by the Nigam out of operating income.

2. The utilization of cash generated from operation activities from 9.11.2001 to FY 2019-20 is as under:-

Particular	***Period 9.11.2001 to FY 2018-19***	***During FY 2019-20***	***period 9.11.2001 to FY 2019-20***
A. CASH INFLOW FROM OPERATING ACTIVITIES	*3074.73*	*220.91*	*3295.64*
B. Add: Interest earned	*291.26*	*26.53*	*317.49*
C. Less: Interest cost	*1431.12*	*66.14*	*1497.26*
D. Less: Repayment of loan	*1265.49*	*107.12*	*1372.61*
E. CASH AVAILABLE FROM NET PROFIT (ROE) (E=A+B-C-D)	***669.38***	***73.88***	***743.26***
F. Less: Dividend paid out of RoE	*68.08*	*12.08*	*80.16*
G. Less: ROE utilised for creation of capital assets	*121.30*	*184.21*	*305.51*
H. NET SURPLUS OF ROE AVAILABLE AS ON 31.03.2020	***480.00***	***(122.41)***	***357.59***

…"

From the above, it can be observed that the detailed calculation submitted by UJVN Ltd. for arriving at net surplus of RoE available has been linked to operating cashflows and the Commission finds it inappropriate to link the operating cash flows to arrive at the net surplus. The cash flows has no relevance in determining whether the RoE allowed by the Commission is invested in the Fixed Deposits so as to enable the Petitioner to retain the interest earned on Fixed deposits in accordance with the Regulations. The funds from operations could be anything saving in expenses, unpaid depreciation expenses and other non-cash expenses allowed to the Petitioner, like in Petitioner's case interest on working capital as it is not resorting to any working capital borrowings except overdrafts.

The Petitioner should have infact given the details of total RoE allowed till FY 2019-20, total assets funded out of internal resources (which ideally should be RoE), dividends paid out of the RoE, CSR activities, concessional electricity provided to its staff etc. out of the profits and balance RoE should have been matched with the Fixed deposits lying in the Bank. However, no proper justification was provided by the Petitioner and in the absence of such justification, the Commission does not find it prudent to allow the Petitioner to retain the interest on Fixed Deposits.

In view of the above, the Commission has considered the interest earned from Fixed Deposits of Rs. 23.12 Crore for FY 2019-20 as Non-Tariff Income for FY 2019-20. The Commission has apportioned the amount of Rs. 23.12 Crore in the ratio of 85:10:5 for 9 LHPs, MB-II and SHPs, respectively, as considered by the Commission in its Tariff Order dated April 18, 2020 and the Non-Tariff Income for 9 LHPs works out to Rs. 26.31 Crore, which also includes the amount of Rs. 6.66 Crore as claimed by the Petitioner for 9 LHPs.

The Non-Tariff income as approved by the Commission for FY 2019-20 is shown in the Table below:

Table 3.42: Non-Tariff Income for 9 LHPs for FY 2019-20 (Rs. Crore)

Generating Station	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up for FY 2019-20
Dhakrani	0.39	0.42	1.12
Dhalipur	0.50	0.91	1.97
Chibro	1.18	2.05	7.02
Khodri	0.69	0.93	3.41
Kulhal	0.30	0.32	0.94
Ramganga	1.01	0.46	4.56
Chilla	0.54	0.60	3.58
MB-I	0.38	0.86	2.73
Khatima	0.37	0.12	0.98
Total	**5.34**	**6.66**	**26.31**

B. MB-II

In case of MB-II, the Non-Tariff Income approved vide Order dated February 27, 2019 for FY 2019-20 was Rs. 0.92 Crore, and the Petitioner has now claimed Rs. 0.96 Crore. As held for 9 LHPs, the Commission has considered the Non-Tariff Income as Rs. 3.27 Crore after including the apportionment for MB-II as discussed above and Rs. 0.96 Crore as claimed by the Petitioner.

3.1.2.11 ***Truing-up for Nine LHPs for FY 2018-19 and its net impact on UPCL***

The Commission has trued up the (Surplus)/Gap for 9 LHPs pertaining to FY 2019-20 to be recovered by UJVN Ltd. from UPCL and HPSEB. Based on the above, the total amount recoverable by UJVN Ltd. from UPCL and HPSEB excluding the carrying cost is as summarized in the Table below:

Table 3.43: Summary of net AFC as trued up by the Commission for 9 LHPs for FY 2019-20 to be recovered from UPCL (Rs. Crore)

Generating Stations	Approved Net AFC in MYT Order dated 27.02.2019 for FY 2019-20	Total AFC to be recovered
Dhakrani	19.07	17.08
Dhalipur	23.47	16.74
Chibro	59.08	51.57
Khodri	33.28	27.24
Kulhal	15.61	14.27
Ramganga	52.77	46.22
Chilla	67.57	58.51
MB-I	49.79	46.95
Khatima	45.37	40.54
Total	**366.00**	**319.13**

The summary of truing-up for FY 2019-20 for UPCL after considering the actual performance parameters achieved in FY 2019-20 is shown in the Table below:

Table 3.44: Summary of net truing-up for FY 2019-20 for UPCL (Rs. Crore)

Generating Station	AFC to be recovered from UPCL (Rs. Crore)	Capacity Charges (Rs. Crore)	NAPAF (%)	Actual / Re-stated PAFY (%)	Capacity charges allowable (Rs. Crore)	Capacity charges after sharing	Actual Billed Energy (MU)	Per unit rate approved (Rs./kWh)	Allowable EC (Rs. Crore)	Secondary energy (MU)	Sec Energy Rate (Rs./kWh)	Total Sec. Energy charges (Rs. Crore)	Total allowable (EC+CC) (Rs. Crore)	Total Billed to UPCL	Truing-up-impact
Dhakrani	17.08	8.54	66.17%	69.22%	8.94	8.80	120.45	0.731	8.54	0.00	0.679	0.00	17.35	19.86	(2.52)
Dhalipur	16.74	8.37	61.07%	61.07%	8.37	8.37	168.55	0.585	8.37	25.56	0.585	1.50	18.24	25.30	(7.06)
Chibro	51.57	25.79	65.06%	65.32%	25.89	25.86	731.79	0.464	25.79	176.04	0.464	8.17	59.81	68.48	(8.67)
Khodri	27.24	13.62	57.23%	57.37%	13.65	13.64	318.07	0.532	13.62	61.91	0.532	3.29	30.55	37.37	(6.82)
Kulhal	14.27	7.14	65.00%	69.04%	7.58	7.43	118.75	0.584	6.93	0.00	0.548	0.00	14.36	15.89	(1.53)
Ramganga	46.22	23.11	19.00%	9.95%	12.11	15.78	152.78	0.748	11.43	0.00	0.605	0.00	27.21	26.62	0.59
Chilla	58.51	29.25	74.00%	67.67%	26.75	27.59	778.27	0.440	29.25	60.52	0.408	2.47	59.31	70.61	(11.30)
MB-I	46.95	23.48	79.00%	67.12%	19.95	21.12	351.70	0.599	21.05	0.00	0.433	0.00	42.17	37.37	4.80
Khatima	40.54	20.27	69.30%	70.91%	20.74	20.58	225.47	0.869	19.60	0.00	0.869	0.00	40.18	45.12	(4.94)
Total	**319.13**	**159.57**			**143.98**	**149.17**	**2965.81**		**144.58**	**324.02**		**15.42**	**309.18**	**346.63**	**(37.45)**

Thus, for 9 LHPs, the Commission has computed the net surplus of Rs. 37.45 Crore for FY 2019-20 after sharing of gains and losses and considering the actual performance parameters.

Accordingly, the Commission has trued up the (Surplus)/Gap for 9 LHPs pertaining to FY 2019-20 to be recovered by UJVN Ltd. from UPCL. Based on the above, the total amount to be refunded by UJVN Ltd. to UPCL along with the carrying cost is as summarized in the Table below:

Table 3.45: Summary of net AFC as trued up by the Commission for 9 LHPs to be refunded to UPCL (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
Opening Balance Gap/(Surplus)		(39.73)

Table 3.45: Summary of net AFC as trued up by the Commission for 9 LHPs to be refunded to UPCL (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
True Up Amount Gap/(Surplus)	(37.45)	-
Carrying Cost	(2.28)	(4.83)
Closing Balance Gap/(Surplus)	(39.73)	(44.55)
Interest Rate	12.15%	12.15%

The Commission directs UJVN Ltd. to refund Rs. 44.55 Crore to UPCL in accordance with the provisions of UERC Tariff Regulations, 2018 in twelve equal monthly instalments starting from April 2021 to March 2022.

3.1.2.12 *Truing-up of 5 LHPs of UJVN Ltd. for FY 2019-20 for HPSEB*

The Commission has determined the Plant-wise total truing-up expenses to be recovered from HPSEB as follows:

Table 3.46: Summary of net AFC as trued up for FY 2019-20 by the Commission for 9 LHPs to be recovered from HPSEB (Rs. Crore)

Generating Stations	Approved Net AFC in Order dated 27.02.2019	Total AFC to be Recovered
Dhakrani	6.48	6.07
Dhalipur	7.99	6.24
Chibro	20.08	19.53
Khodri	11.32	10.22
Kulhal	3.98	3.80
Ramganga	-	-
Chilla	-	-
MB-I	-	-
Khatima	-	-
Total	**49.86**	**45.85**

Based on the above, the total amount recoverable by UJVN Ltd. from HPSEB along with carrying cost is as summarised in the Table below:

Table 3.47: Summary of net AFC as trued up by the Commission to be refunded to HPSEB (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
Opening Balance		(4.25)
True Up Amount Gap/(Surplus)	(4.00)	-
Carrying Cost	(0.24)	(0.52)
Closing Balance Gap/(Surplus)	(4.25)	(4.76)
Interest Rate	12.15%	12.15%

The Commission directs UJVN Ltd. to refund Rs. 4.76 Crore to HPSEB on the basis of actual PAFY and energy billed in accordance with the provisions of UERC Tariff Regulations, 2018 in twelve equal monthly instalments starting from April, 2021 to March, 2022.

3.1.2.13 *Net Annual Fixed Charges for MB-II from FY 2019-20*

Based on the approved capital cost of MB-II, the approved additional capitalisation and O&M expenses in accordance with MYT Regulations 2018, the net truing-up of AFC for FY 2019-20 is as shown in the Table below:

Table 3.48: Summary of truing-up of Net AFC of MB-II for FY 2019-20 (Rs. Crore)

Particulars	Approved in MYT Order dated 27.02.2019 for FY 2019-20	Claimed	Approved now after truing-up
Depreciation	64.37	83.96	62.52
Interest on loan	63.02	62.02	53.77
Interest on Working Capital	7.31	9.16	6.12
O&M expenses	56.10	59.96	56.30
RoE	50.36	112.16	50.29
Total Annual Fixed Costs	**241.16**	**327.26**	**229.00**
NTI	0.92	0.96	3.27
Net AFC	**240.23**	**326.31**	**225.73**

The summary of truing-up of MB-II with regard to the Net AFC approved for FY 2019-20 in the Order dated February 27, 2019 is as shown in the Table below:

3.1.2.14 *Net impact on account of truing-up of FY 2019-20 of MB-II*

Table 3.49: Net impact on account of truing-up of FY 2019-20 for MB-II

AFC to be recovered from UPCL (Rs. Crore)	Capacity Charges (Rs. Crore)	NAPAF (%)	Actual/ Re-stated PAFY (%)	Capacity charges allowable (Rs. Crore)	Capacity charges after sharing	Actual Energy Considered (MU)	Actual Billed Energy (MU)	Allowable EC (Rs. Crore)	Total allowable (EC+CC) (Rs. Crore)	Total recovered from UPCL	Truing-up impact
225.73	112.87	76%	63.99%	95.03	100.98	1278.09	1373.74	112.87	213.84	199.61	14.24

3.1.2.15 *Summary of Net Impact on Account of truing-up of FY 2019-20 of MB-II including Carrying Cost*

The Commission has trued up the (Surplus)/Gap for MB-II pertaining to FY 2019-20 to be recovered by UJVN Ltd. from UPCL. Based on the above, the total amount to be recovered from UPCL along with the carrying cost is summarized in the Table below:

Table 3.50: Summary of net amount trued up by the Commission for FY 2019-20 to be recovered from UPCL for MB-II (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
Opening (Surplus)/Gap		15.10
True Up Amount	14.24	0.00
Carrying Cost	0.86	1.83
Closing (Surplus)/Gap	15.10	16.94
Interest Rate	12.15%	12.15%

The Commission directs UJVN Ltd. to recover the above approved amount of Rs. 16.94 Crore on account of truing-up of MB-II for FY 2019-20 from UPCL in accordance with the provisions of UERC Tariff Regulations, 2018 in twelve equal monthly instalments starting from April, 2021 to March, 2022.

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2020-21 and AFC for FY 2021-22

4.1 Annual Performance Review

The Commission vide its Order dated February 27, 2019 had approved the Multi Year Tariff for the Petitioner for the Third Control Period from FY 2019-20 to FY 2021-22. Regulation 12(1) of the UERC Tariff Regulations, 2018 specifies that under the MYT framework, the performance of the generating company shall be subject to Annual Performance Review.

Regulation 12(3) of the UERC Tariff Regulations, 2018 specifies as under:

> *"The scope of Annual Performance Review shall be a comparison of the actual performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of following:*
>
> *a) A comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year and truing up of expenses and revenue subject to prudence check including pass through of impact of uncontrollable factors;*
>
> *b) Categorisation of variations in performance with reference to approved forecast into factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (un-controllable factors);*
>
> *c) Revision of estimates for the current and/ or ensuing financial year, if required, based on audited financial results for the previous financial year;*
>
> *d) Computation of sharing of gains and losses on account of controllable factors for the previous year."*

The Commission vide its Order dated February 27, 2019, on approval of Business Plan and MYT Petition for the Control Period from FY 2019-20 to FY 2021-22 approved the AFC for the Control Period based on the audited accounts till FY 2017-18. Further, the Commission vide its Order dated April 18, 2020, approved AFC for FY 2020-21 based on the Audited accounts till FY 2018-19. The Petitioner, in this Petition, has proposed revision of estimates for FY 2021-22 based on the audited accounts for FY 2019-20 and revised estimates for FY 2020-21.

The Commission, in Chapter 3 of this Order, has carried out the Truing-up of 9 LHPs and MB-II for FY 2019-20 in accordance with the UERC Tariff Regulations, 2018. In accordance with Regulation 12(3) of the UERC Tariff Regulations, 2018, the scope of Annual Performance Review is limited to the revision of estimates for the current and /or ensuing financial year, if required, based on the audited financial results for the previous year. The Commission, as discussed earlier, while carrying out the truing-up has revised additional capitalisation and R&M expenses for FY 2019-20 for 9 LHPs and MB-II. Hence, the Commission, under the provisions of Regulation 12(3) of the UERC Tariff Regulations, 2018, has revised the AFC for FY 2021-22 based on the revised additional capitalisation and O&M expenses for 9 LHPs and MB-II for FY 2019-20. The approach adopted by the Commission in the approval of each element of ARR for FY 2021-22 is elaborated in the subsequent paragraphs.

4.2 Physical Parameters

4.2.1 *NAPAF*

A. Old Nine Large Generating Station

Regulation 47(1) (b) of UERC Tariff Regulations, 2018 specifies as under:

"(b) For existing hydro generating stations:

The trajectory for NAPAF fixed by the Commission in case of existing hydro generating stations, in the preceding Control Period would continue to be applicable. However, the NAPAF of the stations undergone RMU would be adjusted accordingly, considering the impact of RMU."

The Commission in its Order dated February 27, 2019 had approved NAPAF for 9 LHPs. The Commission in its MYT Order also stated that a fresh view on the same shall be taken once the RMU works for the stations get completed.

The Commission observes that the Petitioner has sought relaxation of NAPAF in FY 2021-22 for the LHPs, viz., Dhalipur, Chilla, Ramganga and MB-I and has submitted that the projected NAPAF is based on actual PAF of previous years after factoring in the impact on availability due to release of additional water in compliance to NGT Order dated August 9, 2017. In support of its claim, the Petitioner submitted the following reasons for not being able to achieve NAPAF apart from the impact of implementation of NGT Order:

- **Dhalipur-** The Petitioner submitted that Dhalipur Power Station is very old HEP and requires more maintenance, hence, has to be shut down for longer periods to carry out maintenance. Further, RMU works have also been planned during the Control Period. In view of the above, the Petitioner has sought relaxation in NAPAF for FY 2021-22 as 59.75%.
- **Ramganga–** Apart from the reasons mentioned in Chapter 3, the Petitioner submitted that as control of water release for Ramganga dam is with UP Irrigation Department, therefore, NAPAF of 10.87% and 9.95% is expected to be achieved from the power station during FY 2020-21 and FY 2021-22, respectively. Further, the Petitioner requested the Commission to allow the NAPAF for FY 2020-21 and FY 2021-22 as per actual PAF achieved during FY 2020-21 and FY 2021-22, and for future years on the basis of release of water from the Dam as the control of the Dam is in the hands of Uttar Pradesh Irrigation Department.
- **Chilla-** Apart from the reasons mentioned in Chapter 3, the Petitioner submitted that RMU works have been awarded to BHEL and shut down of first unit is planned in FY 2021-22, which will affect PAFM. Further, the Petitioner vide its submission dated March 16, 2021 submitted that the first unit shutdown will begin from August 1, 2021 and has proposed NAPAF for FY 2021-22 as 61.49%.
- **MB-I -** Apart from the reasons mentioned in Chapter 3, the Petitioner in its Petition submitted that RMU activities are under progress and will be continued in FY 2020-21 and FY 2021-22. The Petitioner vide its submission dated March 16, 2021 submitted that RMU of Unit#3 and Unit#2 is in progress in FY 2020-21 and in FY 2021-22. The Petitioner has sought relaxation in NAPAF for FY 2021-22 as 49.80%.

NAPAF as approved by the Commission vide its Tariff Order dated February 27, 2019 and as proposed by the Petitioner for FY 2021-22 is summarized as under:

Table 4.1: NAPAF as Proposed by the Petitioner for FY 2021-22 vis-a-vis Approved by Commission in MYT Order dated 27.02. 2019 for 9 LHPs

Station	Approved in MYT Order dated 27.02.2019 for FY 2021-22	Proposed by the Petitioner for FY 2021-22
Dhakrani	66.17%	66.66%
Dhalipur	61.07%	59.75%
Chibro	65.06%	65.07%
Khodri	57.23%	57.49%
Kulhal	65.00%	69.04%
Ramganga	19.00%	9.95%

Table 4.1: NAPAF as Proposed by the Petitioner for FY 2021-22 vis-a-vis Approved by Commission in MYT Order dated 27.02. 2019 for 9 LHPs

Station	Approved in MYT Order dated 27.02.2019 for FY 2021-22	Proposed by the Petitioner for FY 2021-22
Chilla	74.00%	61.49%
MB-I	79.00%	49.80%
Khatima	69.30%	71.13%

With regard to the relaxation of NAPAF sought by the Petitioner on account of operational reasons other than the impact on account of NGT Order implementation, the Commission while approving the NAPAF in MYT Order dated February 27, 2019 for various stations has already factored in Plant operating conditions and past performances and has not considered relaxation on account of RMU. Therefore, the Commission has not allowed any relaxation in NAPAF for any station for FY 2021-22. However, while truing-up of FY 2021-22, the Commission shall consider the actual outage period on account of RMU works while re-stating the actual PAFM subject to prudence check in accordance with the Regulations/Orders of the Commission in this regard.

With regard to impact of NGT/National Mission for Clean Ganga (NMCG) Order on NAPAF for FY 2021-22, the Commission has observed that though the Petitioner had implemented NGT/NMCG Order from October 1, 2018 at some stations and from November 1, 2018 at the rest of the stations, most of the stations have achieved NAPAF apart from the Plants where RMU works were undergoing. The PAFM projected by the Petitioner for FY 2021-22 in the Plants where there is a need of maintaining minimum e-flow is equal to or higher than the NAPAF apart from the plants where RMU works are proposed.

Therefore, the Commission, in the absence of adequate hydrological data and discharge data pre and post implementation of NGT/NMCG Order is of the view that the impact of implementation of NGT/NMCG Order on NAPAF for FY 2021-22 cannot be completely ascertained at this stage. Therefore, the Commission, at this point of time has not considered any impact of the NGT/NMCG Order on NAPAF for FY 2021-22 for 9 LHPs as ruled in Order dated April 18, 2020. However, the Petitioner is at liberty to submit the actual impact at the time of truing-up of FY 2021-22 along with the relevant documents in support of the same. The Petitioner is required to submit the actual impact/ loss of generation due to the NGT/NMCG Order based on the actual daily discharge from the Dams/Barrages during the lean season vis-a-vis such flows prior to the NGT/NMCG Order.

B. Maneri Bhali-II

The Petitioner has sought relaxation of NAPAF for the same reasons as mentioned in Chapter 3 and on account of implementation of NGT Order. The Petitioner submitted that the highest PAFY achieved since the Commissioning was only 69% which was achieved in FY 2018-19 and requested the Commission to fix the NAPAF for FY 2021-22 as 69%.

With regard to MB-II LHP the Commission in its Order dated April 18, 2020 had stated as under:

"... The Commission as mentioned in MYT Order dated February 27, 2019 had appointed an Expert Consultant for detailed study/analysis to find out the actual reasons that were hindering the Plant performance despite the fact that various works have been carried out by the Petitioner post CoD of the project. The Expert Consultant had submitted its report after considering all the factors including the impact of implementation of NGT/NMCG Order. The said report was also shared with the Petitioner for their comments on the findings. After due consideration of the comments received by the Petitioner on the Expert Consultant's report and analysis, the Commission has finalised the Report. It is observed that the Petitioner is not able to operate at its design head even though considerable cost was claimed and allowed by the Commission towards the increase of Dam Height. The Commission, however, taking a considerate view, approves the NAPAF for the Third Control Period as 76% (including the impact of implementation of NGT/NMCG Order) on the basis of the recommendations of the Expert Consultant's Report.

The NAPAF of MB-II now approved by the Commission for the Third Control Period by the Commission is as follows:

Table 4.2.: NAPAF of MB-II as approved by the Commission for Third Control Period

Generating Station	*Provisionally Approved in MYT Order dated 27.02.2019 (%)*	*Now Approved (%)*		
		FY 2019-20	*FY 2020-21*	*FY2021-22*
MB-II	*82%*	*76%*	*76%*	*76%*

However, the Commission would like to further clarify that the above relaxation in NAPAF is only for recovery of capacity charges and shall not be considered for claiming any incentive on account of higher PAFY. The Petitioner shall be allowed incentive on account of higher PAFY only in case it exceeds 82% since all the costs onwards major works carried on the project has been allowed in the tariffs"

In view of the above, the Commission has not considered any relaxation in NAPAF for FY 2021-22 in case of MB-II.

4.2.2 *Design Energy, Auxiliary Energy Consumption and Saleable Primary Energy*

A. Old Nine Large Generating Station

The Commission in its MYT Order dated February 27, 2019 had approved Design Energy and Saleable Primary Energy for 9 LHPs as per UERC Tariff Regulations, 2018. With regard to impact of implementation of NGT Order, the Commission in the MYT Order stated as follows:

"… Further, the Commission has gone through the submission of the Petitioner and observed that there is no particular period which is defined as lean Discharge Period in the above NGT Order. In absence of the complete discharge data of rivers as well as the data of mandatory discharges being released in the rivers prior to the NGT Order and discharges to be released post NGT Order, the Commission, at this point of time has not considered the impact of the NGT Order. However, the Commission is giving opportunity to the Petitioner to submit at the time of truing up of FY 2018-19 the status of actual impact/ loss of generation due to the NGT Order based on the actual flow from the Dams/Barrages during the lean seasons vis-a-vis such flow prior to the NGT Order. Thereafter, appropriate view will be taken by the Commission in this regard."

Further, the Order dated April 18, 2020 with regard to impact of implementation of NGT Order states as follows:

"With regard to the consideration of impact due to implementation of NGT/NMCG Order on Design Energy, the Commission observes that the impact of implementation of NGT/NMCG Order on Design Energy for FY 2020-21 could not be precisely ascertained at this stage. However, in order to ensure that the Petitioner is not financially prejudiced on account of under recovery of energy charges, the Commission provisionally approves downward revision of Design Energy of 9 LHPs by 194.02 MU for the sole purpose of recovery of energy charges. ***The Commission directs the Petitioner to maintain separate discharge data of rivers as well as the data of mandatory discharges being released in compliance to NGT/NMCG Order and any other data to substantiate the impact. Further, the Petitioner shall submit the data at the time of truing-up of FY 2020-21 and, thereafter, appropriate view will be taken by the Commission in this regard after carrying out due prudence check****."*

With regard to RMU works undergoing in third Control Period, the Commission in MYT Order stated that since RMU works are under progress in various LHPs of UJVN Ltd., the Commission shall take a fresh view on Design Energy once the said RMU works are completed.

The Petitioner submitted that since the NGT/NMGC orders have come in force recently and the maintenance of minimum discharge in river was not envisaged while deriving Original Design Energy, non-downward revision of Original Design Energy would adversely impact the Petitioner with regard to Secondary Energy for ever. The Petitioner further requested the Commission that the Original Design Energy of the Power Station may also be downgraded to tune of downward revision in Design Energy already considered by the Commission. The Petitioner submitted the actual impact of NGT/NMCG Order for the months from April 2020 to October 2020 as 259. 40 MU. The Commission vide its letter dated January 27, 2021 sought the station-wise estimated generation loss on account of implementation of NGT/NMCG Order along with supporting assumptions and computations. The Petitioner, vide Reply dated February 18, 2021 submitted the estimated impact as 497 MU and the Commission vide minutes of TVS dated March 4, 2021 asked the Petitioner to justify such increase from previous year estimated losses. The Petitioner, vide its Reply dated March 16, 2021 submitted revised estimate of 465 MU and submitted that the same has been arrived at by considering the actual loss during the period April 2020 to February 2021 and for the month of March, 2021 the estimate was arrived by considering the average of actual loss of April 2020 and February 2021. It can be observed that there is a significant variation in the loss estimated in previous year and estimation based on actual data of FY 2020-21.

In view of the above, the Commission observes that the impact of implementation of NGT/NMCG Order on Design Energy for FY 2021-22 cannot be precisely ascertained at this stage. However, in order to ensure that the Petitioner is not financially prejudiced on account of under recovery of energy charges, the Commission provisionally approves downward revision of Design Energy of 9 LHPs by 194.02 MU as considered by the Commission in its earlier Tariff Order dated April 18, 2020 for the sole purpose of recovery of energy charges. **The Commission further directs the Petitioner to maintain separate discharge data of rivers as well as the data of mandatory discharges being released in compliance to NGT/NMCG Order and any other data to substantiate the impact. Further, the Petitioner shall submit the data at the time of**

truing-up of FY 2021-22 and, thereafter, appropriate view will be taken by the Commission in this regard after carrying out due prudence check.

The Petitioner has proposed normative auxiliary consumption including transformation losses as specified in the UERC Tariff Regulations, 2018. The Commission for computation of saleable design energy has considered the auxiliary consumption including transformation losses as specified in the UERC Tariff Regulations, 2018.

The Commission, therefore, approves the Design Energy and Saleable Primary Energy for 9 LHPs for FY 2021-22 as follows:

Table 4.2: Design Energy and Saleable Primary Energy approved for FY 2021-22 (MU)

Name of the Generating Station	Original Design Energy	Design Energy approved in MYT Order dated 27.02.2019	Provisionally approved Impact due to NGT/NMCG Order as per UJVN Ltd.'s submission	Revised Design Energy after impact due to NGT/NMCG Order	Auxiliary consumption (including Transformation Loss)		Saleable Primary energy
	MU	MU	MU	MU	%	MU	MU
Dhakrani	169.00	156.88	6.03	150.85	0.70%	1.06	149.79
Dhalipur	192.00	192.00	9.24	182.76	0.70%	1.28	181.48
Chibro	750.00	750.00	21.89	728.11	1.20%	8.74	719.37
Khodri	345.00	345.00	9.63	335.37	1.00%	3.35	332.01
Kulhal	164.00	153.91	5.00	148.91	0.70%	1.04	147.87
Ramganga	385.00	311.00	0.00	311.00	0.70%	2.18	308.82
Chilla	725.00	671.29	113.67	557.62	1.00%	5.58	552.04
MB-I	546.00	395.00	28.55	366.45	0.70%	2.57	363.89
Khatima	235.59*	235.59	0.00	235.59	1.00%	2.36	233.23
Total	**3511.59**	**3210.67**	**194.02**	**3016.65**		**28.14**	**2988.51**

**Post RMU*

As stated above, the Commission has considered the above Design Energy for calculation of energy charge rate (ECR) to avoid any unjustified under-recovery of the energy charges. The Commission would like to further clarify that the revision has been done for the sole purpose of recovery of primary energy charges. The benefit of Secondary Energy will continue to be calculated only in case the actual energy generation exceeds the Original Design Energy. Therefore, any energy generated in excess of revised Design Energy considering impact of NGT/NMCG Order approved in this Tariff Order upto the Original Design Energy shall not be charged to the beneficiaries so that the recovery from Primary Energy Charges shall in no case exceed 50% of the approved Annual Fixed Cost.

B. Maneri Bhali-II

The Petitioner submitted that the design energy as approved by the Commission in Order dated April, 18 2020 has been adopted in this instant Petition. Therefore, there is no change in the Design Energy of 1291 MU and Saleable Primary Energy 1278.09 MU after deducting the normative auxiliary consumption (including transformation losses) of 1%.

4.3 Financial parameters

4.3.1 *Apportionment of Common Expenses*

As discussed in detail in Chapter 3 of this Order, the Commission has considered the ratio of 85:10:5 for allocating common expenses on 9 LHPs, MB-II and SHPs, respectively, as considered in the earlier Tariff Order dated April 18, 2020.

4.3.2 *Capital Cost*

A. Old Nine Generating Stations

As detailed earlier in truing-up Section, pending finalization of the Transfer Scheme, for various reasons recorded in the previous Tariff Orders, the Commission had been approving opening GFA for the nine old LHPs as on 14.01.2000, as Rs. 506.17 Crore. Since, the Transfer Scheme is yet to be finalized, the Commission for the purpose of determination of ARR for FY 2021-22 is considering the opening GFA of nine old LHPs, as on 14.01.2000, as Rs. 506.17 Crore only. Further, as discussed in Chapter 3 of this Order, the Commission has revised the original cost of Khatima LHP as on 01.04.2015 on account of de-capitalisation of Rs. 2.03 Crore carried out in FY 2014-15. The GFA considered are as per the details given below:

Table 4.3: Approved Original Cost inherited from UPJVNL (Rs. Crore)

Generating Station	Claimed	Approved as on 14.01.2000	Approved as on 01.04.2016
Dhakrani	12.40	12.40	12.40
Dhalipur	20.37	20.37	20.37
Chibro	87.89	87.89	87.89
Khodri	73.97	73.97	73.97
Kulhal	17.51	17.51	17.51
Ramganga	50.02	50.02	50.02
Chilla	124.89	124.89	124.89
MB-I*	111.93	111.93	111.93
Khatima	7.19	7.19	5.16**
Total	**506.17**	**506.17**	**504.14**

*Including DRB

**Including de-capitalisation of Rs. 2.03 Crore in FY 2014-15

B. Maneri Bhali-II

The issues related to Capital Cost of MB-II generating station as on COD have been discussed in detail in Chapter 3. Based on the above, the Commission has considered the capital cost as on CoD of Rs. 1885.50 Crore in accordance with the Order dated April 18, 2020. The financing for the project has been considered as shown in the Table below:

Table 4.4: Approved Capital Cost and Financing for MB-II as on CoD (Rs. Crore)

Particulars	Approved in MYT Order dated 18.04.2020	Approved Now
Loans		
PFC Loan	1200.00	1200.00
Unpaid Liability	0.00	0.00
Guarantee Fee Payable	0.00	0.00
Normative Loan	119.85	119.85
Total debts	**1319.85**	**1319.85**
Equity		
PDF	326.76	326.76
GoU Budgetary support	74.89	74.89
Pre-2002 expense	164.00	164.00
Total Equity	**565.65**	**565.65**
Total Loan and Equity	**1885.50**	**1885.50**

4.3.3 *Additional Capitalisation*

A. Old Nine Generating Stations

The Commission in addition to the opening GFA of Rs. 506.17 Crore as on 14.01.2000, has also approved additional capitalisation of Rs. 516.12 Crore for the period 01.04.2001 to 31.03.2020 and de-capitalisation of Rs. 2.03 Crore in FY 2014-15 as discussed in Chapter 3 of this Order. Hence, the Commission for the purpose of tariff computation for FY 2021-22 has considered the revised additional capitalisation till FY 2019-20 as trued up in this Tariff Order.

The Commission in its MYT Order dated February 27, 2019, had provisionally approved the additional capitalization for the third Control Period based on the expenditure projected by the Petitioner towards the RMU works for the generating stations for which in-principle approval of the Commission has been accorded and average of actual Capitalisation for the past 3 years, i.e., from FY 2015-16 to FY 2017-18 towards other works subject to detailed scrutiny during Annual Performance Review/True Up. The Petitioner has now projected Rs. 263.33 Crore and Rs. 566.92 Crore towards additional capitalisation in FY 2020-21 and FY 2021-22, respectively, for 9 LHPs. The Plant-wise details of capital expenditure proposed by the Petitioner are as follows:

Table 4.5: Additional Capitalization projected by UJVN Ltd. for 9 LHPs in FY 2020-21 (Rs. Crore)

Name of the Generating Stations	Other Capital works	RMU works	Total Revised Projection by UJVN Ltd.
Dhakrani	6.38	0.00	6.38
Dhalipur	6.42	46.00	52.42
Chibro	48.67	0.00	48.67
Khodri	21.98	0.00	21.98
Kulhal	14.75	0.00	14.75
Ramganga	16.39	0.00	16.39
Chilla	8.10	0.00	8.10
Maneri Bhali-I	5.23	64.67	69.90
Khatima	24.75	0.00	24.75
Total	**152.67**	**110.67**	**263.33**

Table 4.6: Additional Capitalization projected by UJVN Ltd. for 9 LHPs in FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Other Capital works	DRIP-II and DRIP-III	RMU works	Total Revised Projection by UJVN Ltd.
Dhakrani	18.03	16.38	0.00	34.41
Dhalipur	13.37	24.75	50.50	88.62
Chibro	31.10	17.35	0.00	48.45
Khodri	25.03	8.67	0.00	33.70
Kulhal	19.06	33.64	0.00	52.70
Ramganga	16.48	0.00	0.00	16.48
Chilla	11.02	35.94	0.00	46.96
Maneri Bhali-I	22.30	3.80	148.60	174.70
Khatima	46.24	0.00	24.65	70.89
Total	**202.63**	**140.53**	**223.75**	**566.92**

The Commission observed that as compared to previous years, the Petitioner has projected very high amount of capitalization in FY 2020-21 and FY 2021-22 and the same is much higher than the additional capitalisation approved by the Commission in MYT Order dated February 27, 2019. The Commission vide its letter dated December 14, 2020 asked the Petitioner to submit the reasons for such high projection for additional capitalization. In response, UJVN Ltd. vide its letter dated December 24, 2020 submitted Plant-wise/unit wise works along with the need/requirement for proposing the same for FY 2021-22.

With regard to RMU works, the Commission vide its letter dated December 14, 2020 sought the status of RMU works. The Petitioner vide its Reply dated December 24, 2020 submitted that RMU works at the Plants, viz., Dhalipur and MB-I shall be under progress in both FY 2020-21 and FY 2021-22 and works for Dhakrani and Chilla HEP are planned in FY 2021-22. Further, as can be observed from above, the Petitioner proposed additional capitalization in FY 2020-21 and FY 2021-22 on account of RMU works carried out at Dhalipur and MB-I. In this regard, the Commission observed that the status of the RMU works undergoing is in variation with the proposed status during the MYT proceedings for third Control Period with significant delay and there were some infirmities in the RMU schedule submitted by the Petitioner. Accordingly, the Commission vide its Minutes of TVS dated March 04, 2021 sought justification for the delay, loss on account of delay and updated RMU schedule. The Petitioner, vide its reply dated March 16, 2021 submitted the same. A snapshot of the submission is as follows:

Table 4.7: Summary of status of RMU works undergoing at UJVN Ltd.

Name of the Plant	End Date as submitted by UJVN Ltd. during MYT Proceedings	Actual Status /Updated status	Reason for delay	Loss on account of delay*
Tiloth	U#1: 11.12.2019 U#2: 11.12.2020 U#3: 11.12.2021	U#1: 17.4.2020 U#3: 26.05.2021 U#2: 26.05.2022	• Placement of additional order for replacement of certain items instead of refurbishment as proposed in RMU Contract Agreement • Identification of longitudinal cracks in MIV body • Restrictions on account of Covid-19 Pandemic	For 2019-20 and FY 2020-21 Gen. Loss: 12.37 MU for FY Revenue loss: Rs. 1.61 Crore
Dhakrani	U#1: 31.05.2021	Updated status shall be intimated to Commission after Agreement	• Delay due to cancellation of tender and re floating of tender on 16.06.2019 • Delay in Final Bid submission on account of Covid-19 Pandemic • Currently, the proposal has been submitted before BoD for approval	-
Dhalipur	U#1: 1.08.2019 U#2: 31.07.2020 U#3: 31.07.2021	U#1: 31.03.2021 U#2: 31.03.2022 U#3: 31.03.2023	• Delay in Finalizing of design aspects • Delay in Manufacturing of items on account delay in design • Delay due to legal compliance after implementation of GST • Restrictions on account of Covid-19 Pandemic	For 2019-20 and FY 2020-21 Gen. Loss: 52.17 MU Revenue Loss: Rs. 10.52 Crore

** Revenue Loss was calculated based on average rates approved in the respective Orders for FY 2019-20 and FY 2020-21*

Considering the above submissions of the Petitioner, the **Commission directs the Petitioner to ensure that the RMU works are completed without any further delay thereby reducing the**

generation and revenue loss on account of the same. With regard to the reasons for delay, the Commission shall consider the same during the prudence check at the time of truing up of the respective expenditures.

The Commission observed that the Petitioner has proposed additional capitalization of Rs. 24.65 Crore in FY 2021-22 under RMU works at Khatima. In this regard, considering that RMU of Khatima was completed in FY 2016-17, the Commission vide its letter dated January 27, 2021 sought the detailed breakup of works proposed and justification for delay in RMU works at Khatima. The Petitioner vide its Reply dated February 18, 2021 submitted that the expenditure is on account of civil works approved in the DPR of RMU Khatima, which were to be carried out by UPID. The civil works proposed were on account of restoration of existing capacity of Nagla Escape Channel and restoration of existing capacity of Power Channel and Bypass Channel of Khatima HEP. In this regard, the Commission, vide its earlier Orders had already directed the Petitioner to complete all the pending works under the DPR of RMU for Khatima. Therefore, the Commission finds no merit in revisiting the additional capitalization approved for FY 2021-22 in MYT Order dated February 27, 2019.

With regard to the approval of additional capitalization on account of RMU works proposed by the Petitioner apart from Khatima in FY 2021-22, the Commission is of the view that the additional capitalization on account of RMU works was already considered in the MYT Order dated February 27, 2019 and, therefore, the Commission finds no merit in revisiting the additional capitalization for FY 2020-21 and FY 2021-22.

The Commission observed that under the civil works of Khatima LHP, the Petitioner has proposed additional capitalization of Rs. 38.55 Crore on account of construction of bypass channel and other associated works. In this regard, the Commission, in Order dated April 18, 2020 had already ruled as follows:

"In this regard, the Commission in its previous Orders has held that the construction of bypass channel would lead to double accounting on the consumers as the cost of diffusers have been approved by the Commission (in-principle approval) and expenses towards the same has been incurred by the Petitioner as a part of RMU. However, considering the safety aspect involved with the works and the Petitioner's submission that the proposed works will eliminate any future occurrences of incidents similar to the one that occurred in August 2014, the Commission accords in-principle approval for the works. The Commission has, however, not revised the additional capitalization approved for FY 2020-21 in the MYT Order dated February 27, 2019 as the

Petitioners submission of Rs. 48 Crore also includes some other civil works. The Commission may approve the additional capitalization based on the actuals during the true up of FY 2020-21 after carrying out due prudence check of the cost and necessity of having both diffusers and the bypass channel simultaneously."

Considering that above, the Commission finds that there is no merit in revisiting the additional capitalization approved for FY 2021-22.

The Commission observed that the Petitioner has proposed additional capitalization on account of DRIP (works executed under Phase-I) in FY 2020-21. Further, the Petitioner vide its letter dated March 26, 2021 submitted that the proposed additional capitalization on account of DRIP works in FY 2020-21 amounts to Rs. 67.21 Crore.

In case of DRIP-I, the Commission observed that it had approved additional capitalization of Rs. 100.53 Crore in the MYT Order for second Control Period dated April 05, 2016. As dealt in Chapter 3 of this Order, the actual expenditure incurred on DRIP works till FY 2019-20 is Rs. 138.48 Crore and the Petitioner has further proposed an additional capitalization of Rs. 67.21 Crore in FY 2020-21. The total expenditure of Rs. 205.77 Crore claimed by UJVN Ltd. upto FY 2020-21 under DRIP is in huge variation with the approved additional capitalization of Rs. 100.53 Crore. A snap shot of the approved additional capitalization vis-à-vis the actual/proposed expenditure is shown below:

Table 4.8: Additional Capitalization approved vis-à-vis the Actual Capitalization in case of DRIP (Phase-I)

Name of the Generating Stations	Approved in MYT Order dated 05.04.2016	Between FY 2015-16 to FY 2018-19*		In FY 2019-20*		Projected in FY 2020-21	Total Approved from FY 2015-16 to FY 2019-20 & Projected for FY 2020-21
		Actual	Approved	Actual	Approved		
	A	B	C	D	E	F	G=C+E+F
Dhakrani	9.89	2.52	2.52	14.21	14.21	2.73	19.46
Dhalipur	14.94	3.81	3.81	21.47	21.47	4.13	29.41
Chibro	5.19	0.86	0.86	13.37	13.37	6.60	20.83
Khodri	2.60	0.43	0.43	6.68	6.68	3.30	10.42
Kulhal	12.16	3.66	3.66	16.59	16.59	6.56	26.81
Ramganga	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chilla	2.60	37.34	37.34	2.67	2.67	16.36	56.38
MB-I	53.15	0.54	0.54	14.31	14.31	23.65	38.50
Khatima	0.00	0.00	0.00	0.00	0.00	3.96	3.96
Total	**100.53**	**49.17**	**49.17**	**89.30**	**89.30**	**67.29**	**205.77**

**Including the expenditure booked under R&M expenses which were considered as additional capital expenditure*

In this regard, considering that the Commission has already provided in principle approval for the DRIP works, the Commission finds no merit in revisiting the additional capitalization approved for FY 2020-21. The Commission shall carry out the detailed prudence check of the expenditure incurred at the time of truing up the same.

The Commission has observed that the Petitioner has claimed additional capitalization on account of DRIP-II and DRIP-III (DRIP works proposed under Phase-II and Phase-III) in FY 2021-22 amounting to Rs. 143.33 Crore to be executed with the financial assistance from World Bank.

The Commission is of the view that the expenditure towards the works proposed under DRIP-II and DRIP-III is similar to Renovation and Modernization of Dams/ Barrages for the purpose of extension of their life. **Hence, the Commission directs the Petitioner to approach the Commission with a separate detailed proposal for approval of the additional capitalization on account of the works to be executed under DRIP-II and DRIP-III.**

The Commission also observed that the Petitioner has proposed additional capitalization of Rs. 2.15 Crore in FY 2020-21 (Rs. 2.00 Crore) and FY 2021-22 (Rs. 0.15 Crore) on account of construction of transit camp building for providing accommodation to its officials during the Assembly Sessions at Gairsain. The Commission has not considered the same in the approved additional capitalization for FY 2020-21 and FY 2021-22 and shall consider the same during the true up for respective years after due prudence check.

With regard to the Petitioner's submission of additional capitalization on account of other capital works, which includes E&M works, Civil works and Office building at Dehradun. The Commission has observed that the Petitioner, in case of Khodri HEP, has claimed expenditure proposed to be incurred for capital maintenance of the machines amounting to Rs. 6.48 Crore in FY 2020-21 and Rs. 7.00 Crore in FY 2021-22 for Unit #4 and Unit #3, respectively. In this regard, the Commission in the past, for reasons stated therein has already ruled that the works pertaining to capital overhaul are to be considered as a part of R&M expenses and, therefore, has not considered the same.

Further, the Petitioner has projected capital expenditure on account of Office Building of Rs. 36.15 Crore for FY 2021-22. The Commission has already approved the expenditure for works pertaining to the office building excluding the cost of sports complex in its Order dated March 29, 2017, and finds no merit in revisiting the same.

The Commission, accordingly, approves the same additional capitalisation for FY 2020-21 and

FY 2021-22 as approved in the MYT and Business Plan Order dated February 27, 2019 and the same is presented below:

Table 4.9: Additional Capitalization as approved for 9 LHPs for FY 2020-21 and FY 2021-22 (Rs. Crore)

Name of the Generating Stations	FY 2020-21			FY 2021-22		
	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved Now	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved Now
Dhakrani	1.87	6.38	1.87	23.47	34.41	23.47
Dhalipur	29.68	52.42	29.68	29.68	88.62	29.68
Chibro	4.61	48.67	4.61	4.61	48.45	4.61
Khodri	3.67	21.98	3.67	3.67	33.7	3.67
Kulhal	1.17	14.75	1.17	1.17	52.7	1.17
Ramganga	7.63	16.39	7.63	7.63	16.48	7.63
Chilla	4.00	8.1	4.00	4.00	46.96	4.00
MB-I	49.96	69.9	49.96	49.96	174.7	49.96
Khatima	0.07	24.75	0.07	0.07	70.89	0.07
Total	**102.68**	**263.33**	**102.68**	**124.28**	**566.92**	**124.28**

B. Maneri Bhali-II

The Commission, as discussed earlier has decided to consider additional capitalisation since COD and has approved additional capitalisation of Rs. 351.17 Crore till 31.03.2020. The Commission, in case of MB-II in its MYT Order dated February 27, 2019 approved the additional capitalisation equal to the average additional Capitalization for past 3 years, i.e., from FY 2015-16 to FY 2017-18 excluding the additional Capitalization for balance capital works. The Petitioner in the current Petition submitted the likely additional capitalisation to be incurred in FY 2020-21 and FY 2021-22 as Rs. 32.92 Crore and Rs. 51.02 Crore, respectively. The detail of capital expenditure proposed by the Petitioner is as follows:

Table 4.10: Additional Capitalization projected by UJVN Ltd. for MB-II in FY 2020-21 and FY 2021-22 (Rs. Crore)

Particular	Approved in MYT Order FY 2020-21	Revised Projection by UJVN Ltd. in FY 2020-21	Approved in MYT Order FY 2021-22	Revised Projection by UJVN Ltd. in FY 2021-22
Civil Works	-	4.71		15.10
Other Capital Works	-	28.21	-	35.93
Total Revised Projection by UJVN Ltd.	**12.05**	**32.92**	**12.05**	**51.02**

The Civil Works proposed above by the Petitioner for MB-II also includes the expenditure on account of pending works out of the Balance Capital Works of MB-II, therefore, the Commission has not considered the claim for revising the approved additional capitalization in FY 2020-21 and FY 2021-22.

The Commission observed that out of the proposed Other Capital Works as shown above for FY 2021-22, an expenditure of Rs. 17.70 Crore under Hydraulic works pertaining to work of Leakage Control of reservoir area towards Gyansu Basti to prevent the water logging in the Gyansu village area has been proposed to be carried under DRIP-II. In this regard, as ruled in case of 9 LHPs above, **the Commission directs the Petitioner to approach the Commission with a separate detailed proposal for approval of the additional capitalization on account of the works to be executed under DRIP-II and DRIP-III.** Accordingly, the same have not been considered.

Further, with regard to the Petitioner's proposal of capital expenditure on account of Office Building, as discussed in earlier Paras, the same shall be considered at the time of truing-up subject to prudence check.

In view of the above submissions made by the Petitioner and as there is nothing new and substantial in the Petitioner's claim, the Commission has provisionally approved the additional capitalization as that approved in MYT and Business Plan Order dated February 27, 2019.

Table 4.11: Additional Capitalization approved for MB-II for FY 2020-21 and FY 2021-22 (Rs. Crore)

Particulars	FY 2020-21			FY 2021-22		
	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved Now	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved Now
MB-II	12.05	32.92	12.05	12.05	51.02	12.05

4.3.4 *Depreciation*

A. Old Nine Generating Stations

Regulation 28 of the UERC Tariff Regulations, 2018 specifies as follows:

*"28. **Depreciation***

(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.

(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

...

(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.

..."

The Petitioner submitted that UERC Tariff Regulations, 2018 are applicable from 01.04.2019 and has considered the Depreciation for FY 2021-22 on the basis of actual additional Capitalization in FY 2019-20 and revised estimate for FY 2020-21. The Petitioner has claimed depreciation considering the applicable Regulations.

The Commission in accordance with Regulation 28 of UERC Tariff Regulations, 2018 has computed the depreciation for the third Control Period as detailed below:

(i) **Depreciation on Opening GFA as on 14.01.2000:** All the 9 LHPs are over 12 years old and 9 out of 9 stations have already depreciated by 90% of the original cost, hence, no depreciation has been allowed on opening GFA for the 9 LHPs.

(ii) **Depreciation on additional capitalisation:** In accordance with the UERC Tariff Regulations, 2018, the Commission has computed the balance depreciable value for assets added in each year after January 2000 by deducting the cumulative depreciation as admitted by the Commission upto 31.03.2019 from the gross depreciable value of the assets. The Commission has spread over the above difference in the remaining period up to 12 years of such asset addition. Further, in case where the asset life has exceeded 12 years from the year of addition, the remaining depreciable value as on March 31 of the year closing has been spread over the balance useful life.

In line with the above approach, the Commission has computed the depreciation for 9 LHPs for FY 2021-22. The summary of Depreciation Charges for FY 2021-22 as approved by the Commission is shown in the Table below:

Table 4.12: Depreciation Charges as approved by the Commission for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dt. 27.02.2019			Claimed	Approved in this Order		
	On opening GFA as on Jan 14, 2000	On Additional Capitalization	Total		On opening GFA as on Jan 14, 2000	On Additional Capitalization	Total
Dhakrani	0.00	0.70	0.70	1.76	0.00	1.47	1.47
Dhalipur	0.00	3.61	3.61	4.51	0.00	3.08	3.08
Chibro	0.00	2.52	2.52	6.21	0.00	3.59	3.59
Khodri	0.00	1.73	1.73	3.04	0.00	1.94	1.94
Kulhal	0.00	0.48	0.48	2.00	0.00	1.40	1.40
Ramganga	0.00	2.30	2.30	3.34	0.00	2.47	2.47
Chilla	0.00	1.78	1.78	3.29	0.00	3.53	3.53
MB-I	0.00	6.78	6.78	7.08	0.00	5.13	5.13
Khatima	0.00	8.26	8.26	9.72	0.00	8.20	8.20
Total	**0.00**	**28.17**	**28.17**	**40.96**	**0.00**	**30.80**	**30.80**

B. Maneri Bhali-II

As regards the depreciation for MB-II for the third Control Period, the Commission in accordance with the UERC Tariff Regulations, 2018, has computed the balance depreciable value for MB-II by deducting the cumulative depreciation as admitted by the Commission upto 31.03.2019 from the gross depreciable value of the assets. The Commission observed that as on March 31, 2020 MB-II has completed 12 years from CoD. Accordingly, the depreciation for FY 2021-22 has been calculated by spreading the remaining depreciable value in the remaining useful life of the project, i.e., 23 years.

In line with the above approach and with a minor correction in the calculation of depreciation on additional capitalisation of FY 2015-16, the Commission has computed the depreciation for FY 2021-22 as Rs. 46.23 Crore. Further, the Commission observed that the depreciation calculation as submitted by the Petitioner had some infirmities resulting in higher claim. The depreciation for MB-II for FY 2021-22, accordingly, works out as shown in the Table below:

Table 4.13: Depreciation charges as approved by the Commission for MB-II for FY 2021-22 (Rs. Crore)

Particular	Approved in MYT Order dated 27.02.2019	Claimed	Approved in this Order
Depreciation	48.26	57.22	46.23

4.3.5 *Return on Equity*

A. Old Nine Generating Stations

Regulation 26 of the UERC Tariff Regulations, 2018 specifies as follows:

"26. Return on Equity

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.

Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.

(2) Return on equity shall be computed on at the base rate of 15.5% for thermal generating stations, transmission licensee, SLDC and run of the river hydro generating station and at the base rate of 16.50% for the storage type hydro generating stations and run of river generating station with pondage and distribution licensee on a post-tax basis."

The Petitioner submitted that it has claimed RoE in accordance with the aforesaid Regulations at the rate of 16.50% for Chibro, Khodri, Ramganga and MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla & Khatima on post-tax basis. The Petitioner further submitted that it may be allowed to recover Income Tax as per Regulations 34 of UERC Tariff Regulations, 2018, which specifies as follows:

"Income Tax, if any, on the income stream of the regulated business of Generating Companies, Transmission Licensees, Distribution Licensees and SLDC shall be reimbursed to the Generating Companies, Transmission Licensees, Distribution Licensees and SLDC as per actual income tax paid, based on the documentary evidence submitted at the time of truing up of each year of the Control Period, subject to the prudence check."

The Commission has allowed RoE at the rate of 16.50% for Chibro, Khodri, Ramganga and MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla and Khatima as per Regulation 26 of UERC Tariff Regulations, 2018. Further, pending finalisation of the Transfer Scheme and in view of equity erosion due to de-capitalisation of Rs. 2.03 Crore in FY 2014-15 in Khatima LHP of the Petitioner, the Commission had allowed RoE on the provisional value of the opening equity of Rs. 150.58 Crore in accordance with the directions of the Hon'ble Appellate Tribunal for Electricity issued in the Order dated 14.09.2006 (Appeal No. 189 of 2005) and detailed in the Commission's Order dated 14.03.2007.

As regards RoE on additional Capitalisation, the Commission has considered the normative equity of 30% where entire financing has been done through internal resources and on actual basis in other cases subject to a ceiling of 30% as specified in the Regulations. It is to be noted that the additional capitalization approved by the Commission in FY 2019-20 includes DRIP works and the works were financed with a debt - equity ratio was 80:20. The same has been considered and RoE at the respective rates have been applied on the equity amount corresponding to 20% of asset addition on account of DRIP. Further, with regard to recovery of Income Tax paid, the Commission is of the view that Regulation 34 of UERC Tariff Regulations, 2018 allows recovery of actual Tax paid, subject to submission of documentary proof. Therefore, the Petitioner is entitled to claim the same at the time of truing-up as per the actuals in accordance with Regulation 34 of UERC Tariff Regulations, 2018.

As the Transfer Scheme is yet to be finalized, the Commission is provisionally allowing return on normative equity at the rate of 16.50% for Chibro, Khodri, Ramganga and MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla and Khatima in accordance with the provisions of UERC Tariff Regulations, 2018. The summary of the Return on Equity approved for 9 LHPs for third Control Period is shown in the Table given below:

Table 4.14: Return on Equity for Nine Old LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dt. February 27, 2019			Claimed	Approved in this Order		
	On Transferred Asset as on Jan 14, 2000	On Additional Capitalization	Total		On Transferred Asset as on Jan 14, 2000	On Additional Capitalization	Total
Dhakrani	0.58	0.64	1.22	2.09	0.58	1.19	1.77
Dhalipur	0.95	3.30	4.25	4.89	0.95	2.69	3.64
Chibro	4.35	2.50	6.85	9.79	4.35	2.96	7.31
Khodri	3.66	1.68	5.34	6.47	3.66	1.75	5.42
Kulhal	0.81	0.45	1.26	2.73	0.81	1.13	1.95
Ramganga	2.48	2.54	5.02	5.23	2.48	2.16	4.64
Chilla	5.81	2.55	8.36	8.80	5.81	3.08	8.89
Maneri Bhali-I	5.43	6.81	12.24	11.86	5.43	4.93	10.36
Khatima	0.33	7.65	7.98	8.80	0.24	7.32	7.56
Total	**24.40**	**28.12**	**52.51**	**60.65**	**24.30**	**27.23**	**51.53**

B. Maneri Bhali-II

The Petitioner in its Petition has submitted that the Petitioner has computed return on equity on opening equity for each financial year as per UERC Tariff Regulations, 2018. Further, the Petitioner has claimed Return on Equity for MB-II generating station including the Return on Equity from PDF funds.

As discussed earlier in Chapter 3, the Commission has revised the Capital Cost as on COD to Rs. 1885.50 Crore. As per the financing considered by the Commission for the total approved Capital

Cost of Rs. 1885.50 Crore and additional capitalisation of Rs. 363.22 Crore till FY 2020-21, Rs. 662.50 Crore has only been funded through equity as already discussed in Chapter 3 of this Order and detailed in the Table below:

Table 4.15: Details of Equity upto FY 2020-21

Particulars	Amount (Rs. Crore)
Approved Capital cost as on 15.03.2008 (CoD)	1885.50
Additional Capitalisation upto 31.03.2021	363.21
GFA as on 31.03.2020	2248.72
Financing through grant received from GoU as relief for natural calamity	40.37
Net GFA	2208.35
Equity @30%	**662.50**
(i) Through PDF	351.39
(ii) GoU budgetary support	147.11
(iii) Pre-2002 expenses	164.00

However, since, out of the total equity of Rs. 662.50 Crore, Rs. 351.39 Crore had come through PDF, the Commission has not allowed the Return on Equity on the GoU contribution from PDF in the approval of ARR and truing-up for the Petitioner for past years for reasons recorded in the respective Orders of the Commission. Hence, the Commission does not find the need to allow Return on Equity on GoU contribution from PDF.

The Commission has, therefore, considered the equity of Rs. 311.11 Crore [Rs 147.11 Crore (GoU budgetary support) + Rs 164 Crore (Pre-2002 expenses)] eligible for return purposes for FY 2021-22. The Commission has computed the RoE at the rate of 16.50% as specified in UERC Tariff Regulations, 2018. The summary of the Return on Equity approved for MB-II for FY 2021-22 is shown in the Table given below:

Table 4.16: Return on Equity for MB-II for FY 2021-22 (Rs. Crore)

Particular	Approved in MYT Order dated February 27, 2019	Claimed	Approved in this Order
Return on Equity	51.55	114.26	51.33

4.3.6 *Interest on Loans*

A. Old Nine Generating Stations

Regulation 27 of the UERC Tariff Regulations, 2018 specifies as follows:

*"**27. Interest and finance charges on loan capital and on Security Deposit***

(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative

loan for calculation of interest on loan.

(2) The normative loan outstanding as on 1.4.2019 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2019 from the gross normative loan.

(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year.

...

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio of the previous year after providing appropriate accounting adjustment for interest capitalised:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered.

Provided further that if the generating station or the transmission system or the distribution system or SLDC, as the case may be, does not have actual loan, then the weighted average rate of interest of the generating company or the Transmission Licensee or the Distribution Licensee or SLDC as a whole shall be considered.

(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

…"

As also discussed in Chapter 3 of this Order, the Commission has computed the weighted average interest rate based on the outstanding loans for UJVN Ltd. except for loans taken for new projects that are yet to achieve COD. It is to be noted that the additional capitalization approved by the Commission in FY 2019-20 includes DRIP works, which were financed with a debt - equity ratio of 80:20 and the rate of interest on the loan component is zero. Accordingly, the opening balance of the loan pertaining to debt component of DRIP works has been considered for FY 2020-21 with interest rate as zero during the calculation of weighted average interest rate for FY 2020-21. The weighted average rate arrived for FY 2020-21 is also considered for FY 2021-22. The interest rate based on the above, works out to 9.62% in case of Khatima LHP and 7.41% for other 8 LHPs. Thus, the Commission has considered the interest rate of 9.62% in case of Khatima LHP and 7.41% for other 8 LHPs for computing the interest expenses. In case of MB-II station as the actual loan has been availed for the project, therefore, the interest has been computed on the basis of actual loans availed for the project. The interest rate based on the above after excluding the GoU Guarantee Fee works out to be 8.94% for MB-II station. Further, for repayment purposes, the Commission has considered repayment equal to depreciation in accordance with the UERC Tariff Regulations, 2018, while loan addition during the year has not been considered since the Petitioner capitalises the assets at the end of the Financial Year.

Based on the above considerations and the UERC Tariff Regulations, 2018, the Commission has calculated the interest expense for 9 LHPs for FY 2021-22 as shown in the Table below:

Table 4.17: Interest on Loan for Nine Old LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order 27.02.2019	Claimed by UJVN Ltd.	Approved in this Order					
			Opening Loan	Loan Addition	Repayment	Closing Loan	Interest
Dhakrani	0.62	3.16	17.33	16.43	1.47	32.28	1.23
Dhalipur	3.12	8.81	39.98	20.78	3.08	57.68	2.85
Chibro	2.03	7.80	28.09	3.23	3.59	27.73	1.95
Khodri	0.87	3.78	10.92	2.57	1.94	11.56	0.74
Kulhal	0.40	4.53	17.93	0.82	1.40	17.35	1.28
Ramganga	2.87	3.60	21.79	5.34	2.47	24.66	1.52
Chilla	2.27	4.46	37.46	2.80	3.53	36.74	2.64
Maneri Bhali-I	6.66	12.64	43.67	34.97	5.13	73.52	3.04
Khatima	8.21	11.52	75.54	0.05	8.20	67.39	6.88
Total	**27.06**	**60.29**	**292.73**	**86.99**	**30.80**	**348.92**	**22.12**

B. Maneri Bhali-II

As discussed in the preceding paras, the Commission has computed the weighted average interest rate of 8.94% based on the outstanding loans for the project up to 31.03.2020. The Commission for computing interest for MB-II station for FY 2021-22 has considered the above-mentioned interest rate.

The Commission has calculated Interest on Loan based on the approach adopted for 9 LHPs for FY 2021-22. The Commission in accordance with UERC Tariff Regulations, 2018 has considered the repayment for each year of the Control Period equal to the depreciation allowed for that year.

Based on the above considerations and the UERC Tariff Regulations, 2018, the Commission has calculated the interest expense for MB-II for FY 2021-22 as shown in the Table below:

Table 4.18: Interest on Loan for MB-II for FY 2021-22 of Third Control Period (Rs. Crore)

Particular	Approved in MYT Order dated 27.02. 2019	Claimed	Approved in this Order
Interest on Loan	52.75	54.61	45.29

4.3.7 *Operation and Maintenance expenses*

Regarding the Operation and Maintenance expenses, Regulation 48(2) of the UERC Tariff Regulations, 2018 specifies as follows:

"48 Operation and Maintenance Expenses

(2) For Hydro Generating Stations

(a) ***For Generating Stations in operation for more than five years preceding the Base Year***

The operation and maintenance expenses for the first year of the control period will be approved by the Commission taking in to account the actual O&M expenses for last five years till base year, based on the audited balance sheets, excluding abnormal operation and maintenance expenses, if any, subject to prudence check and any other factors considered appropriate by the Commission.

(b) ***For Generating Stations in operation for less than 5 years preceding the base year:***

In case of the hydro electric generating stations, which have not been in existence for a period of five years preceding the base year, i.e. FY 2017-18, the operation and maintenance expenses for the base year of FY 2017-18 shall be fixed at 4% and 2.5% of the actual capital cost (excluding cost of rehabilitation & resettlement works) as admitted by the Commission, for stations less than 200 MW projects and for stations more than 200 MW respectively, for the first year of operation and shall be escalated from the subsequent year in accordance with the escalation principles specified in clause (e) below.

(c) ***For Generating Stations declared under commercial operation on or after 01.4.2019.***

In case of new hydro electric generating stations, i.e. the hydro electric generating stations declared under commercial operation on or after 1.4.2019, the base operation and maintenance expenses for the year of commissioning shall be fixed at 4% and 2.5% of the actual capital cost (excluding cost of rehabilitation & resettlement works) as admitted by the Commission, for stations less than 200 MW projects and for stations more than 200 MW respectively and shall *be escalated from the subsequent year in accordance with the escalation principles specified in clause (e)below.*

(d) *Post determination of base O&M Expenses for the base year, i.e. FY 2017-18, the O&M expenses for the nth year and also for the year immediately preceding the Control Period, i.e. 2018-19 shall be approved based on the formula given below: -*

O&Mn = R&Mn + EMPn + A&Gn

Where –

- *O&Mn – Operation and Maintenance expenses for the nth year;*
- *EMPn – Employee Costs for the nth year;*
- *R&Mn – Repair and Maintenance Costs for the nth year;*
- *A&Gn – Administrative and General Costs for the nth year;*

The above components shall be computed in the manner specified below:

EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)

R&Mn = K x (GFA n-1) x (1+WPIinflation) and

A&Gn = (A&Gn-1) x (1+WPIinflation)+ Provision

Where -

- *EMPn-1 – Employee Costs for the (n-1)th year;*
- *A&G n-1 – Administrative and General Costs for the (n-1)th year;*
- *Provision: Cost for initiatives or other one-time expenses as proposed by the Generating Company and approved by the Commission after prudence check.*
- *'K' is a constant to be specified by the Commission %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on Generating Company's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;*

  Provided that for the projects whose Renovation and Modernisation has been carried *out, the R&M expenses for the nth year shall not exceed 4% of the capital cost admitted by the Commission.*

- *CPI inflation – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;*
- *WPI inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;*
- *GFAn-1 – Gross Fixed Asset of the Generating Company for the n-1th year;*
- *Gn is a growth factor for the nth year and it can be greater than or less than zero based on the actual performance. Value of Gn shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on Generating Company's filings, benchmarking and any other factor that the Commission feels appropriate*

  Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only.

(e) *O&M expenses determined in sub-Regulation 2(b) & 2(c) above, shall be escalated for subsequent years to arrive at the O&M expenses for the control period by applying the Escalation factor (EFk) for a particular year (Kth year) which shall be calculated using the following formula:*

$$EF_k = 0.55xWPI_{Inflation} + 0.45xCPI_{Inflation}$$

(f) *In case of multi-purpose hydroelectric stations, with irrigation, flood control and power components, the O&M expenses chargeable to power component of the station only shall be considered for determination of tariff."*

The O&M expenses comprise Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 48(2) of the UERC Tariff Regulations, 2018, the O&M expenses for the third Control Period has been determined by the Commission taking into account actual O&M expenses of the previous years and any other factors considered appropriate by the Commission.

The Commission has calculated the annual growth in values of CPI (overall) for Industrial Workers and WPI (overall) based on the average of FY 2017-18 to FY 2019-20 and has considered the same for determination of indices for FY 2020-21 and subsequently for FY 2021-22. The summary of the same is provided in the Table below:

Table 4.19: Escalation Rate as considered by the Commission for FY 2020-21 and FY 2021-22

Particulars	FY 2020-21	FY 2021-22
CPI	5.35%	5.35%
WPI	2.96%	2.96%

The submissions of the Petitioner and the Commission's analysis for approving the various components of the O&M expenses for FY 2021-22 is detailed below.

A. Old Nine Generating Stations

4.3.7.1 ***Employee expenses***

The Commission had approved the employee expenses of Rs. 239.74 Crore for FY 2021-22 in its MYT Order dated February 27, 2019. The Petitioner, in its Petition, has proposed the employee expenses for FY 2021-22 as Rs. 230.75 Crore as per the UERC Tariff Regulations, 2018 considering actual employee expenses for FY 2019-20 and projected employee expenses for FY 2020-21.

The Commission has computed the employee expenses in accordance with the UERC Tariff Regulations, 2018. In accordance with the UERC Tariff Regulations, 2018, the Gn (growth factor) is to be considered in the computation of employee expenses. The Commission in its MYT Order dated February 27, 2019 in the approval of the Business Plan for the third Control Period from FY 2019-20 to FY 2020-21, approved the HR Plan with Gn factor of 1.29% and 3.05% for FY 2020-21 and FY 2021-22, respectively. The Petitioner has proposed the Gn factors of 1.50% and 1.15% for FY 2020-21 and FY 2021-22, respectively with proposed recruitment of 99 and 83 employees in FY 2020-21 and FY 2021-22, respectively. With regard to the closing number of employees for FY 2019-20, as discussed in Chapter 3, the Petitioner vide its Reply dated April 12, 2021 submitted the closing number of employees pertaining to HQ and LHPs for FY 2019-20 as 1681 and the Commission has considered the same as the opening no. of employees for FY 2020-21.

The Commission vide its letter dated December 14, 2020 sought the preparedness for recruitment of staff in support of its claim of Gn. The Petitioner vide its reply dated December 24, 2020, for HQ and LHPs submitted that out of proposed recruitment of 99 employees in FY 2020-21, 45 employees have already joined between April, 2020 to September 2020 and 54 employees are likely to join between October, 2020 and March 2021 of which joining of 1 employee is completed and letter from GoU is awaited and list of 53 selected employees is awaited from Uttarakhand Subordinate Services Selection Commission (UKSSSC). Further, the Petitioner submitted detailed Recruitment Plan for FY 2021-22 for 10 LHPs.

Further, vide letter dated March 26, 2021, the Commission again sought realistic employee addition in FY 2020-20 and FY 2021-22 along with break up among HQ, LHPs, SHPs, Project and other, if any on the basis of current status and initiatives taken by UJVN Ltd. The Petitioner vide its reply dated April 12, 2021, for HQ and LHPs has submitted revised employee addition as 51 in FY 2020-21 and 93 for FY 2021-22. The Commission has considered the Petitioner's submission dated April 12, 2021 for consideration of Gn for FY 2020-21 and FY 2021-22 as 0.00% and 1.02% respectively.

With regard to recruitment of employees, the Commission has observed that UJVN Ltd. is over projecting the recruitment figures so as to depict a very optimistic picture of employee recruitment and value of Gn for projecting its employee expenses. In this regard, UJVN Ltd. should refrain from making such unrealistic targets of employee recruitment and must analyse before submitting such erroneous high figures before the Commission.

In accordance with UERC Tariff Regulations, 2018, CPI inflation, which is the average increase in the CPI for the preceding three years is to be considered. The Commission has calculated the annual growth in values of CPI (overall) based on the average of preceding three full years upto FY 2019-20 as 5.35%.

Further, with regard to impact of VII Pay Commission, the Commission in its MYT Order dated February 27, 2019 had considered the impact to be 15% in FY 2018-19 for arriving at the norms for the third Control Period and retained the same for arriving at the normative employee expenses for FY 2021-22. In this regard, the Commission rules that the employee expenses shall be allowed on actuals for FY 2021-22 and shall be subject to prudence check at the time of True Up without any sharing of gains and losses. Therefore, the Petitioner is directed to maintain the data and submit the same at the time of filing of True up Petitions.

The Commission has considered the normative employee expenses approved in the true up for FY 2019-20 for projecting the employee expense for FY 2021-22 in accordance with the UERC Tariff Regulations, 2018. The normative employee expenses approved for FY 2021-22 are as shown in the Table below:

Table 4.20: Employee expenses approved for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved in this Order
Dhakrani	12.49	14.05	12.22
Dhalipur	18.85	14.34	18.44
Chibro	52.12	51.94	50.98
Khodri	28.79	24.96	28.15
Kulhal	11.11	11.41	10.86
Ramganga	34.97	34.54	34.20
Chilla	38.09	37.85	37.25
ManeriBhali-I	27.84	29.09	27.23
Khatima	15.48	12.56	15.14
Total	**239.74**	**230.75**	**234.46**

4.3.7.2 *R&M expenses*

The Petitioner in its Petition has projected Repairs and Maintenance expenses for FY 2021-22 based on the K factor and revised Opening GFA for FY 2021-22 in accordance with the UERC Tariff Regulations, 2018. The Petitioner has computed the R&M expenses by multiplying K factor as approved by the Commission in MYT Order dated February 27, 2019 with revised opening GFA of FY 2021-22 and has escalated the same with WPI inflation of 2.96%. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 152.03 Crore for FY 2021-22.

The Commission in its MYT Order dated February 27, 2019 had approved the R&M expenses of Rs. 98.36 Crore for FY 2021-22. As against the same, the Petitioner has proposed R&M expenses of Rs. 152.03 Crore.

The UERC Tariff Regulations, 2018 specify that the R&M expenses for FY 2021-22 shall be arrived at by multiplying the constant factor K with the opening GFA approved for FY 2021-22. Further, with regard to the constant K, the Regulations specify that for the projects whose Renovation and Modernization has been carried out, the R&M expenses for n^{th} year shall not exceed 4% of capital cost admitted by the Commission. The Commission observed that the opening GFA for FY 2021-22 includes the additional capitalization admitted by the Commission on account of DRIP works, whereas, the opening GFA considered by the Commission in MYT Order for FY 2021-22 has not considered the additional capitalization on account of DRIP works. The Commission, as discussed in Chapter 3, observes that the Petitioner, the nature of works executed under these works is similar to Renovation and Modernization of Dams/Barrages. Considering the same, the Commission finds it prudent to consider the additional capitalization under DRIP as Renovation and Modernization and limit the R&M expenses to 4% of the admitted capital cost. Accordingly, the Commission considers the K factor as 4% for the additional capitalization on account of DRIP works.

The Commission also observed that the opening GFA for FY 2021-22 includes the additional capitalization approved on account of ERP, whereas, the normative O&M expenses approved for the third Control Period in MYT Order dated February 27, 2019 does not include the GFA on account of ERP. Accordingly, the Commission has adjusted the opening GFA for FY 2021-22 with the addition on account of ERP.

With regard to the R&M expenses for Khatima LHP, the Commission, as discussed in Chapter 3, has revised the approved K factor as 3% for FY 2019-20, FY 2020-21 and FY 2021-22 considering that there is significant variation between the actual incurred expenses of Khatima LHP in FY 2019-20 from the approved expenses with 'K' factor as 2%. In line with the same, the Commission has considered the K factor as 3% in case of Khatima LHP for FY 2021-22.

The Commission has considered the constant factor 'K' same as determined by the Commission in the MYT Order dated February 27, 2019 except for Khatima LHP, and for Khatima LHP the same has been considered as 3% as discussed in above paras. For projecting the R&M expenses for FY 2021-22 on account of opening GFA apart from the addition in GFA on account DRIP works approved in FY 2019-20, the Commission has multiplied the 'K' factor with the opening GFA approved for FY 2021-22.

With regard to R&M expenses on the opening GFA on account of DRIP works, the Commission has multiplied the 'K' factor of 4% as discussed above with the approved additional capitalization on account of DRIP in FY 2019-20.

Further, the Commission has considered the WPI inflation of 2.96%, which is the average increase in the WPI for FY 2017-18 to FY 2019-20.

With regard to Dhakrani, Dhalipur, Chilla and MB-I, the RMU works are projected to be carried out in FY 2021-22. With regard to other stations, wherein the RMU works shall be completed in FY 2021-22, the Commission on the provisional basis has considered R&M expenses for FY 2021-22 based on the methodology provided in the Regulations. However, the Commission shall determine the same at the time of truing-up and sharing of any gain or loss on account of such re-consideration shall not be allowed.

Based on above, the R&M expenses approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.21: R&M Expenses approved for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dated 27.02 2019	Revised Projections by UJVN Ltd.	Approved in this Order
Dhakrani	12.55	22.07	13.43
Dhalipur	11.40	21.44	2.45
Chibro	16.69	24.37	16.97
Khodri	8.81	10.92	8.81
Kulhal	7.18	15.91	8.31
Ramganga	9.88	10.88	8.89
Chilla	16.14	19.16	17.94
Maneri Bhali-I	12.27	19.48	9.31
Khatima	3.45	7.80	4.91
Total	**98.36**	**152.03**	**91.02**

4.3.7.3 *A&G expenses*

The Petitioner in its APR Petition has revised certain A&G expenses on the basis of actual A&G expenses for FY 2019-20 and has proposed the A&G expenses of Rs. 42.84 Crore for FY 2021-22.

With regard to the expenses on account of implementation of ERP at UJVN Ltd., the Commission, in line with the approach adopted in Order dated April 18, 2020 has not considered the same in deriving the normative expenses, which shall be considered at the time of truing-up subject to prudence check. Further, as discussed in Chapter 3, the Petitioner in reply to the query on efforts to reduce the recurring expenditure, has submitted that the existing agreement would come to end in December 2021 and re-tendering will be held for subsequent period during which UJVN Ltd. will make its best possible efforts to reduce the same. In this regard, the Commission directs the Petitioner to make its best efforts and ensure that the recurring expenditure on account of implementation of ERP is reduced from the existing level.

For calculating the A&G expenses for FY 2021-22, the Commission has considered the normative A&G expenses approved in the True Up of FY 2019-20 and escalated the same by the WPI inflation of 2.96% to arrive at the A&G expenses for FY 2021-22. The Commission has not considered the Petition filing fees while escalating the A&G expenses, which has been added subsequently.

The normative A&G expenses approved by the Commission for FY 2021-22 are as shown in the Table below:

Table 4.22: A&G Expenses approved for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved in this Order
Dhakrani	0.85	2.47	0.94
Dhalipur	1.35	2.72	1.53
Chibro	4.71	9.69	6.38
Khodri	2.60	5.84	3.03
Kulhal	0.74	2.08	0.81
Ramganga	4.12	6.51	4.81
Chilla	4.63	6.83	4.39
Maneri Bhali-I	2.27	4.53	2.65
Khatima	0.85	2.18	0.97
Total	**22.12**	**42.84**	**25.51**

4.3.7.4 *O&M expenses*

Based on above discussions, the O&M expenses approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.23: O&M Expenses approved for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dated 27.02.2019	Revised Projections by UJVN Ltd.	Approved in this Order
Dhakrani	25.89	38.59	26.59
Dhalipur	31.60	38.50	22.42
Chibro	73.52	86.00	74.32
Khodri	40.19	41.73	39.99
Kulhal	19.02	29.40	19.98
Ramganga	48.97	51.93	47.90
Chilla	58.86	63.84	59.57
Maneri Bhali-I	42.39	53.09	39.20
Khatima	19.78	22.54	21.01
Total	**360.22**	**425.62**	**350.99**

B. Maneri Bhali-II

The Petitioner in its APR Petition for projecting the O&M Expenses for MB-II for FY 2021-22 has considered the actual O&M expenses of FY 2019-20 based on the audited accounts and escalated the same with appropriate CPI and WPI Indices, K-Factor and Gn to derive the O&M expenses for FY 2021-22 as discussed in the above paras for 9 LHPs.

The Commission has adopted the same approach as discussed above in case of 9 LHPs and has, accordingly, approved the O&M expenses for MB-II for FY 2021-22 as shown below:

Table 4.24: O&M expenses approved by the Commission for MB-II for FY 2021-22
(Rs. Crore)

Particulars	Approved in MYT Order dated February 27, 2019	Revised Projections by UJVN Ltd	Approved in this Order
Employee Expenses	29.24	28.56	28.60
R&M Expenses	20.33	20.48	20.80
A&G Expenses	10.31	11.29	12.23
Total	**59.89**	**60.33**	**61.62**

The Commission, pursuant to the revision in NAPAF and Design Energy approved in Order dated April 18, 2020 based on the Report submitted by the Expert Consultant appointed by the Commission, vide its Minutes of TVS dated March 4, 2021 sought Compliance Report in respect of implementation of recommendations made by the Expert Consultant. The Petitioner, vide its reply dated March 16, 2021 submitted that the recommendations made by Expert Consultant suggest for better inventories for replacement of damaged components instead of in-situ repairing thereby reducing the time required for annual maintenance of the machines. Accordingly, the implementation requires:

- One time expenditure of Rs. 25.6 Crore for procurement of spares along with construction store and EOT crane,
- Rs. 3 Crore for HVOF coating for every year, and,
- Rs. 15 Crore for every two years for Runners and Guide Vanes.

In this regard, the Commission vide its letter dated March 26, 2021 sought cost-benefit analysis of such expenditure along with expected % increase in energy potential and % improvement in NAPAF. The Petitioner, vide its Reply dated April 7, 2021 submitted that expected average energy availability will be 30 MU and the expected improvement in PAFY shall be up to 76%. With regard to cost-benefit analysis, the Petitioner submitted that the improvement in energy availability of 30 MU can result in sharing of Rs. 15 Crore (calculated at the rate of Rs. 5/unit) along with the benefit of availability during peak hours due to increased PAFY.

In view of the above submissions, the Commission is of the view that the submissions made by the Petitioner have to be examined with due care and accordingly, directs the Petitioner to approach the Commission through a separate application before implementing the recommendations suggested by the Expert Consultant.

4.3.8 *Interest on Working Capital*

A. Old Nine Generating Stations

The Petitioner submitted that the interest on working capital for FY 2021-22 has been proposed in accordance with Regulation 33 of UERC Tariff Regulations, 2018.

Regulation 33 of UERC Tariff Regulations, 2018 specifies as follows:

"Rate of interest on working capital shall be on normative basis and shall be equal to the State Bank Advance Rate (SBAR) of State Bank of India as on the date on which the application for determination of tariff or truing up or annual performance review is made."

...

b) In case of hydro power generating stations and transmission system and SLDC, the working capital shall cover:

(i) Operation and maintenance expenses for one month;

(ii) Maintenance spares @ 15% of operation and maintenance expenses; and

(iii) Receivables equivalent to two months of the annual fixed charges."

The Petitioner submitted that it has considered the rate of interest on working capital equal to SBI PLR of 12.15% in accordance with the Regulations. The Petitioner further submitted documentary proof towards rate of interest on working capital considered.

The Commission has determined the interest on working capital for FY 2021-22 in accordance with the aforesaid Regulations and the same is as discussed below.

4.3.8.1 *One Month O&M Expenses*

The annual O&M expenses approved by the Commission is Rs. 350.99 Crore for FY 2021-22. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 29.25 Crore for FY 2021-22.

4.3.8.2 *Maintenance Spares*

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2018, which works out to Rs. 52.65 Crore for FY 2021-22.

4.3.8.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ARR of Rs. 469.56 Crore for FY 2021-22, which works out to Rs. 78.26 Crore for FY 2021-22.

Based on the above, the total working capital requirement of the Petitioner for FY 2021-22 works out to Rs. 160.16 Crore. The Commission has considered the rate of interest on working capital as 12.15% equal to State Bank Advance Rate (SBAR) as prevalent on the date of filing of this Petition, and, accordingly, the interest on working capital works out to Rs. 19.46 Crore for FY 2021-22. The interest on working capital approved by the Commission for FY 2021-22 is as shown in the Table below:

Table 4.25: Interest on Working Capital approved by the Commission for 9 LHPs for FY 2021-22 (Rs. Crore)

Generating Stations	1-month O&M Expenses	Maintenance Spares@15% of O&M	2 months Receivables	Total Working Capital	Interest on Working Capital		
					Approved in MYT Order 27.02.2019	Claimed	Approved
Dhakrani	2.22	3.99	5.35	11.55	1.51	2.06	1.40
Dhalipur	1.87	3.36	5.46	10.70	2.02	2.29	1.30
Chibro	6.19	11.15	14.99	32.33	4.38	4.76	3.93
Khodri	3.33	6.00	8.26	17.59	2.43	2.34	2.14
Kulhal	1.67	3.00	4.23	8.89	1.11	1.65	1.08
Ramganga	3.99	7.18	9.68	20.85	2.97	2.83	2.53
Chilla	4.96	8.94	12.89	26.79	3.59	3.51	3.26
MB-I	3.27	5.88	9.95	19.09	2.98	3.29	2.32
Khatima	1.75	3.15	7.46	12.37	1.68	1.74	1.50
Total	**29.25**	**52.65**	**78.26**	**160.16**	**22.68**	**24.46**	**19.46**

B. Maneri Bhali-II

As regards the interest on working capital for MB-II, the Commission has computed the same based on the UERC Tariff Regulations, 2018 and considering the prevailing SBAR of 12.15% as on the date on filing of the instant Petition. The summary of the interest on working capital for MB-II for FY 2021-22 is shown in the Table below:

Table 4.26: Interest on Working Capital approved by the Commission for MB-II for FY 2021-22 (Rs. Crore)

Generating Stations	1-month O&M Expenses	Maintenance Spares@15% of O&M	2 months Receivables	Total Working Capital	Interest on Working Capital		
					Approved in MYT Order	Claimed	Approved
MB-II	5.14	9.24	34.92	49.30	6.93	7.67	5.99

4.3.9 *Non-Tariff Income*

A. Old Nine Generating Station

Regulation 46 of UERC Tariff Regulations, 2018 specifies as follows:

"46. Non Tariff Income

The amount of non-tariff income relating to the Generation Business as approved by the Commission shall be deducted from the Annual Fixed Charges in determining the Net Annual Fixed Charges of the Generating Company.

Provided that the Generating Company shall submit full details of its forecast of non tariff income to the Commission in such form as may be stipulated by the Commission from time to time.

The indicative list of various heads to be considered for non tariff income shall be as under;

a) Income from rent of land or buildings;

b) Income from sale of scrap;

c) Income from statutory investments;

d) Interest on delayed or deferred payment on bills;

e) Interest on advances to suppliers/contractors;

f) Rental from staff quarters;

g) Rental from contractors;

h) Income from hire charges from contactors and others;

i) Income from advertisements, etc.;

j) Any other non- tariff income.

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated business of the Generating Company shall not be included in Non-Tariff Income."

The Petitioner has proposed Non-Tariff Income of Rs. 5.34 Crore for FY 2021-22 as approved by the Commission in MYT Order dated February 27, 2019. The Commission provisionally accepts the same for FY 2021-22. The same shall, however, be trued up based on the actual audited accounts for the respective year.

Table 4.27: Non-Tariff Income for 9 LHPs for FY 2021-22 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dt. 27.02.2019	Proposed by UJVN Ltd.	Approved in this Order
Dhakrani	0.39	0.39	0.39
Dhalipur	0.50	0.50	0.50
Chibro	1.18	1.18	1.18
Khodri	0.69	0.69	0.69
Kulhal	0.30	0.30	0.30
Ramganga	1.01	1.01	1.01
Chilla	0.54	0.54	0.54
M Bhali I	0.38	0.38	0.38
Khatima	0.37	0.37	0.37
Total	**5.34**	**5.34**	**5.34**

B. Maneri Bhali-II

The Petitioner has proposed Non-Tariff Income of Rs. 0.92 Crore for FY 2021-22. The Commission provisionally accepts the same for FY 2021-22. The same shall, however, be trued up based on the actual audited accounts for the respective year.

Table 4.28: Non-Tariff Income for MB-II for FY 2021-22 of third Control Period (Rs. Crore)

Name of the Generating Station	Approved in MYT Order dated February 27, 2019	Proposed by UJVN Ltd.	Approved in this Order
MB-II	0.92	0.92	0.92

4.3.10 ***Annual Fixed Charges, Capacity Charge and Energy Charge Rate (ECR) for FY 2021-22***

A. Old nine Generating Stations

Based on the above analysis for all the heads of expenses of AFC, the Commission has approved the Annual Fixed Charges (AFC) of UJVN Ltd. for FY 2021-22 attributable to its two beneficiaries. The Commission has allocated the AFC among the two beneficiaries of the Petitioner, viz. UPCL and HPSEB, based on their share in Dhakrani, Dhalipur, Chibro, Khodri and Kulhal and 100% on UPCL for other Plants. Further, as discussed above, the Commission has adjusted the entire Non-Tariff Income in the AFC of UPCL.

Regulation 50 of UERC Tariff Regulations, 2018 specifies as follows:

"50. Computation and Payment of Capacity Charges and Energy Charges for Hydro Generating Stations

(1) The Annual Fixed Charges of Hydro Generating Station shall be computed on annual basis, based on norms specified under these Regulations, and recovered on monthly basis under capacity charge (inclusive of incentive) and Energy Charge, which shall be payable by the beneficiaries in proportion to their respective percentage share/allocation in the saleable capacity of the generating station, i.e. in the capacity excluding the free power to the home State.

(2) The capacity charge (inclusive of incentive) payable to a hydro generating station for a calendar month shall be:

AFC x 0.5 x NDM / NDY x (PAFM / NAPAF) (in Rupees)

Where,

AFC = Annual fixed cost specified for the year, in Rupees.
NAPAF = Normative plant availability factor in percentage
NDM = Number of days in the month
NDY = Number of days in the year
PAFM = Plant availability factor achieved during the month, in Percentage

(3) The PAFM shall be computed in accordance with the following formula:

$$PAFM = 10000 \text{ x } \sum_{i=1}^{N} \text{DCi}/\{\text{N x IC x }(100 - \text{Aux})\}\%$$

Where,

AUX = Normative auxiliary energy consumption in percentage

DCi = Declared capacity (in ex-bus MW) for the ith day of the month which the station can deliver for at least three (3) hours, as certified by the Uttarakhand State Load Despatch Centre after the day is over.

IC = Installed capacity (in MW) of the complete generating station
N = Number of days in the month

(4) The Energy Charge shall be payable by every beneficiary for the total energy supplied to the beneficiary, during the calendar month, on ex-power Plant basis, at the computed Energy Charge rate. Total Energy Charge payable to the Generating Company for a month shall be:

(Energy Charge Rate in Rs. / kWh) x {Energy supplied (ex-bus)} for the month in kWh} x (100- FEHS)/100

(5) Energy Charge Rate (ECR) in Rupees per kWh on ex-power Plant basis, for a Hydro Generating Station, shall be determined up to three decimal places based on the following formula, subject to the provisions of sub-Regulation (7):

ECR = AFC x 0.5 x 10 / {DE x (100 – AUX) x (100 –FEHS)}

Where,

DE = Annual Design Energy specified for the hydro generating station, in MWh,.

FEHS = Free Energy for home State, in percent, as applicable."

In accordance with the above Regulations, the Annual Fixed Charge (AFC), Capacity Charges and Energy Charge Rate for FY 2021-22 for 9 LHPs as approved by the Commission is shown in the Table below:

Table 4.29: Approved AFC of 9 LHPs of UJVN Ltd. for FY 2021-22 (Rs. Crore)

Generating Station	Depreciation	Interest on Loan	Interest on working Capital	O&M Expenses	RoE	Gross Annual Fixed Cost	Gross AFC (UPCL)	Non-Tariff Income	Net AFC (UPCL)	Gross/Net AFC (HPSEB)
Dhakrani	1.47	1.23	1.40	26.59	1.77	32.46	24.35	0.39	23.96	8.12
Dhalipur	3.08	2.85	1.30	22.42	3.64	33.29	24.96	0.50	24.46	8.32
Chibro	3.59	1.95	3.93	74.32	7.31	91.10	68.33	1.18	67.15	22.78
Khodri	1.94	0.74	2.14	39.99	5.42	50.22	37.66	0.69	36.98	12.55
Kulhal	1.40	1.28	1.08	19.98	1.95	25.69	20.55	0.30	20.25	5.14
Ramganga	2.47	1.52	2.53	47.90	4.64	59.06	59.06	1.01	58.05	0.00
Chilla	3.53	2.64	3.26	59.57	8.89	77.89	77.89	0.54	77.35	0.00
MB-I	5.13	3.04	2.32	39.20	10.36	60.05	60.05	0.38	59.67	0.00
Khatima	8.20	6.88	1.50	21.01	7.56	45.15	45.15	0.37	44.78	0.00
Total	**30.80**	**22.12**	**19.46**	**350.99**	**51.53**	**474.90**	**418.00**	**5.34**	412.66	**56.90**

The summary of Capacity Charge and Energy Charge Rate (ECR) for 9 LHPs for FY 2021-22 is as given in the Table below:

Table 4.30: Approved Capacity Charge and Energy Charge Rate for 9 LHPs for FY 2021-22

Generating Station	Net AFC (UPCL) (Rs. Cr.)	Capacity Charge (UPCL) (Rs. Cr.)	Saleable Primary Energy (UPCL) (MU)	Energy Charge Rate (UPCL) (Rs. /kWh)	Gross/Net AFC (HPSEB) (Rs. Cr.)	Capacity Charge (HPSEB) (Rs. Cr.)	Saleable Primary Energy (HPSEB)(MU)	Energy Charge Rate (HPSEB) (Rs. /kWh)
Dhakrani	23.96	11.98	112.34	1.066	8.12	4.06	37.45	1.084
Dhalipur	24.46	12.23	136.11	0.899	8.32	4.16	45.37	0.917
Chibro	67.15	33.58	539.53	0.622	22.78	11.39	179.84	0.633
Khodri	36.98	18.49	249.01	0.742	12.55	6.28	83.00	0.756
Kulhal	20.25	10.13	118.30	0.856	5.14	2.57	29.57	0.869
Ramganga	58.05	29.03	308.82	0.940	0.00	0.00		0.000

Table 4.30: Approved Capacity Charge and Energy Charge Rate for 9 LHPs for FY 2021-22

Generating Station	Net AFC (UPCL) (Rs. Cr.)	Capacity Charge (UPCL) (Rs. Cr.)	Saleable Primary Energy (UPCL) (MU)	Energy Charge Rate (UPCL) (Rs. /kWh)	Gross/Net AFC (HPSEB) (Rs. Cr.)	Capacity Charge (HPSEB) (Rs. Cr.)	Saleable Primary Energy (HPSEB)(MU)	Energy Charge Rate (HPSEB) (Rs. /kWh)
Chilla	77.35	38.67	552.04	0.701	0.00	0.00		0.000
MB-I	59.67	29.84	363.89	0.820	0.00	0.00		0.000
Khatima	44.78	22.39	233.23	0.960	0.00	0.00		0.000
Total	412.66	**206.33**	**2613.27**		**56.90**	**28.45**	**375.24**	

In accordance with the provisions of the Regulations, the secondary energy rate shall be equal to the rate derived based on the original design energy and shall be applicable when the Saleable Primary Energy exceeds the Original Design Energy. In case the rate exceeds Rs. 0.90/kWh, the secondary energy rate shall be equal to Rs. 0.90/kWh. The Petitioner shall not be entitled for any ECR recovery for energy generation above Revised Saleable Design Energy of respective HEPs and up to original Saleable Design Energy.

B. Maneri Bhali-II

Based on the analysis of all the heads of expenses of AFC, the Commission has approved the Annual Fixed Charges (AFC) for MB-II for FY 2021-22. The Commission, to arrive at the Net AFC for MB-II, has adjusted the Non-Tariff Income from the gross AFC of MB-II. The summary of Annual Fixed Charge, Capacity Charge and Energy Charge rate for MB-II for FY 2021-22 is given in the Table below:

Table 4.31: Approved AFC, Capacity Charge and Energy Charge Rate for MB-II for FY 2021-22

Year	Depreciation	Interest on Loan (Rs. Cr.)	Interest on working Capital Rs. Cr.)	O&M Expenses Rs. Cr.)	RoE (Rs. Cr.)	Gross Annual Fixed Cost (Rs. Cr.)	Non-Tariff Income (Rs. Cr.)	Net AFC (Rs. Cr.)	Capacity Charge (Rs. Cr.)	Saleable Primary Energy (MU)	Energy Charge Rate (Rs./kWh)
FY 2021-22	46.23	45.29	5.99	61.62	51.33	210.47	0.92	209.55	104.77	1,278.09	0.820

In accordance with the provisions of the Regulations, the secondary energy rate shall be equal to the rate derived based on the original design energy and shall be applicable when the Saleable Primary Energy exceeds the Original Design Energy. In case the rate exceeds Rs. 0.90/kWh, the secondary energy rate shall be equal to Rs. 0.90/kWh. The Petitioner shall not be entitled for any ECR recovery for energy generation above Revised Saleable Design Energy of 1278.09 MU and up to original Saleable Design Energy of 1544.44 MU.

5 Commission's Directives

5.1 Compliance to the Directives Issued in Order dated 05.04.2010

5.1.1 *Transfer Scheme*

The Commission in its Tariff Order dated 05.04.2010 and in its subsequent Orders gave suitable directions to expedite finalisation of the Transfer Scheme. In compliance, the Petitioner in its APR Petition for FY 2014-15, submitted the initiatives taken by it to finalize the Transfer Scheme. Accordingly, the Commission in its APR Order dated 10.04.2014 had directed the Petitioner as under:

"The Commission directs UJVN Ltd. that till the time transfer scheme is finalised it should submit the quarterly progress report to the Commission"

In this regard, the Commission in its Tariff Order dated April 18, 2020, considering the submissions of the Petitioner during the Tariff proceedings for FY 2020-21 had directed the Petitioner to closely follow up the issue and submit quarterly status report to the Commission. However, the Commission pointed out that there has been an inordinate delay in the finalization of the Transfer Scheme, which is attributable to the Petitioner, hence, any consequential claim arising due to finalization of the Transfer Scheme shall be considered on merits by the Commission without any carrying cost on the same.

In compliance to the above, UJVN Ltd., vide its letter dated September 28, 2020 under quarterly progress report on Transfer Scheme with regard to GPF Trust Liability, submitted that UPCL has paid a sum of Rs. 1.56 Crore to UJVN Ltd. on account of opening balance of principal amount of GPF and the amount payable by UPCL to UJVN Ltd. remains at Rs. 41.08 Crore (Rs. 42.64 Crore – Rs. 1.56 Crore). Subsequently, the Petitioner, in the Petitions submitted that the matter is being pursued at the highest level and the GPF issue has been resolved. The Petitioner further submitted that the status on the remaining issues viz. LIC loan liabilities will be submitted after the next meeting with GoU.

The Commission has noted the submissions of the Petitioner and **directs the Petitioner to closely follow up the pending issues and submit quarterly status report to the Commission. The Commission further directs that there has been an inordinate delay in the finalization of the**

Transfer Scheme, which is attributable to the Petitioner, hence, any consequential claim arising due to finalization of the Transfer Scheme shall be considered on merits by the Commission without any carrying cost on the same.

5.2 Compliance to directives issued in Order dated 10.05.2011

5.2.1 *Colony Consumption*

With regard to the colony consumption, the Commission in its previous Tariff Orders has been directing the Petitioner to ensure proper colony-wise accounting of energy consumed by its employees.

In this regard, the Commission in its Tariff Order dated April 18, 2020 had directed the Petitioner to ensure the compliance of the Commission's directions in totality and had further directed to submit colony-wise consumption of employees on monthly basis along with the next tariff filing.

In compliance to the above directions, UJVN Ltd. submitted that in compliance to the Orders of Hon'ble High Court of Uttarakhand, the Colonies connections have now been handed over to UPCL. The Petitioner vide its letter dated December 24, 2020 has submitted the details of transfer of connections to UPCL for all the Plants/Colonies and vide letter dated January 04, 2021 submitted colony-wise consumption for all the Plants/Colonies.

The Commission has taken note of the submissions made by the Petitioner.

5.3 Compliance to the Directives Issued in MYT Order dated 06.05.2013

5.3.1 *Design Energy*

With respect to the Design Energy of 9 LHPs, the Commission in its MYT Order dated 06.05.2013 and its subsequent Orders directed the Petitioner to expedite the process of arranging the Detailed Project Report for each of its hydro generating stations and submit the same to the Commission. Further, considering that there is no progress in the actual status of the same, the Commission in its Order dated April 18, 2020 again directed the Petitioner to nominate/depute senior officers to pursue the above matter personally with appropriate authorities to arrange the DPR for each of its 9 Large Hydro Generating Stations along with the next Tariff Petition.

In compliance to the same, UJVN Ltd. submitted that efforts are being made to trace out the Original DPRs of old LHPs of UJVN Ltd. However, no DPR except Chibro and Khodri could be found, which have already been submitted to the Commission. In order to pursue the matter with appropriate authorities, UJVN Ltd. has constituted a Committee by nominating the senior officers of the company vide Office Memorandum No. 161/UJVNL/D(O) dated 24.06.2020. UJVN Ltd. further submitted that notwithstanding the efforts made by the Committee, the desired progress could not be made due to COVID-19 pandemic. However, UJVN Ltd. shall be trying to trace the DPRs of old LHPs after improvement in the prevailing conditions and shall submit the DPRs to the Commission as soon as they are available.

The Commission has noted the submissions of the Petitioner, however, it is of the view that the Petitioner has made no progress from past many years. Therefore, **the Commission again directs the Petitioner to nominate/depute senior officers to pursue the above matter personally with appropriate authorities to arrange the DPR for each of its 9 Large Hydro Generating Stations along with the next Tariff Petition.**

5.4 Directives specifically issued in Meeting dated 04.09.2013

5.4.1 *Status of upcoming projects*

The Commission in its previous Tariff Orders had been directing the Petitioner to submit quarterly progress report of the upcoming projects, without fail.

In compliance to the above, the Petitioner has submitted the quarterly progress report from time to time. **The Petitioner is directed to continue submitting the quarterly progress report on status of all upcoming projects without fail**.

5.4.2 *Utilisation of Expenses approved by the Commission*

As per directions issued by the Commission in the previous Tariff Orders, UJVN Ltd. has been submitting the Annual Budget after approval from Audit Committee/BoD for the ensuing year for each Plant. The **Commission directs the Petitioner to continue submitting the annual budget for future financial years by 31st May of the respective financial year.**

5.5 Compliance to the Directives Issued in Tariff Order dated 29.03.2017

5.5.1 *Financial Relief towards restoration of damage caused due to Natural Calamity*

The Commission in its Tariff Order dated 29.03.2017 had considered the funding of additional capitalisation of around Rs. 40.37 Crore as grant as the same was used to restore the damage caused due to natural calamity, which occurred in FY 2013-14 and directed the Petitioner to pursue the matter with the GoU and submit the quarterly status report to the Commission.

In this regard, the Petitioner during the True up proceedings for FY 2016-17 submitted that it had received Rs. 125.52 Crore on account of disaster relief for MB-II and the utilisation certificates for Rs. 67.82 Crore had been given to Government of Uttarakhand.

On examination of the above submissions, the Commission in its Order dated 21.03.2018 directed the Petitioner to submit the details of financial year-wise expenditures made against the grant amount received from GoU/GoI for respective works at the time of filing of True Up of FY 2017-18 and FY 2018-19.

In compliance to the above direction, the Petitioner during the True up proceedings for FY 2018-19 submitted the details of Financial year-wise expenditure made against the grant received from GoU/GoI for respective works. The Commission took note of the same and directed the Petitioner to submit the details of financial year-wise expenditures made against the grant amount received from GoU/GoI for respective works at the time of filing of True Up of FY 2019-20.

In compliance to the same, the Petitioner, vide its submission dated December 24, 2020 submitted that all the works amounting to Rs. 31.95 Crore have been completed in MB-I and utilization certificate for the same was already submitted to GoU. For MB-II, UJVN Ltd. submitted that works amounting to Rs. 122.93 Crore have been completed out of total grant amount of Rs. 125.52 Crore and remaining works of Rs. 2.59 Crore shall be completed by March, 2021. UJVN Ltd. further submitted that utilization certificate of Rs. 67.82 Crore was submitted to GoU and the utilization certificate of balance amount shall be submitted in March 2021. In view of the submissions made, **the Commission directs the Petitioner to complete the rest of the works and submit the details of financial year-wise expenditures made against the grant amount received from GoU/GoI for respective works at the time of filing of True Up of FY 2020-21.**

5.5.2 *RMU works of Khatima LHP*

The Commission in its investment approval dated 17.05.2015 had given in-principle approval of Rs. 256 Crore towards RMU works subject to prudence check. In this regard, the Commission in its Tariff Order dated 29.03.2017 had directed the Petitioner to submit the audited RMU expenses as on date of completion of RMU works along with details of de-capitalisation in respect of the same as soon as the same is available including quantity. Further, the Petitioner was also directed to submit the details of scrap available on de-capitalisation of old Plant and machinery and expected time frame in which same will be disposed.

Accordingly, during the True up proceedings for FY 2016-17, the Petitioner complied to the directive of submission of details of scrap available on de-capitalisation. However, with regard to completion of entire scope of works of Khatima RMU, the Commission in its Tariff Order dated 21.03.2018 directed the Petitioner to complete all the works covered under RMU of Khatima LHP latest by the cut-off date, i.e., 31.03.2019, beyond which no expense (including IDC) in this regard would be allowed**.**

In compliance to this, the Petitioner during the True Up proceeding of FY 2017-18 submitted that it is making its all efforts to comply with the above directive of the Commission.

The Commission in its MYT Order dated 27.02.2019 again directed the Petitioner to complete all the works covered under RMU of Khatima LHP latest by the cut-off date, i.e., 31.03.2019, beyond which no expense (including IDC) in this regard would be allowed.

In compliance to the same, the Petitioner during the proceedings for true up of FY 2018-19 submitted that works covered under RMU, viz., Refurbishment of pole fencing around switch yard at Sharda Power House, Renovation works at 132 kV and 33 kV switchyard, and Installation of diffuser valves after manufacturing as per new design have not been completed and also submitted justification for the same. The Commission noted the submissions and considering that the works are related to safety of the Plant, it had directed the Petitioner to complete the said works as soon as possible and cautioned that any occurrence of damage to safety of the Khatima LHP in future due to delay in execution of the works shall solely be attributable to UJVN Ltd.

In compliance to the above directive, the Petitioner submitted that RMU of machines has already completed in 2016, however, some civil works related to upstream and downstream are pending, which pertains to UPID and submitted that the efforts were made in the past to complete the said civil works through UPID. The Petitioner further submitted that UPID in meeting dated June 28, 2018 agreed to submit their estimates in this regard and communication to obtain the estimates and finalize the work is going on. Further, the Petitioner vide its letter dated February 18, 2021 submitted copies of recent communication held between August, 2019 and February, 2020 with UPID to discuss regarding the works to be carried out by UPID.

The Commission noted the submissions of the Petitioner and **directs the Petitioner to complete all the works covered under RMU of Khatima as soon as possible by making its best possible efforts and with regard to the pending works related to the safety of the Plant, the Commission again cautions that any occurrence of damage in future due to delay in execution of the works shall solely be attributable to UJVN Ltd.**

5.5.3 *Impact of VII Pay Commission*

The Commission in its Tariff Order dated 29.03.2017 had considered 15% towards the impact of the VII Pay Commission for FY 2016-17 as submitted by UJVN Ltd. to estimate the net salary for FY 2016-17 and the same was escalated in accordance with the Regulations considering the growth factor and CPI inflation to arrive at the employee expenses for FY 2017-18. In this regard, the Commission in its Tariff Order dated 29.03.2017 had directed the Petitioner to maintain separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission.

The Commission, during the True up Proceedings for FY 2016-17 observed that the Petitioner did not submit the detailed station-wise breakup of such arrears. Accordingly, the Commission in the Tariff Order dated 21.03.2018 had not considered the impact of arrears of VII Pay Commission and directed the Petitioner to maintain Plant-wise separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission.

The Petitioner during the True Up proceedings for FY 2017-18 submitted that it is complying with the directions of the Commission. The Commission took note of the same and in its Tariff Order dated February 27, 2019, directed the Petitioner to maintain Plant-wise separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission.

In compliance to the same, the Petitioner during the tariff proceedings for true up of FY 2018-19 submitted the Plant-wise separate details of the amount paid as arrears to its employees on account of implementation. However, the Commission observed that the actual ratio of allocation for 9 LHPs, MB-II and SHPs worked out to be 75:12:13 against the approved ratio of 85:10:5 for the same. Accordingly, the Commission, vide Order dated April 18, 2020 again directed the Petitioner to maintain Plant-wise separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission and also submit details of employees posted in all the generating stations under its control as well as in the project units while filing the next tariff Petition.

In compliance to the above, the Petitioner, along with the Petitions dated November 28, 2020 submitted the Plant-wise separate details of the amount paid as arrears to its employees on account of implementation of the recommendations of VII Pay Commission. With regard to submission of employees posted in all generating stations, the Petitioner vide its letter dated December 24, 2020 submitted the details of employees posted at various Plants. Further, the Petitioner vide its submission dated April 12, 2021 submitted the bifurcation of all the employees posted among the HQ, LHPs, SHPs, Projects and Others, if any. **The Commission has noted the submissions of the Petitioner and is of the view that a fresh view on the allocation of common expenses can be taken during the next year tariff proceedings.**

5.5.4 *Non-Tariff Income*

The Commission in its Tariff Order dated 29.03.2017 observed that most of the 9 LHPs are under RMU, which involves replacement of old and obsolete equipment, which will be eventually disposed of, as it gets de-capitalised. In this regard, the Commission in its Tariff Order dated 29.03.2017 had directed the Petitioner to maintain proper accounting with regard to disposal of such assets including sale of scrap and submit the same separately along with subsequent tariff filings.

The Commission, during the previous True up proceedings observed that the Petitioner complied with the direction and submitted the details of the same. Further, the Commission had been directing the Petitioner to maintain proper accounting with regard to disposal of such assets including sale of scrap and submit the same separately along with subsequent tariff filings.

The Commission in the current True up proceedings, i.e., for FY 2019-20 has observed that the

Petitioner complied with the direction and submitted the details of the same. The Commission took note of the same and further **directs the Petitioner to maintain proper accounting with regard to disposal of such assets including sale of scrap and submit the same separately along with subsequent tariff filings.**

5.6 Compliance to the Directives Issued in Tariff Order dated 21.03.2018

5.6.1 *Expenses claimed under Major Overhauling*

Earlier, the Commission in its Tariff Order dated 21.03.2018 had observed that UJVN Ltd. was having different approach for claiming expenses under major overhauling for different Plants. In this regard, the Commission expressed its view that the nature of expense is independent of the values of expense being incurred and hence, the expenses should be booked under the respective head of ARR under which it should actually fall. Accordingly, the works related to Major overhaul claimed under additional capitalization were shifted to R&M expenses of UJVN Ltd. and the Petitioner was directed to comply with the same philosophy in future claims as well.

In compliance to this, the Petitioner during True Up proceedings for FY 2018-19 had submitted that it had taken note of the directive of the Commission, and requested the Commission to consider the capital maintenance of machines of power Plants, which is generally done after a period of 2 to 10 years depending upon operating condition of the site, as additional capital expenditure.

However, it was observed that the Petitioner in its Petition had not adopted the aforesaid philosophy and submitted the Petition in accordance with its old approach of booking the works related major overhaul under additional capitalization. Accordingly, the Commission during True Up of FY 2018-19 had shifted the works related to major overhaul claimed under additional capitalization to R&M expenses and directed the Petitioner to comply with the same philosophy in future claims as well.

UJVN Ltd. under compliance of directive of its instant Petitions submitted that it has taken note of the directive of the Commission and all the R&M expenditure shall be booked in normal O&M. The Petitioner further requested the Commission to consider the capital maintenance of machines of power Plants which is generally done after a period of 2 to 10 years depending upon operating condition of the site, as additional capital expenditure.

In this regard, during scrutiny of additional capital expenditure for FY 2019-20, the Commission has observed that UJVN Ltd. is adopting its legacy approach of claiming capital maintenance of machines of power Plants in additional capitalization. Further, the Commission, as discussed in Chapter 4, has also observed that the Petitioner has claimed expenditure proposed to be incurred for capital maintenance of the machines. The Commission has made the same treatment for the aforesaid nature of expenses as per the philosophy adopted in previous years and **directs the Petitioner to comply with the same philosophy in future claims as well.**

5.6.2 *Balance Capital Works of MB-II HEP*

The Commission in its Tariff Order dated 05.04.2016 had allowed expenses of Rs. 211.72 Crore for balance capital works of MB-II, however, the Petitioner in its Tariff Petition for FY 2017-18 had revised the projection to Rs. 238.62 Crore to be incurred till FY 2018-19. The Petitioner in its Tariff Petition for FY 2019-20 had again revised the projection to Rs. 252.07 Crore till FY 2018-19. The Commission observed that the Petitioner had incurred Rs. 217.05 Crore (i.e., Rs. 190.06 Crore up to 31.03.2016 + Rs. 26.99 Crore in FY 2016-17) upto FY 2016-17 and is projecting to incur total Rs. 252.07 Crore by FY 2018-19 against balance capital works of MB-II HEP.

Accordingly, the Commission in its Tariff Order dated 27.02.2019 directed the Petitioner to complete all the works covered in the Petition of balance capital works of MB-II HEP latest by 31.03.2019, beyond which no expense (including IDC) in this regard would be allowed. Further, UJVN Ltd. was directed to complete the remaining works of Rs. 57.70 Crore for which it had received grant from GoI through GoU under disaster funding during 2013 and had directed to submit the copy of utilisation certificate along with the next Tariff filing.

In compliance to the above, the Petitioner during the true up proceedings for FY 2018-19, submitted its justification for non-completion of the balance capital works of MB-II. The Commission observed that the pending works except testing of surge shaft gate are uncontrollable in nature as the same were pending before various Courts. With regard to the works pertaining to testing of surge shaft gate, the Commission observed that the works are very important with respect to safety of the Plant and delaying of such works may be catastrophic from Plant safety perspective. Accordingly, the Commission directed the Petitioner to complete the said works as soon as possible and cautioned that any occurrence of damage to safety of the MB-II in future due to delay in execution of the testing of surge shaft gate shall solely be attributable to UJVN Ltd. However, the Commission shall approve the additional capitalisation subject to prudence check during the truing up of the same.

In compliance to the same, the Petitioner, vide its letter dated November 17, 2020, with regard to testing of surge shaft gate submitted as follows:

"Testing of Surge Shaft Gate for its smooth operation is very important work and videography survey of surge tank, inspection of guides, overhauling of hoist system, repairing of guides are the necessary works required to be carried out before its testing. Regarding this, an order for video survey with high tech R.O.V. system at surge tank of MB-II, Dharasu Power House has already been placed to M/s Executive Engineer Erection Division, Uttarakhand Irrigation Department, Roorkee vide order no. 884/EEM/MB-II 2018-19 dated 12.10.2018. In the above said work, the testing of guides with Dummy Gate was also included. The work of Erection Division, Uttarakhand Irrigation Department Roorkee is an agency of Govt of Uttarakhand agency which has the vast experience in such type of work.

M/s Executive Engineer Erection Division, Uttarakhand Irrigation Department Roorkee has informed that bids were invited two times for videography survey with high tech R.O.V. system at surge tank of MB-II, Dharasu Power House, but none of the bids was received.

During the visual inspection of the surge shaft gate, above the water level firm has informed that the Guides of the surge shaft gate will require to be re-fixed hence re-concreting work of damaged portion will also be carried out before testing of the gate. Firm has also informed that for lowering of Dummy Gate, the Hoist system of the surge shaft gate will also require to be overhauled as it is in non-operative condition since its commissioning.

It is also to mention that the condition of the guides and rails of the surge shaft gate will be evaluated through the video survey with high tech RO.V. system but under water repairing work of damaged guides and rails at such a huge depth (more than 100 meters) is a very difficult and risky job. Even as of now no competent agency has shown its interest for videography work only due to huge underwater depth. Hence to find out the competent agency for underwater repair work is also a very difficult task. In view of such a huge depth, repairing work will only be possible in the dry condition of the surge tank. Hence the possibility of evacuation of tunnel for commissioning and testing of surge shaft gate is required to be assessed.

In view of above various works are required to be carried out before the testing of surge shaft gate and the best effort are being done for the same. After the completion of all the servicing, videography and repairing works, testing of surge shaft gate shall be carried out keeping in view the possibility of the availability of Surge Tank in dry condition i.e. evacuation of the Tunnel and other associated activities.

This is also to mention that apart from MIV (Spherical Valve) for the control of water to each machine, there is also a provision of Penstock Protection Valve (Butterfly Valve) before the MIV at MB II. This protection differentiates MB-Il from other projects of the Nigam in respect of control of water flow."

With regard to the status of other pending works of Balance capital works of MB-II HEP apart from testing of surge shaft gate, as discussed in Chapter 4, the Petitioner vide its submission dated April 7, 2021, submitted the detailed status of the pending works.

In this regard, Commission observes that the Pending works except testing of surge shaft gate are uncontrollable in nature as the same were pending before various Courts. With regard to testing of Surge Shaft Gate, the Commission observes that the works are very important with respect to safety of the Plant and delaying of such works may be catastrophic from Plant safety perspective. Therefore, **the Commission again directs the Petitioner to complete the said works as soon as possible and cautions that any occurrence of damage to safety of the MB-II in future due to delay in execution of the testing of surge shaft gate shall solely be attributable to UJVN Ltd. However, the Commission shall approve the additional capitalisation subject to prudence check during the truing up of the same.**

With regard to works of Rs. 125.52 Crore for which grant was received from GoI through GoU under disaster funding during 2013, the Petitioner, vide its letter dated December 24, 2020 submitted that works amounting to Rs. 122.93 Crore have been completed out of total grant amount of Rs. 125.52 Crore and remaining works of Rs. 2.59 Crore shall be completed by March, 2021. UJVN Ltd. further, submitted that utilization certificate of Rs. 67.82 Crore was submitted to GoU and the utilization certificate of balance amount shall be submitted in March 2021.

The Commission has noted the submissions of the Petitioner and further **directs the Petitioner to complete the remaining works and submit copy of utilization certificate along with the next Tariff filing.**

5.6.3 *Observation on abnormal increase in Additional Capital Expenditure in certain LHPs*

While examining the additional capitalization details for FY 2016-17, the Commission observed that there was substantial increase in the expenditures claimed by the Petitioner against additional capitalization w.r.t. the claims made during previous years. The Commission scrutinized the expenditure in detail and also conducted a Sample Study of procurement process being followed by the respective cost centres for FY 2016-17. Accordingly, on the basis of the analysis, the Commission observed that the prices claimed by the Petitioner in its additional capitalisation were on the higher side as that of the prevailing market rates/schedule of rates of power sector utilities of the State (UPCL and PTCUL), and therefore, the Commission directed the Petitioner to:

"

(i) Frame its Schedule of Rates (SoR) for common capital items in line with the SoR of other power utilities in the State.

(ii) Procure the common items of capital nature through Centralised Procurement System and strictly adhere to the procurement Rules of the GoU/ Rules framed by the Petitioner (if any).

(iii) Review the working of its internal audit system specifically for checking the anomalies in procurements and take corrective action for strengthening the internal audit wing.

An action taken report on the above is required to be submitted to the Commission latest by 30.06.2018."

In compliance to the above, the Petitioner submitted that a Committee has been constituted by UJVN Ltd. vide O.M. No. 336 dated April 17, 2018 for identification of the common items of capital nature/normal (O&M) and preparing Schedule of Rates (SoR). After collection of data, the Committee has prepared a report and submitted the same to the Management for its approval. The approval of the report from the competent authority (BoD) is under process and after accordance of the approval from BoD, compliance of the directive shall be submitted to the Commission.

For procurement of common items through centralized procurement system, the Petitioner submitted that an Office Memorandum has been issued vide reference No. 743 dated 20.06.2018 for listing of the items to be procured through centralized procurement system. Further, the Petitioner submitted that as per direction of the Commission, the identified common items/listed items are being procured through the Petitioner's centralized material management unit, i.e., MM and CM, Dehradun.

With regard to the working of internal audit system in the Petitioner's Company, the Petitioner submitted that it is continuously making efforts to strengthen its Internal Audit System and towards this, it has deployed additional manpower in the internal audit unit and responsibility has been assigned to the General Manager (Finance) for review, observation and deliberation of works pertaining to Internal Audit Unit.

The Commission in its Tariff Order dated 27.02.2019 took note of the Petitioner's submissions.

The Petitioner, during the true up proceedings for FY 2018-19, vide its Reply dated February

25, 2020 submitted its compliance w.r.t. the direction on framing of Schedule of Rates for common items. With regard to preparation of Schedule of Rates, the Petitioner submitted that the Board of Directors, UJVN Ltd. in 94th Meeting held on 20.08.2019 have authorized Managing Director, UJVN Ltd. for necessary approval for SOR for budgetary purpose while framing departmental estimates of the Company.

Further, the Petitioner had enclosed the discussion points with its Board as mentioned below:

"The management apprised the Board that Hon'ble UERC, in its Tariff Order dated 21.03.2018 had directed to frame its schedule of rates (SoR) for common capital items in lines with SoR of other Power utilities in the State. In compliance to above, SoR has been prepared for E&M items after comparing the prevalent rates of various power utilities like power Transmission Corporation of Uttarakhand Ltd (PTCUL), Stock Issue rates of UPCL, Central Public Works Department (CPWD) Delhi, Bihar State Power Transmission Company Ltd, Jharkhand Urja Sancharan corporation Ltd.

After deliberations, the Board directed that best possible rates prevailing in the market of State of Uttarakhand should be taken. The rates prevailing in other CPSU's like NHPC or HPSEB may also be considered and studied for purpose of scheduling the rates of the common capital items.

The Board further authorized Managing Director for necessary approvals for SoR for budgetary purpose while framing departmental estimates of the Company."

Further, the Petitioner submitted that Schedule of Rates is under process of approval and it shall be conveyed to the Commission after receipt of due approval. The Commission had noted the submissions of the Petitioner and further directed the Petitioner to complete the preparation of Schedule of Rates and submit copy of the same to the Commission.

In compliance to the above, the Petitioner vide its letter dated September 24, 2020 submitted a copy of the approved SoR, which was issued via Office Memorandum dated September 15, 2020. In this regard, the Commission has taken note of the Petitioner's submission.

5.7 Compliance to the Directives Issued in Tariff Order dated 27.02.2019

5.7.1 *Allocation of Common Expenses*

The Commission in its Tariff Order dated 27.02.2019 had observed that the Petitioner was planning to add 106.675 MW of Solar Power Plants. In this regard, the Petitioner was cautioned to take extreme care with regard to BOO/BOOT Schemes and safeguard its commercial interests.

Further, the Petitioner was directed to ensure that expenses incurred on account of power evacuation should be borne by the developer, if applicable, and any financial implication on account of solar should not be included in the ARR of respective HEPs.

Further, the Commission in its aforesaid Tariff Order had observed that the Petitioner had not claimed expenses related to Solar Business separately and was of the view that the Solar Business is a new business vertical for UJVN Ltd. and the expenses incurred for the Solar Business should be treated separately from the expenses for 9 LHPs and MB-II Generating station. Accordingly, the Petitioner was directed to submit the details of expenses allocated to Solar Business during FY 2018-19 and approach for allocation of common expenses for Solar Power Plant during truing-up of FY 2018-19 as it is a new business vertical for UJVN Ltd.

In compliance to the same, during the proceedings for true up for FY 2018-19, the Petitioner had submitted that it had complied with the directions of the Commission. However, on examination of the Petition it was observed that the Petitioner has not claimed any expenses pertaining to Solar business in its Petition for 10 LHP's.

Further, the Commission also observed that apportionment of common expenses at Barrages, viz., Ichari, Dakpathar and Asan, which are booked directly under respective LHPs were not apportioned as per the methodology approved by the Commission in Order dated February 27, 2019. In this regard, the Commission directed the Petitioner to apportion the common expenses as per the methodology adopted by the Commission in previous Tariff Orders.

In compliance to the above, the Petitioner submitted that the direct expenses on solar business have been separated from the hydro business and the details of expenses have been submitted along with the Petition.

In this regard, the Commission takes note of the submissions made by the Petitioner and **directs to maintain the separate the details of expenses allocated to Solar Business during the year and approach for allocation of common expenses for Solar Power Plant during truing-up for respective years.**

5.7.2 *DRIP Financing*

The Commission during the True up proceedings of FY 2017-18 had observed that the financing pattern of the works covered under DRIP scheme was unclear, as details of loan/grant and rate of interest for the loan amount have not been furnished to the Commission. Therefore, the Commission directed the Petitioner to come up with the firm financing details for the works covered under DRIP scheme at the time of filing of next Tariff Petition and the Commission may consider the same, subject to prudence check. Further, the Petitioner was also directed to submit the Plant-wise details of works done/proposed under DRIP scheme along with capitalization latest by 30.06.2019.

In compliance to the above directive, the Petitioner during true up proceedings for FY 2018-19, submitted quarterly progress of Investment Approval accorded to UJVN Ltd. for refurbishing of dams/barrages, viz., Ichari dam, Asan barrage, Dakpathar barrage, Virbhadra barrage and Maneri dam covering details, viz., Scheduled completion date, Estimated cost, Status of award of tender and Physical and Financial progress. The Petitioner further submitted the financial year-wise fund received from GoU for DRIP works covering the Equity infusion by GoU and the Loan amount in FY 2016-17 to FY 2019-20. However, the Petitioner had not submitted the complete supporting documents, viz., rate of interest, agreement with GoU/GoI. Accordingly, the Commission directed the Petitioner to come up with the firm financing details for the works covered under DRIP scheme at the time of filing of next Tariff Petition and the Commission may consider the same, subject to prudence check.

In compliance to the above, the Petitioner, as discussed in Chapter 3 of the Order submitted financing details of DRIP works and the Commission after due prudence check has approved the additional capitalization on account of the same.

5.8 Compliance to the Directives Issued in Tariff Order dated 18.04.2020

5.8.1 *Insurance Claim of Chilla HEP due to flooding event in July 13, 2018*

The Commission during the true up proceedings for FY 2018-19 observed that the Petitioner had taken insurance for breakdown cover for Chilla HEP and the claim recovery was under progress with the expected claim of around Rs. 25.00 Crore. Accordingly, the Commission before allowing any expenditure on account of restoration of Chilla HEP, vide its Order dated April, 18, 2020, directed the Petitioner to submit the details of final Insurance claim received in the next Tariff proceedings.

In compliance to the above, the Petitioner vide its letter dated March 16, 2021 submitted that the Petitioner had claimed an amount of Rs. 32.77 Crore under two categories, viz., generation loss of Rs. 12.13 Crore and material damage of Rs. 20.64 Crore and the Insurance Company is currently looking in to the claim against the material damage claim and after that, the generation loss component shall be considered. The Petitioner submitted that the claim on material damage is being processed and is at final stages of discussion and the claim on account of generation loss is at initial stages of scrutiny. Considering the present status that the claim on account of generation loss is yet to be finalized, the Commission has not allowed any relaxation with regard to NAPAF or O&M expenses. Accordingly, **the Commission directs the Petitioner to expedite the claim process and submit the details of final Insurance claim received during the next tariff proceedings**.

5.8.2 *Implementation of ERP*

The Commission, during true up proceedings for FY 2018-19, had approved the additional capitalization incurred by the Petitioner on account of implementation of ERP. In this regard, the Commission directed the Petitioner to ensure that the total cost of implementation of ERP is less than the amount as per the DPR for the scope of works mentioned in the DPR.

Further, the Commission also observed that there were many implementation issues in ERP in UJVN Ltd., viz., the stock issue vouchers displaying incomplete information, missing description of nature of works/ works carried out, missing description of adjustment entries made, separate filing of hard copies of vouchers instead of maintaining the soft versions of the same in the ERP, etc. The Commission was of the view that there was lot of scope of improvement in the functioning of departments with the help of ERP. Keeping in view of the transformation phase from conventional methods to ERP, the Commission in the true up had accepted the same. However, the Commission directed the Petitioner to improve the functioning of the departments in above mentioned aspects and carryout necessary training sessions for its employees.

In compliance to the above, the Petitioner, vide its letter dated November 17, 2020, complied with the direction and submitted the details of the same. The Commission has taken note of the submissions made by the Petitioner.

Further, as discussed in Chapter 3 and 4 of this Order, the Commission has observed that the recurring expenditure incurred on account of ERP in FY 2019-20 is of significant variation with what was claimed in FY 2018-19 and the Petitioner also submitted that it will make its best possible efforts to reduce the same after termination of existing agreements. In this regard, the **Commission directs the Petitioner to make its best efforts and ensure that the recurring expenditure on account of**

implementation of ERP is reduced from the existing level.

5.8.3 *Submission of misleading/unverified information to the Commission*

The Commission, during the true up proceedings for FY 2018-19, had observed that the Petitioner, with regard to submission of information of works executed under DRIP in FY 2018-19 had submitted unverified data under affidavit and made repetitive submissions. In this regard, the Commission cautioned the Petitioner that submission of factually incorrect data on Affidavit is a punishable offence and not expected from a responsible utility such as UJVN Ltd. Accordingly, the Petitioner was directed to be very cautious regarding submissions being made before the Commission and any future offence shall be strictly dealt under applicable Indian Laws.

In compliance to the above, the Petitioner submitted that it had taken notice of the direction of the Commission to strengthen the system. The Petitioner further submitted that the matter was reviewed at the top management level of UJVN Ltd. and instructions to all General Managers (GM's) and deputy General Managers (Dy. GM's) were being given to be cautious while submitting the information to the Commission.

The Commission has taken notice of the submissions made by the Petitioner.

5.8.4 *Improper Accounting*

The Commission, during the true up proceedings for FY 2018-19, had observed multiple instances of double accounting in the information submitted by the Petitioner, which were reconciled with the Audited Accounts of FY 2018-19. In this regard, the Commission had taken serious note of such improper accounting, which was not at all identified in the layered audit mechanism, viz. Internal Audit by UJVN Ltd. and Statutory Audit by Statutory Auditor of UJVN Ltd. before finalizing the Accounts for FY 2018-19 and directed the Petitioner not to repeat the same in future claims else the Commission would initiate proceedings against provisions of Section 193 of Indian Penal code for intentionally submitting false evidence during proceedings of the Commission and the concerned shall be liable for punishment as per the Law.

Further, the Commission also observed that the Petitioner has claimed expenses on account of salaries paid to Security Guard under the R&M expenses instead of A&G expenses. In this regard, the Commission had taken the matter seriously as it gives wrong figures of actual R&M expenses and

A&G expenses and directed the Petitioner to claim such expenses under the head 'Security Expenses' in A&G expenses and ensure the same in its ensuing tariff filings**.**

In compliance to the above, the Petitioner submitted that it had taken notice of the direction of the Commission to strengthen the system. The Petitioner further submitted that the matter was reviewed at the top management level of UJVN Ltd. and instructions to all General Manager (GM) and deputy General Manager (Dy. GM) were being given to cautious while submitting the information to the Commission.

The Commission has taken notice of the submissions made by the Petitioner.

Further, as discussed in Chapter 3 of this Order, the Commission observed that there were issues regarding the improper accounting, viz., wrong submission of stock issue statement of Chibro HEP, booking of expenses pertaining to A&G under R&M and vice versa, etc. In this regard, the **Commission directs the Petitioner to ensure that it derives maximum benefit out of the SAP ERP system without any errors and also ensure proper accounting of expenses incurred under their respective heads.**

5.8.5 *Impact of NGT Order dated August 9, 2017 on Design Energy*

The Commission, while approving AFC for FY 2020-21 had provisionally approved downward revision of Design Energy of 9 LHPs by 194 MU for sole purpose of recovery of energy charges. In this regard, the Commission directed the Petitioner to maintain separate discharge data of rivers as well as the data of mandatory discharges being released in compliance to NGT Order and any other data to substantiate the impact. Further, the Petitioner shall submit the data at the time of truing-up of FY 2020-21 and, thereafter, appropriate view will be taken by the Commission in this regard after carrying out due prudence check.

In compliance to the above, the Petitioner submitted that the Order of NGT has already been implemented in compliance of directives of GoU. Minimum 15% of e-flow is being released from all the Dams and Barrages. In Ganga valley projects, e-flow is being released at 20%, 25% and 30% in dry, lean and monsoon season, respectively. Release of e-flow is being monitored by CWC directly. The Petitioner further submitted that separate discharge data of the rivers as well as mandatory discharge are being maintained as per the directives of the Commission and the same is being submitted along with the Petitions. The Petitioner submitted the actual impact of NGT/NMCG Order for the months from April 2020 to October 2020 as 259.40 MU.

The Commission has taken note of the submission made by the Petitioner **and directs the Petitioner to submit the information at the time of true up for FY 2020-21.**

The Commission, as discussed in Chapter 4, observed that the Petitioner has requested for downward revision of Original Design Energy to the extent as approved by the Commission in Order dated April 18, 2020. In this regard, the Commission observes that the impact of implementation of NGT/NMCG Order on Design Energy for FY 2021-22 cannot be precisely ascertained at this stage. However, in order to ensure that the Petitioner is not financially prejudiced on account of under recovery of energy charges, the Commission provisionally approves downward revision of Design Energy of 9 LHPs by 194.02 MU as considered by the Commission in Order dated April 18, 2020 for the sole purpose of recovery of energy charges.

The Commission further **directs the Petitioner to maintain separate discharge data of rivers as well as the data of mandatory discharges being released in compliance to NGT/NMCG Order and any other data to substantiate the impact. Further, the Petitioner shall submit the data at the time of truing-up of FY 2021-22 and, thereafter, appropriate view will be taken by the Commission in this regard after carrying out due prudence check**.

5.9 New Directives

5.9.1 *Delay in completion of RMU works*

As discussed in Chapter 4 of this Order, the Commission has observed that the status of the RMU works currently undergoing is in variation with the schedule proposed during the MYT proceedings for third Control Period with significant delay. In this regard, **the Commission directs the Petitioner to ensure that the RMU works are completed without any further delay thereby reducing the generation and revenue loss on account of the same.** With regard to the reasons for delay, the Commission shall consider the same during the prudence check at the time of truing up of the respective expenditures.

5.9.2 *Additional capitalization claimed/proposed to be incurred on account of DRIP works*

With regard to the additional capitalization proposed on account of DRIP works under Phase-II and III, the Commission, as discussed in Chapter 4, is of the view that that the expenditure towards the works proposed under DRIP-II and DRIP-III is similar to Renovation and Modernization of

Dams/Barrages for the purpose of extension of their life. Hence, the **Commission directs the Petitioner to approach the Commission with a separate detailed proposal for approval of the additional capitalization on account of the works to be executed under DRIP-II and DRIP-III.**

5.9.3 *Disallowed expense pertaining to R&D project claimed under A&G expenses for FY 2019-20*

As discussed in Chapter 3, the Commission observed that Petitioner, under the Head Office has claimed expenses of Rs. 1.18 Crore paid to IIT Roorkee on account of R&D project, viz., Development and implementation of 100 kW through surface water velocity driven hydrokinetic turbines -Varun III and also incurred an expenditure of Rs. 1.00 Crore in FY 2017-18 on account of the same, which is still lying under CWIP. In this regard, the Commission has disallowed Rs. 1.18 Crore for the reasons mentioned in Chapter 3 and further **directs the Petitioner to not include the expenditure of Rs. 1.00 Crore in the future claims**.

5.9.4 *Expenditure proposed for implementation of recommendations made by Expert Consultant in case of MB-II*

As discussed in Chapter 4, the Commission observed the Petitioner, for implementation of recommendations made by Expert Consultant in case of MB-II, has proposed a significant expenditure and also submitted cost benefit analysis for the same. In this regard, the Commission is of the view that the submissions made by the Petitioner have to be examined with due care and, accordingly, **directs the Petitioner to approach the Commission through a separate application before implementing the recommendations suggested by the Expert Consultant**.

The approved AFC of FY 2021-22 shall be deemed to be recoverable in accordance with the mechanism specified in UERC Tariff Regulations, 2018. The Tariffs approved in this Order shall be applicable from 01.04.2021 and shall continue to apply till further Orders of the Commission.

M. K. Jain **Member (Technical)**	**D. P. Gairola** **Member (Law)**

6 Annexures

6.1 Annexure 1: Public notice on APR Petition

UJVN LTD.
H.O. "UJJWAL", Maharani Bagh, GMS Road, Dehradun-248006
Telephones: 0135-2763808, Fax 0135-2763508
CIN No. U40101UR2001SGC025866 Website:www.ujvnl.com

No: 133 Dated: 10.02.2021

PUBLIC NOTICE

Inviting Comments on Petitions filed by UJVN Limited before the Uttarakhand Electricity Regulatory Commission for Determination of Generation Tariff for its 10 large hydro generating stations for FY 2021-22

Salient Points of the ARR/Tariff Petition

1. UJVN Limited, a Government of Uttarakhand owned generating company, has filed the Petitions for the determination of Generation Tariff for the FY 2021-22, Annual Performance Review of FY 2020-21 for its 10 Large Hydro Generating Stations before the Uttarakhand Electricity Regulatory Commission. Through the above Petitions, UJVN Ltd. has also proposed Truing up of its expenses for FY 2019-20 for its 9 old Hydro Generating Stations & Maneri Bhali-II HEP. The salient features of the tariff petitions filed by UJVN Ltd. for its 10 large hydro generating stations are given in the Table below:

AFC (₹ Crore)						
Name of the Power Station	FY 2019-20 (True-up)		FY 2020-21 (APR)		FY 2021-22 (AFC)	
	Approved (T.O. dt. 27.02.2019)	Claimed (with sharing of gain & losses of O&M)	Approved (T.O. dt. 18.04.2020)	Revised Estimated by UJVN Ltd.	Approved (T.O. dt. 27.02.2019)	Claimed
Dhakrani	25.54	25.65	27.92	41.21	29.54	47.26
Dhalipur	31.46	29.62	38.43	43.13	44.1	58.50
Chibro	79.16	81.76	85.93	95.76	89.12	113.38
Khodri	44.6	45.64	47.45	49.27	49.88	56.67
Kulhal	19.59	20.38	21.19	31.48	21.98	40.00
Ramganga	52.77	54.18	56.80	59.13	61.12	65.92
Chilla	67.57	66.94	68.66	77.67	74.33	83.36
MB-I	49.78	51.36	60.47	63.79	70.67	87.57
Khatima	45.37	44.28	42.87	46.98	45.54	53.96
MB-II	240.24	326.31	215.41	290.48	218.46	293.17
Total	656.08	746.12	665.13	798.90	703.74	899.78

2. In addition to the approved AFC for FY 2020-21, the Commission had allowed recover of ₹34.80 Crore Gap on account of True up of FY 2018-19 in its Tariff Order dated 18.04.2020.
3. In addition, to the claim for FY 2021-22, UJVN Ltd. has proposed ₹143.05 Crore towards True up of Tariff for FY 2019-20 (including carrying cost)to be recovered in FY 2021-22.
4. UJVN Ltd. has proposed an increase of about 50.98%for FY 2021-22 including the Truing up impact of Tariff for FY 2019-20 (with respect to approved tariff for FY 2020-21). In case the entire claim of UJVN Ltd. is accepted by the Commission, an additional hike of around 4.78% in consumer tariff shall be required over and above the hike proposed by UPCL.
5. Detailed proposals as submitted by UJVN Ltd. can be seen free of cost on any working day in the Commission's office or at the office of UJVN Ltd., "UJJWAL", Maharani Bagh, GMS Road, Dehradun. Relevant extracts can also be obtained from the above mentioned office of UJVN Ltd.
6. The proposals filed by UJVN Ltd. are also available at the website of the Commission (www.uerc.gov.in) and at the UJVN Ltd.'s website (www.ujvnl.com).

Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at 'Vidyut Niyamak Bhawan', Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to secy.uerc@gov.in as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 31.03.2021.

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Times of India -12. 2. 2021

6.2 Annexure 2: List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. S R Gupta	National General Secretary	Human Right Protection Society	E-24, Sharda Nagar, Near Shani Mandir, Jwalapur, Haridwar - 249407
2.	Sh. Pawan Agarwal	Vice President	Uttarakhand Steel Manufacturers Association	C/O Shree Sidhbali Industries Ltd., Kandi Road, Kotdwar, Uttarkhand
3.	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun- 248110
4.	Sh. Vijay Singh Verma			Village Delna, P.O Jhabrera , Hardwar – 247665

6.3 Annexure 3: List of Participants in Public Hearings

List of Participants in Hearing at Nainital on 06.04.2021

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A Siddiqui	President	M/s Kashi Vishwanath Textile Mill (P) limited	(SPNG Group) 5th Km Stone, Ramnagar Road, Kashipur-244713 Uttarakhand
2.	Sh. R.K. Singh	-	M/s Tata Motors	Plot No. 1, Sec-11, 11 E, SIDCUL, Pant Nagar
3.	Sh. R.K. Gupta	-	I. Sitarganj Sidcul Industries Welfare Association II. KGCCI, Kashipur	C 50, ELDECO, SIDCUL Industrial Park, Sitarganj, Udham Singh Nagar
4.	Sh. Chandan Bhandari	-	-	BST Textile Mills Pvt. Ltd, Plot No. 9, Sector-09, SIDCUL, Rudrapur
5.	Sh. Madhup Misra	-	-	KGCCI, Head Admin/Account Indian Glycols Ltd. (IGL), Kashipur
6.	Sh. Manish Sah	-	-	Mill House, Tallital, Nainital
7.	Sh. Madan Lal Goel	-	M/s G.L.D. Agri Food	G.L.D. Agri Food, Sitarganj, Vill-Malpuri, P.O. Nakatpura, Sitarganj, Udham Singh Nagar
8.	Sh. Rajeev Gupta	DGM	M/s Kashi Vishwanath Steel Pvt. Ltd.	KVSL, Narayan Nagar, Bajpur Road, Kashipur, Udham Singh Nagar
9.	Sh. Dinesh Sah,	President	-	NIYRA, Ved Sah, Secretary India Hotel, Mall Road, Nainital
10.	Sh. Nishant Kumar	-	M/s Uttarakhand Steel Manufacturing Ass.	D-314, GF, Defence Colony, New Delhi-110024
11.	Sh. Maruti Nandan Shah	-	-	86, Ramsey Road, Tallital, Nainital
12.	Sh. Madan Mohan	-	-	Vill-Pathari, P.O. Simrar, Distt. Nainital
13.	Sh. Amandeep Singh	-	-	Aagyas 108, Tallital, Nainital
14.	Sh. Tribuwan Fartiyal	General Secretary	Vypar Mandal, Nainital	Vypar Mandal, Chat Park, Mallital, Nainital
15.	Sh. Ravi Pal	Dy. Manager (Electrical)	Govt. Medical College	Govt. Medical College, Rampur Road, Rampur, Haldwani, Uttarakhand 263129

List of Participants in Hearing at Dehradun on 10.04.2021

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Pankaj Gupta,	President	M/s Industries Association of Uttarakhand	Mohabelwala Industrial Area Dehradun - 248 110 Uttarakhand
2.	Sh. Rajeev Agrawal	Sr. Vice President	M/s Industries Association of Uttarakhand	Industries Association of Uttarakhand Mohabelwala Industrial Area, Dehradun - 248 110 Uttarakhand
3.	Sh. Sanjeev Kumar	Sr. Office Executive	M/s Industries Association of Uttarakhand	Industries Association of Uttarakhand Mohabelwala Industrial Area, Dehradun - 248 110 Uttarakhand
4.	Sh. Harindra Garg	Chairman	M/s SIDCUL Infra Association Uttarakhand	Creative Industries Plot no. 5, Sector 3, IIE, SIDCUL, Haridwar, 249403
5.	Sh. R.K. Tyagi,	Sr. Vice Chairman	M/s SIDCUL Infra Association Uttarakhand	Creative Industries Plot no. 5, Sector 3, IIE, SIDCUL, Haridwar, 249403
6.	Sh. Rakesh Yadav	-	-	K-3, AIS Industrial Estate Latherdeva Hoon Manglour Jhabrera, Roorkee - 247667
7.	Sh. K.L. Sundariyal,	General Secretary	Prantiya Electrical Contractors Association Uttarakhand	2,(4/3) New Road, (1/1 Amrit Kaur Road), Near (Hotel Relax), Dehradun
8.	Sh. Naval Duseja	-	M/s FLEX Foods Ltd.,	Lal Tappad Industrial area Haridwar Road, Roorkee, P.O. Resham Majari
9.	Sh. Amit Verma,	Manager (Electrical Maintenance)	M/s Finolex Cables Ltd.,	K1+ K2, AIS Industrial Estate Village Latherdeva Hoon Manglour Jhabrera Road, Haridwar-247665
10.	Sh. Rakesh Bhatia,	State Chairman	M/s Indian Industries Association (IZA)	E-8, Govt. Industrial area Patelnagar, Dehradun
11.	Sh. Arvind Kr. Jain	Member of Tarun Kranti Manch	-	06-Ramleela Bazar, Dehradun
12.	Sh. Dhan Singh Bisht	-	-	S/o Ram Singh Bisht, A/1 Paniyalal Road, Subhash Nagar, Roorkee, Haridwar
13.	Sh. Brig. K.G. Behl	President	All India Consumer Council	8-Nemi Road, Dalanwala, Dehradun
14.	Ms. Gulista Khanam	-	Sravardhan Sadhbhwana Samiti.	Kargi Grant, Ward no. 42, Vigilance office, P.O. Banjarawala, Dehradun

List of Participants in Hearing at Dehradun on 10.04.2021

Sl. No.	Name	Designation	Organization	Address
15.	Sh. Sushil Tyagi	-	Sanyukt Nagrik Sangathan,	THDC, Colony, Pathribagh, Dehradun
16.	Sh. Mukesh Naryan Sharma	-	Swatantrata senani Kalyan Samiti	24/1 Circular Road, Dehradun
17.	Sh. Biru Bisht	-	-	Mohanpur, P.O. Premnagar, Dehradun
18.	Sh. Arvind Kr. Gupta	Central President	Netaji Sangarsh Samiti.	18, Majari Road, Laxman Chowk, Dehradun,
19.	Sh. Vijay Singh Verma	-	-	Village-Delna, P.O. Jhabrera, Roorkee-247665, Haridwar
20.	Sh. Sunil Kr. Gupta	-	Teesre Aankh ka Tehelka	16-Chakrata Road (Tiptop Gali), Dehradun
21.	Sh. Sushil Saini	-	Sanyukt Nagrik Sangathan	THDC, Colony, Pathribagh, Dehradun
22.	Sh. S.P. Chauhan	-	-	12/115, Tea State, Banjarawala, Dehradun
23.	Sh. Rajendra Chaudhary	Vice President, Dist. Congress	-	35, Civil Lines, Roorkee, Haridwar
24.	Sh. Kamaldeep Kamboj	-	-	21-Teachers Colony, Govindgarh, Dehradun

6.4 Annexure 4: List of Items shifted from Add Cap to R&M for FY 2019-20

S. No.	Voucher No.	Asset Name	Amount in Rs.
Chilla Power House			
Plant & Machinery			
1	O-10 dt.04.09.2020	ITW Make Components to be applied on different parts of Machines	3796978
Ramganga Power House			
Plant & Machinery			
1	8200000056	Repairing of MIV and Re-Tubing works of Thurst bearing Coolers& Stator Coolers	31742000
Chibro & Khodri Power House			
Civil Works			
1	O-18 dt. 18.06.2019, O-36 dt. 27.01.2020 and O-46 dt. 29.05.2019	Providing and laying of bituminous macadam (BM) and semi dense bituminous concrete (SDBC) on external road at Dakpathar	21639596
Expenses booked under Chibro & transferred to R&M expenses of Chibro			14426397
Expenses booked under Khodri & transferred to R&M expenses of Khodri			7213199
Grand Total of expenses transferred from Add cap to R&M (9 LHPs)			**57178574**
MB-II Power House			
Civil Works			
1	O-18 dt. 14.01.2019 capitalized in March 2020	Reconstruction & laying of semi dense bituminous concrete (SDBC) of Roads of Shaktipuram Colony.	**5301199**

6.5 Annexure 5: List of items shifted from R&M to Add Cap for FY 2019-20

S. No.	Voucher No.	Asset Name/Description	Amount in Rs.
List of items shifted from R&M to Add Cap pertaining to the claim other than DRIP works in FY 2019-20			
Chibro Power House			
Plant & Machinery			
1	2600001398 dt. 06.08.2019	Design, SITC of Level monitoring Sys. CPS	764050
2	4000019076 dt. 23.10.2019 and 24.10.2019	GPS based time synchronization unit	269512
		Total amount transferred from R&M to Add Cap	**1033562**
Dhakrani Power House			
Plant & Machinery			
1	5100001461, 12/31/2018	Installation & Commissioning of drainage pump	1650820
Expenses claimed under Dhakrani, however, pertain to Dhakrani, Dhalipur and Kulhal LHPs			
Office Equipment & Others			
1	5200002403 dt. 06.01.2020	GPS Based Time Sync Unit for ABT Meters	583038
		Expenditure pertaining to Dhakrani LHP	**194346**
		Expenditure pertaining to Dhalipur LHP	**194346**
		Expenditure pertaining to Kulhal LHP	**194346**
		Grand Total of expenses transferred from R&M to Add Cap (Other than DRIP)	**3267420**
List of items shifted from R&M to Add Cap pertaining to the of DRIP works in FY 2019-20			
Ichari Dam			
Hydraulic Works			
1	O-1, December 2019	Supply, Installation, testing & commissioning of 2 Nos 16m High mast & AMC (1+4) years at Ichari Dam	133104
2	O-25, Aug 2019	Automation Work & AMC (3 years) of existing Dam Monitoring & Control system at Ichari Dam	650000
		Total	**783104**
		Expenditure pertaining to Chibro LHP	**522069**
		Expenditure pertaining to Khodri LHP	**261035**
Dakpathar Barrage			
Hydraulic Works			
1	2600002435, Jan 2020 and 2600004625, March 2020	Overhauling of Hydro-Mechanical system of Barrage gates at Dakpathar Barrage	3676500
2	260000182, Dec 2019, 2600002984, Feb 2020, 2600004351, March 2020 and	Engineering, Design, Supply, Erection, Testing and Commissioning of the complete automation of barrage control and monitoring systems for water distribution and barrage.	424800

S. No.	Voucher No.	Asset Name/Description	Amount in Rs.
	2600004352, March 2020		
		Total of Hydraulic Works	**4101300**
		Expenditure pertaining to Dhakrani LHP	**1633261**
		Expenditure pertaining to Dhalipur LHP	**2468039**
		Grand Total Expenditure pertaining to DRIP works transferred to Add Cap	**4884404**

6.6 Annexure 6: List of items disallowed/deferred by the Commission in FY 2019-20

List of items disallowed/deferred from the claim of R&M expenses for FY 2019-20

S. No.	Voucher No.	Asset Name	Amount in Rs.
Chilla HEP (Expenditure on account of Restoration)			
Plant & Machinery			
1	2600002558, 22.08.2019	Supply and Installation of surge Cap, Relay and HS panel	1925406
2	2600004879, 21.12.2019	Laying of Cables of Governor panel to control panel	73946
3	2600005540, 21.11.2019	Servicing of H.S. Lub. of Unit # 1	48797
4	2600005540, 21.11.2019	Servicing of H.S. Lub. of Unit # 2	47963
5	2600005540, 21.11.2019	Servicing of H.S. Lub. of Unit # 2	47963
6	2600005540, 21.11.2019	Servicing of H.S. Lub. of Unit # 4	71646
7	2600005540, 21.11.2019	Freight & Insurance Charges	4632
8	2600004248, 21.11.2019	Repair works carried out viz. Replacement of Bearing, Boring, maching, making keyway etc. by EE (Erection Division), Irrigation Workshop	329280
9	2600004248, 21.11.2019	Extra work of Hoist system of Intake Gate	413000
		Total	**1102482**
Khatima HEP			
Plant & Machinery			
1	5100002458, 30.07.2019	Removal of new diffuser and fixing of old diffuser	2891000
		Total disallowed/deferred claim of R&M expenses	**3993482**

List of items disallowed/deferred from the claim of A&G expenses for FY 2019-20

S. No.	Voucher No.	Asset Name	Amount in Rs.
Civil Dhalipur			
1	5100008572 & 5100006782 March 2020	Construction of Additional Class Room under CSR work	1009144
Head Office			
1	2300004153, 25.11.2019	Uttarakhand Sports Foundation (CSR Work)	200000
2	2300005144, 31.12.2019	Tarun Khat Lakhwar Samiti(CSR Work)	200000
3	600011816, 31.03.2020	Contribution to CM Relief fund	15000000
4	600011824	Contribution as agreed in 6th Meeting of CSR	2210000
5	2300003477 15.10.2019	Devwani Propkar Mission	380000
		Total A&G on account of CSR works (without apportionment)	**18999144**

S. No.	Voucher No.	Asset Name	Amount in Rs.
1	5100002481, 30.07.2019 and 5100005538, 30.11.2019	Fee paid to IIT Roorke on account of R&D project, viz., Development and implementation of 100 kW through surface water velocity driven hydrokinetic turbines -Varun III	**11832736**
Total A&G to be Disallowed (without apportionment)			**30831880**
Expenditure apportioned to 9 HEPs			**27421237**
Expenditure apportioned to MB-II HEP			**2982274**
Expenditure apportioned to 10 HEPs			**30403510**

6.7 Annexure 7: Details of Balance Capital Expenditure for MB-II

S. No.	Description of claimed item	Estimated amount as per DPR. (in Rs. Cr.)	Revised estimated cost (in Rs. Cr.)	Expenditure upto FY 2018-19 (in Rs. Cr.)	2019-20 (in Rs. Cr.)	2020-21 (in Rs. Cr.)	2021-22 (in Rs. Cr.)	Total (in Rs. Cr.)
1	Rehabilitation	15.56	27.32	23.59	0	0	1	24.59
2	Construction of school building for Saraswati Shishu Mandir School in Shaktipuram Colony Chinyalisaur	2	2.72	2.19	0	0	0	2.19
3	Modification of tail race channel.	24	27.3	27.30	0	0	0	27.30
4	Compensation for the affected people	1.14	1.14	0.48	0	0.2	0.46	1.14
5	Payments to M/s NPCC against claims of Principal Agreement in accordance to the decision of High Power Committee.	12.86	12.19	12.19	0	0	0	12.19
6	Construction of Cement Concrete Protection wall around Joshiyara barrage reservoir.	83.08	75.87	52.29	0	0	0	52.29
7	Construction of Office Building at Joshiyara.	1.03	1.06	1.06	0	0	0	1.06
8	Construction of officer's residence at Joshiyara colony. (Annexure-CE-8)	1.1	1.15	1.15	0	0	0	1.15
9	Construction of 04 Nos Type-IV Residences and 01 Nos Type-V Residence in Shaktipuram Colony, Chinyalisaur.	1.1	1.12	0.68	0	0	0	0.68
10	Strengthening of water distribution system of Shaktipuram colony, Chinyalisaur.	0.89	0.84	0.84	0	0	0	0.84
11	Construction of workshop building at Dharasu power house of MB-II project.	1.69	1.6	0.92	0	0	0	0.92
12	Protection work on hill slope behind Dharasu power house.	2.57	3.12	3.07	0	0	0	3.07
13	Construction of Road from Joshiyara Bridge to Flushing conduit on left Bank (1.2 km) and from Barrage to NH-108 on Right Bank (0.4 Km).	2.22	3.3	2.27	0	0.42	0	2.69
14	Construction of Infrastructure works for affected villagers from Joshiyara, Gyansu and Kansain village as per their demands.	9.5	9.5	2.44	0	3.22	4.65	10.31
15	Construction of boundary wall, security fencing and gate for Shaktipuram colony and Shifting of existing boundary wall of Shaktipuram colony and provide the separate way for villagers behind Shaktipuram colony.	1.21	1.12	0.97	0	0	0	0.97
16	Testing of surge shaft gate.	5	5	0.00	0	0	0	0.00

S. No.	Description of claimed item	Estimated amount as per DPR. (in Rs. Cr.)	Revised estimated cost (in Rs. Cr.)	Expenditure upto FY 2018-19 (in Rs. Cr.)	2019-20 (in Rs. Cr.)	2020-21 (in Rs. Cr.)	2021-22 (in Rs. Cr.)	Total (in Rs. Cr.)
17	River training works from Dharasu Steel bridge to Dharasu Power house up to TRC.	2	3.63	3.37	0	0.27	0	3.64
18	Slope protection work on uphill side of Surge shaft.	0.9	1.3	1.26	0	0	0	1.26
19	Consultancy expenditure on TRC works & other works except for Joshiyara Barrage.	2	0.79	0.66	0	0	0	0.66
20	Liabilities against major civil contract of MB-II Project.			0.11	0	0	0	0.11
a	Reimbursement of Sales Tax.	8.15	19.24	19.24	0	0	0	19.24
b	Reimbursement of royalty.	0.45	0.45	0	0	0	0	0.00
c	Award given by the arbitrator in favour of M/s Hydel Construction (P) Ltd against dispute related to swellex Rock Bolt, Steel Fibre as Extra Item and loss due to flood along with interest of Rs. 95424/- per month.	30.73	35.3	35.3	0	0	0	35.30
d	Payment against misc. Works.	0.26	0.26	0.19	0	0	0	0.19
e	Security.	0.35	0.35	0.26	0	0	0	0.26
f	Pending payment of GSI.	0.95	0.95	0	0	0.95	0	0.95
g	Expenditure incurred for arbitration.	1	2	1.19	0	0	0	1.19
h	Claim due to incentive & Idle Charges			0	0	0	0	0.00
i	Claim due to foreclosure			0	0	0	0	0.00
	IDC amount claimed by UJVN Ltd. against the works of Balance capital works petition in FY 2016-17 (provisionally allowed by the Commission in TO dated 21.03.2018			17.56	0	0	0	17.56
	An adjustment entry considered to nullify the impact of decapitalisation of Rs 36.94 Crore considered by UJVN Ltd. in FY 2017-18*.			36.94	0	0	0	36.94
	Payment of decree amount to M/s Continental Company Ltd against arbitration case of MB-II			0		1.99	1.19	3.18
Total		211.74	238.62	247.52	0.00	7.05	7.30	261.87

* In FY 2017-18, UJVN Ltd. has considered a de-cap of Rs. 36.94 Crore against works covered under S. No. 6 above i.e. Construction of Cement Concrete Protection wall around Joshiyara barrage reservoir, as grant was received from GoU in FY 2017-18 against the said works executed in FY 2015-16. In this regard, it is observed that the Commission in its Tariff Order dated 23.03.2017 had considered the funding of additional capitalisation of around Rs. 40.37 Crore through grants from GoU and now UJVN Ltd. has received a grant of Rs. 36.94 Crore against the same in FY 2017-18. Therefore, an entry of +36.94 Crore is added to ascertain the actual amount of additional capitalisation done in FY 2017-18 by UJVN Ltd. against the Balance capital works petition in FY 2017-18.