Order

On

True up for FY 2018-19,

Annual Performance Review for

FY 2019-20

&

Annual Fixed Charges

for FY 2020-21

For

UJVN Ltd.

April 18, 2020

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

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No.: 38 to 47 of 2019

In the Matter of:

Petition filed by UJVN Ltd. for True Up for FY 2018-19, Annual Performance Review for FY 2019-20 and Annual Fixed Charges for FY 2020-21 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 18, 2020

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.

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, 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. In compliance with the 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. 38 to 47 of 2019 hereinafter referred to as the "Petitions"), giving details of its revised projections of Annual Fixed Charges (AFC) for FY 2020-21, based on true up for FY 2018-19 and Annual Performance Review for FY 2019-20 on November 29, 2019.

The Petitions filed by UJVN Ltd. had certain infirmities/deficiencies which were informed to UJVN Ltd. vide Commission's letter no. UERC/6/TF/509/2019-20/1314 dated December 9, 2019 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-809/ UJVNL/02/D(O)/C-20 dated December 17, 2019 submitted most of the information sought by the Commission. Based on the submission dated December 17, 2019 made by UJVN Ltd., the Commission vide its Order dated December 20, 2019 provisionally admitted the Petition 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 Petition 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 2018-19, APR for FY 2019-20 and revised AFC for FY 2020-21 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 Order dated March 21, 2018 and MYT Order dated February 27, 2019.

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 2018-19.

Chapter 4 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2019-20 and AFC for FY 2020-21.

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. In accordance with Regulation 12 of the UERC Tariff Regulations, 2015, 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 2018-19, Annual Performance Review for FY 2019-20 and Annual Fixed Charges for FY 2020-21 on November 29, 2018. The above Petitions were provisionally admitted by the Commission vide its Order dated December 20, 2019. The Commission, through its above Admittance Orders dated December 20, 2019, 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	22.12.2019
2	Dainik Jagran	22.12.2019
3	Hindustan	22.12.2019
4	Times of India	23.12.2019
5	Hindustan Times	23.12.2019

Through the above notices, the stakeholders were requested to submit their objections/ suggestions/comments latest by 31.01.2020 (copy of the notice is enclosed as **Annexure 1**). Besides suggestions/comments of the State Advisory Committee, the Commission received 07 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	Champawat	26.02.2020
2	Rudrapur	28.02.2020
3	Uttarkashi	04.03.2020
4	Dehradun	06.03.2020

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 March 16, 2020, wherein, detailed deliberations were held with the Members of the Advisory Committee on the various issues linked with the Petition 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 Petition submitted by UJVN Ltd., the Commission vide its letter no. UERC/6/TF/509/2019-20/1314 dated December 9, 2019, letter no. UERC/6/ Pet. No. 38 to 47 of 2019/1424 dated January 6, 2020 pointed out certain data gaps in the Petitions and sought following additional information/clarifications from the Petitioner:

- Receipts of insurance premium paid in FY 2018-19.
- Documentary evidence of equity infused towards capitalization in FY 2018-19
- Plant wise details of arrears paid to its employees on account of VII Pay Commission in FY 2018-19 duly reconciled with the audited Balance Sheet.
- Details of calculation of generation loss due to implementation of NGT Order.
- Details of grant received from Government along with utilisation certificates for its 10 LHPs for FY 2018-19 and Details of Grants received in FY 2019-20 till December 2019.
- Details of actual no. of employees deputed at solar business and SHPs.
- Substantiation of UJVN Ltd.'s claim of interest on Fixed Deposits which are made out of its RoE.
- Details of additional capitalisation, A&G and R&M expenses and vouchers of expenses above Rs. 10 Lakh for its 10 LHPs for FY 2018-19.
- Details of actual working capital utilized in FY 2018-19.
- Details of year wise additional capital expenditure of works covered under balance Capital Works of MB-II.

The Petitioner submitted the replies to data gaps/ information sought by the Commission vide its letter no. M-809/ UJVNL/02/D(O)/C-20 dated December 17, 2019, 806/UJVNL/04/D(F)/UERC dated December 27, 2019, M-75/ UJVNL/02/D(O)/C-20 dated

January 20, 2020. Further, the Petitioner vide its letter no. M-98/ UJVNL/02/D(O)/C-20 dated January 27, 2020 submitted an additional submission to the instant Petition on implementation of ERP in UJVN Ltd.

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 January 28, 2020, 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. 38 to 47 of 2019/1528 dated January 29, 2020, for its response.

The Petitioner submitted the replies to Minutes of TVS sought by the Commission vide its letter no. M-146/UJVNL/02/D(O)/C-20 dated February 6, 2020 and M-169/UJVNL/02/D(O)/B-8 dated February 14, 2020, M-174/UJVNL/02/D(O)/B-8 dated February 17, 2020, M-209/ UJVNL/02/D(O)/B-8 dated February 25, 2020 and M-243/UJVNL/02/D(O)/B-8 dated March 11, 2020. Meetings were held between the Officers of the Commission and field Officers of UJVN Ltd. along with Officers of UJVN Ltd.'s Commercial wing in the Commission between February 6, 2020 to February 12, 2020 and certain anomalies were observed on the submissions made to the Commission, which were communicated to the Petitioner. In response, the Petitioner vide its letter Nos. M-169/UJVNL/02/D(O)/B-8 dated February 14, 2020, M-174/UJVNL/02/D(O)/B-8 dated February 17, 2020, M-209/ UJVNL/02/D(O)/B-8 dated February 25, 2020 and M-251/UJVNL/02/D(O)/B-4 dated March 12,2020 submitted its reply. Further, the Commission vide its email dated March 7, 2020 raised some queries regarding vouchers submitted by UJVN Ltd. in support of its claim of R&M expenses incurred in FY 2018-19 and the Petitioner vide its reply dated March 12, 2020 submitted the same along with some additional information required by the Commission.

The submissions made by UJVN Ltd. in the Petition 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 seven suggestions/objections on UJVN Ltd.'s Petitions for True Up of FY 2018-19, Annual Performance Review for FY 2019-20 and Annual Fixed Charges for FY 2020-21 for 10 Large Generating Stations. List of stakeholders who have submitted their objections/suggestions/comments in writing is given at **Annexure-2** and the list of Respondents who have 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 Tariff Increase

2.1.1 *Stakeholder's Comments*

Shri Munish Talwar of M/s Asahi Glass India Ltd., Shri Shakeel A. Siddiqui of M/s Kashi Vishwanath Textile Mill (P) Ltd., Shri Ram Kumar Goel of Hotel Association of Mussoorie, and Shri P K Rajput of Alps Industries Limited have submitted that UPCL in its petition has proposed a tariff hike of 7.70% and if Petitions of other transmission and generation bodies like PTCUL, SLDC and UJVN Ltd. are taken into consideration, the total impact of 13.31% increase in unit rates is estimated which is not authentic and creates sense of uncertainty for industries to survive. The stakeholders requested the Commission not to increase the tariff at this juncture as any tariff increase would put the industry into further hardship.

Shri Pankaj Gupta of Industries Association of Uttarakhand submitted that the Petitioner has not shown commercial discipline and is not acting in the public interest. Further, he submitted that the Petitioner is proposing abnormally high increase under all heads of expenses in all generating stations which is not commensurate with its previous claims. He requested the Commission to look closely into the costs proposed by the Petitioner.

2.1.2 *Petitioner's Reply*

The Petitioner submitted that the Petitions for determination of tariff are filed in accordance with the Regulations notified by the Commission. The tariff of upcoming years is proposed on normative basis and truing-up for the past year is claimed based on the actual audited expenditure and as per the provisions specified in the Regulations. The Petitioner also submitted that it is making continuous efforts to ensure strict commercial discipline, striving to protect the public interest and comply with the directives of the Commission.

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 2018-19 as elaborated in Chapter 3 of the Order. Further, the Commission has worked out the sharing of gains and losses for FY 2018-19 in accordance with the provisions of the UERC Tariff Regulations, 2015 while carrying out the truing-up of expenses and revenues for FY 2018-19. The Commission has carried out detailed analysis of all the expenses while approving the Annual Fixed Charges for FY 2020-21 as elaborated in Chapter 4 of the Order.

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 there under, 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 Design Energy/Actual Energy Generated

2.3.1 *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 for 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 specifies for operating norms and not lower of normative and actuals so that it encourages better performance from utilities.

2.3.2 *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.

2.3.3 *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 as elaborated in Chapter 4 of this Order. 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/NMCG Order for the limited purpose of recovery of Energy Charges only for FY 2020-21. However, the Commission shall true up the same only based on the actual data submitted by the Petitioner during the True up of FY 2020-21 subject to prudence check.

2.4 Operation & Maintenance of dams/barrages

2.4.1 *Stakeholder's Comments*

Shri Ram Kumar Goel of Hotel Association of Mussoorie submitted that barrages viz. Asan and Dakpathar barrages are filled with silt and, thereby, the capacity has been reduced. He further submitted that measures should be taken to remove the silt so that plant can be operated at full capacity which will ultimately reduce the cost of generation of power.

2.4.2 *Petitioner's Reply*

The Petitioner submitted that suitable action will be taken at appropriate time considering the techno-commercial aspects of the Plant.

2.4.3 *Commission's Views*

The Commission has been carrying out the Annual Performance Review as per the framework specified by the Commission for respective Control Period. As per the framework specified in the Regulations, the audited performance of the applicant for the previous financial year is compared with the approved forecast of Aggregate Revenue Requirement for such previous financial year and truing-up of expenses and revenue is subject to prudence check. Further, the framework also specifies for the sharing of gains/losses on account of controllable and uncontrollable factors. Therefore, the Commission has put in place the mechanism wherein the Petitioner is encouraged to improve its operational performance and it is the Petitioner's prerogative to take decisions based on techno-commercial analysis so that any reduction in generation vis-a-vis saleable primary energy can be avoided.

2.5 Rehabilitation and Resettlement of affected villagers

2.5.1 *Stakeholder's Comments*

Shri J.P. Nautiyal, Ex. President of Bar Council, Uttarkashi submitted that the residents of villages, viz. Lothuru, Hina, Kansen, Didsari, Maneri and others who gave their land for construction of dams/barrages are not properly compensated and are not even provided with proper employment opportunities for their livelihood. Keeping in view the proposed new projects/projects under construction, he requested that a long-term employment scheme should be developed so that the villagers whose lands were acquired for projects are employed in such projects based on their qualification. He further submitted that a system should be developed in which the leftover land after construction should be returned to the former landowners

2.5.2 *Petitioner's Reply*

The Petitioner submitted that the villagers whose lands have been acquired for construction of MB-I and MB-II are compensated as per then prevailing Rehabilitation & Resettlement Act (R&R Act). The Petitioner further submitted that for the projects which are under construction/proposed projects by UJVN Ltd. the acquired lands of people are compensated as per Rehabilitation & Resettlement Act, 2013.

With regard to returning of leftover land, the Petitioner submitted that keeping in view of the construction of projects only minimum required land has been acquired. The negligible land which is left is necessary in view of maintenance of existing/proposed projects. Therefore, it is not possible to return the same.

2.5.3 *Commission's Views*

The issue raised is an administrative issue and may be pursued with the concerned Authorities/Government. As the issue raised do not pertain to the current tariff proceedings, therefore, the same has not been dealt with in this Order.

2.6 Allegation of Corruption existing in UJVN Ltd.

2.6.1 *Stakeholder's Comments*

Shri Sunil Kumar Gupta, Journalist of Teesri Aankh ka Tehalka submitted that the recently floated tender for sale of scrap is an example for existing corruption in UJVN Ltd. where the tender was floated for around Rs. 2.50 Crore whereas the material of around Rs. 4.00 Crore along with old tandem line poles have been handed over to the contractor. He further submitted that even after the same has been exposed to the public, an enquiry has been set up by UJVN Ltd. by its own higher officials who are trying to dismiss all such events.

2.6.2 *Petitioner's Reply*

The Petitioner submitted that it follows a transparent process for disposal of scrap in its individual units/Plants. The Petitioner submitted that a Committee under the Chairmanship of Executive Director has already been formed which consists of General Manager level officers of UJVN Ltd. After the inspection and demarcation of scrap by the Committee the valuation of scrap is done by an independent surveyor for determining a base price and an open tender is floated at base price or higher than base price.

With regard to the observation by the stakeholder, the Petitioner submitted that the disposal process of scrap at Dakpathar Circle which includes Plants and barrages, viz. Chibro, Khodri, Dakpathar barrage, Ichari Dam and Test division has been initiated in the above-mentioned process where an independent surveyor determined a base price of Rs. 2.00 Crore by inspecting the scrap between February 04, 2019 to February 08, 2019. Thereafter, an open tender was floated in which M/s N A Steels, Saharanpur emerged as highest bidder with a price of Rs. 2.38 Crore. Further, the Petitioner submitted that for supervision of scrap disposal at various Plants, 3 different Committees each consisting of Executive Engineer, Assistant Engineer and a Junior Engineer/Staff have been made. The Contractor between November 22, 2019 and February 7, 2020 was allowed to take the scrap items which were identified and valued before floating the tender and some of the items are still left at various sites. Therefore, the statements made by the stakeholder are baseless.

Further, with regard to tandem line poles, the Petitioner refuted the submissions made by the stakeholder saying that the same are baseless without any facts.

2.6.3 *Commission's Views*

The Commission, recognizing the fact that most of the LHPs are under RMU which involves replacement of old and obsolete equipment which will eventually be disposed-off, issued a direction to the Petitioner to maintain proper accounting with regard to disposal of such assets including sale of scrap and submit the same along with the subsequent tariff filings in its Order dated March 3, 2017. The Petitioner has been complying with the same and has made its submissions accordingly.

2.7 Issues raised during the Meeting of State Advisory Committee

2.7.1 *Views of State Advisory Committee*

During the State Advisory Committee meeting held on March 16, 2020, the Members made the following observations/suggestions/comments:

(1) UJVN Ltd. has proposed very high increase in all heads of expenses for all generating stations and the same needs to be examined carefully as UJVN Ltd. has proposed a huge amount of Capital Expenditure of approx. Rs. 300 Crore in FY 2019-20 and Rs. 372 Crore in FY 2020-21 which in turn will affect the RoE, Depreciation and other components of Tariff.

(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) Requested the Commission to not allow any carrying cost on the RoE on PDF amount in case the Hon'ble APTEL issues Judgment in favour of the Utilities viz. UJVN Ltd. and PTCUL.

(4) UJVN Ltd. has been incurring additional capital expenditure for its stations from a long time and has also proposed higher additional capital expenditure in the current tariff filings. Further, requested the Commission to ensure that the same results in benefit to the consumers of the state.

(5) The consumers of the state should not be given tariff shock if in case Hon'ble APTEL issues Judgment on this issue of allowing RoE on PDF in favour of the Utilities viz. UJVN Ltd. and PTCUL.

(6) There is a need for reviewing the existing Organizational Structure of Utilities keeping in view the actual requirement of staff as employee expenses of UJVNL and PTCUL are on higher side and on the other hand UPCL is operating with less manpower. Further, suggested that State Govt. may constitute Manpower Rationalisation Committee in this regard.

(7) The repetitive proposal of high number of employee addition in tariff filings by the Utilities should be analysed and addressed. Further, suggested that the Utilities should submit the Cost Benefit Analysis along with the recruitment plan

(8) Suggested to explore the opportunities of power generation through newer technologies.

2.7.2 *Petitioner's Reply*

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

(1) On the issue raised regarding the Organizational Structure in the Utility, UJVN Ltd. submitted that as 9 out of its 10 LHPs have operated for more than their useful life and in order to maintain them properly with all the safety standards, UJVNL requires more man power. UJVN Ltd. further submitted that the sanctioned strength of the Utility is around 4000 whereas the Utility is currently running with half of the sanctioned strength.

(2) With regard to generation of electricity utilizing the flow in channels, UJVN Ltd. submitted that R&D for Kinetic turbine technology for generating electricity from flow in channels is being done in coordination with IIT Roorkee and the same shall be explored soon.

(3) With regard to observation of additional capital expenditure incurred/proposed to be incurred by UJVN Ltd., UJVN Ltd. submitted that the same is proposed for improving efficiency and generation of electricity.

2.7.3 *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 Petition filed for approval of true up of FY 2018-19, APR for FY 2019-20 and Annual Fixed Charges for FY 2020-21 as detailed in subsequent Chapters of this Order.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing-up of 9 LHPs & MB-II for FY 2018-19

Regulation 12 of the UERC Tariff Regulations, 2015 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 2014 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 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 2018-19 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 2018-19. The Petitioner vide its letter no. M-98/ UJVNL/02/D(O)/C-20 dated January 27, 2020 made additional submissions seeking additional capitalisation on account of implementation of ERP in UJVN Ltd. which were inadvertently excluded from the claims made in the Petition. 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 February 27, 2019 has already carried out the final True up upto FY 2017-18 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 2018-19 considering the capital cost as on CoD as approved by the Commission in the Tariff Order dated February 27, 2019 in accordance with the UERC Tariff Regulations, 2015.

3.1 Impact of Sharing of Gains and Losses on account of Controllable Factors for FY 2018-19

Regulation 14 of the UERC Tariff Regulations, 2015 specify 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, 2015 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, 2015 these are controllable expenses. Similarly, in accordance with the UERC Tariff Regulations, 2015, 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, 2015.

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 05.04.2016 had approved the NAPAF for 9 LHPs of UJVN Ltd. for FY 2018-19 in accordance with Regulations 47(1)(b) of UERC Tariff Regulations, 2015 as under:

Table 3.1: NAPAF approved vide Order dated 05.04.2016 for FY 2018-19

Sl. No.	Name and Type of Plant		NAPAF Approved by the Commission in Order dt. 05.04.2016 for FY 2018-19
1	Dhakrani	RoR	60.94%
2	Dhalipur	RoR	58.62%
3	Chibro	Pondage	65.06%
4	Khodri	Pondage	57.23%
5	Kulhal	RoR	67.14%
6	Ramganga	Storage	19.00%
7	Chilla	RoR	74.00%
8	MB-I	Pondage	79.00%
9	Khatima	RoR	-

With regard to Khatima HEP, the Commission in its aforesaid Order stated that:

"... For Khatima HEP, as the RMU works are likely to be completed, the Commission at this stage has approved the NAPAF only for FY 2016-17. For FY 2017-18 and FY 2018-19 the Commission will approve the NAPAF of Khatima HEP as a part of APR Petition for FY 2016-17."

Accordingly, the Commission in its APR Order dated March 29, 2017 approved the NAPAF for Khatima HEP as 69.30% for FY 2017-18 & FY 2018-19.

In the current Petition, the Petitioner has submitted the actual PAFY values achieved during FY 2018-19 and requested the Commission to relax the NAPAF norms for its plants namely Ramganga, Chilla, and MB-I to the extent of PAFY achieved during FY 2018-19. The actual PAFY achieved during FY 2018-19 are as under:

Table 3.2: Plant-wise actual PAFY achieved during FY 2018-19

Sl. No.	Name and Type of Plant		NAPAF approved in T.O. dated 21.03.2018 (%)	PAFY (in %)
1	Dhakrani	RoR	60.94%	66.41%
2	Dhalipur	RoR	58.62%	67.77%
3	Chibro	Pondage	65.06%	67.11%
4	Khodri	Pondage	57.23%	59.23%
5	Kulhal	RoR	67.14%	76.56%
6	Ramganga	Storage	19.00%	11.48%
7	Chilla	RoR	74.00%	56.38%
8	MB-I	Pondage	79.00%	71.06%
9	Khatima	RoR	69.30%	72.52%

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 released from Ramganga Dam is purely irrigation based and the control of which rests with Uttar Pradesh Irrigation Department and, therefore, they have no control over the same. Therefore, the Petitioner requested the Commission to revise the NAPAF for FY 2018-19 as 11.48% instead of 19.00%.
- **Chilla:** The Petitioner has submitted that due to the flooding incident that occurred in July 13, 2018 the generating station could not achieve NAPAF. 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 & detrimental effects of high quantum of silt with quartzite contents in the Bhagirathi river water results in high damages to under water 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 attributing to high quantum of generation as well as availability loss. Further, the Petitioner submitted that the Power Station could not achieve NAPAF due to shutdown of Unit #1 for RMU between December 12, 2018 to March 31, 2019.

The Petitioner, accordingly, requested the Commission to revise the NAPAF as 71.06% from 79.00% as approved by the Commission for FY 2018-19.

Commission's Analysis

- **Dhakrani**

With regard to Dhakrani HEP, the Petitioner achieved PAFY of 66.41% against the approved NAPAF of 60.94%. The Commission while approving the NAPAF of FY 2018-19 in MYT Order considered the Petitioner's submission of impact of RMU in the months of January, 2019 to March, 2019. However, the Petitioner's submission in Annexure 1 of instant Petition shows that RMU works at Unit#1 did not start in FY 2018-19. Further, the Petitioner's submission vide its Reply dated February 6, 2020 on revised plan for RMU of Dhakrani HEP shows that no RMU works have been planned till September, 2020. The Commission is of the view that as the RMU works were not undertaken in FY 2018-19 the PAFY achieved in FY 2018-19 was higher than the NAPAF approved for FY 2018-19. Further, as the RMU works were not undertaken as considered while approving NAPAF, the PAFY needs to be restated for the year. Accordingly, the Commission has considered impact of RMU for the months January, 2019 to March, 2019 only for restating PAFY which works out to 60.48% against the approved NAPAF of 60.94%. Therefore, the Commission for recovery of fixed charges has considered the PAFY of Dhakrani HEP for FY 2018-19 as 60.48%.

- **Dhalipur**

With regard to Dhalipur HEP, the Petitioner achieved a PAFY of 67.77% against the approved NAPAF of 58.62%. The NAPAF was set by the Commission considering the Petitioner's submission that Unit#2 will be under RMU from April 1, 2018 till May 31, 2018, i.e. 61days and Unit#3 will be under RMU from November 1, 2018 to May 31, 2019, i.e. 212 days.

The Petitioner's submission in Annexure 1 of the instant Petition shows that RMU works at Unit#2 was carried out in FY 2018-19 from February 7, 2019 to March 31, 2019, i.e. 52 days. The Commission is of the view that had the RMU work started as per the previous schedule, the PAFY for the year would have been lower and that the increase in PAFY vis-a-vis NAPAF was not on account of increased efficiency and, therefore, the PAFY for the year needs to be restated as done in case of Dhakrani LHP. Therefore, the Commission has restated the PAFY achieved by the Petitioner by considering the same RMU schedule, i.e. from April 1, 2018 till May 31, 2018 for Unit#2, i.e. 61 days and Unit#3 from November 1, 2018 to May 31, 2019, i.e. 212 days. The restated PAFY works out to be 58.40% against the NAPAF of 58.62%. Therefore, the Commission for approving Fixed Charges has considered the PAFY of Dhalipur LHP for FY 2018-19 as 58.40%.

- **Ramganga**

With regard to Ramganga HEP, the Petitioner has achieved a PAFY of 11.48% 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). 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. The Commission has, therefore, not allowed any relaxation with regard to NAPAF or re-statement of PAFY for Ramganga HEP for FY 2018-19.

- **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 vide Minutes of TVS dated January 29, 2020 asked the Petitioner to submit quantified information for outage due to the aforesaid incident and submit Unit wise expenditure incurred on restoration of Plant. The Petitioner vide its Reply dated February 6, 2020 submitted the findings of Expert Committee and the Action Plan for restoration works. The Commission, during the meeting held on February 11, 2020 with the field Officers of UJVN Ltd. asked the Petitioner to submit write up on actions taken on the recommendation of Expert Committee. In this regard, the Petitioner vide its reply dated February 17, 2020 submitted the same. From the submissions of the Petitioner, it was observed that some of the recommendations have been addressed while few of the recommendations are in progress.

Further, the Commission observed that UJVN Ltd. has taken insurance for breakdown cover for which it had incurred a cost of Rs. 3.62 Crore in FY 2018-19. In this regard, the Petitioner was asked to submit the details of insurance claims made against the same. The Petitioner vide its reply dated March 12, 2020 submitted that it has taken breakdown insurance policy from M/s Oriental Insurance Company and a surveyor from the same visited the plant on August 1, 2018. The Petitioner submitted that a preliminary estimate of Rs. 65.87 Crore without taxes was submitted to M/s Oriental Insurance Company. The Petitioner submitted that assessment of the claim on the basis of works carried out and loss of generation is being made by Insurance Cell of UJVN Ltd. in consultation with Insurance Consultant. Further, the Petitioner submitted that the expected claim shall be around Rs. 25.00 Crore and the final figures shall be submitted to the Commission after finalization of the same.

Keeping in view the above submission of the Petitioner, the breakdown insurance policy taken by the Petitioner also covers loss due to non-availability of machine for generation and the insurance claim is under progress, the Commission has therefore, not allowed any relaxation with regard to NAPAF i.e., 74% or re-statement of PAFY i.e., 56.38% for Chilla HEP for FY 2018-19. **Further, the Commission directs the Petitioner to 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 2018-19, the Petitioner has achieved PAFY of 71.06% against the approved NAPAF of 79%. The Commission in its Review Order dated September 03, 2013 and subsequent Tariff Orders for Second 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, 2019 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 74.90% for FY 2018-19 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 & detrimental effects of high quantum of silt with quartzite contents in the Bhagirathi River resulting in high damages to under water 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 has 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 is of the view that all above stated reasons have already been examined & analysed in detail and factored in during the process of determination of NAPAF and has been elaborated in the Commission's earlier Tariff Order dated March 21, 2018. Therefore, no relaxation with regard to NAPAF or re-statement of PAFY for MB-II has been allowed by the Commission.

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 has reduced, accordingly.

The Petitioner further submitted that the Commission in its Tariff Order dated February 27, 2019 has stated as:

"……..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-à-vis such flow prior to the NGT Order. Thereafter, appropriate view will be taken by the Commission in this regard."

In this regard, the Commission vide its letter dated December 9, 2019 asked the Petitioner to submit the date of implementation of NGT Order by UJVN Ltd. The Petitioner vide its reply dated December 17, 2019 submitted that NGT Order was implemented from October 1, 2018 at the stations viz. Chibro, Khodri, Kulhal, Tiloth and Chilla. Further, the Petitioner submitted that NGT Order was implemented from November 1, 2018 at the stations, viz. MB-II, Dhakrani and Dhalipur. However, the Petitioner has not sought any relaxation in the Design Energy for FY 2018-19 because of implementation of the NGT Order in UJVN Ltd.

Therefore, the Commission decides to consider the Design Energy and Saleable Primary Energy as approved in the Commission's Order dated 29.03.2017. Accordingly, the approved Design Energy approved for FY 2018-19 is as under:

Table 3.3: Design Energy and Saleable Primary Energy Approved for FY 2018-19 (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	1566.10	1.00%	15.66	1550.44
Total	**5077.69**	**4776.67**		**45.64**	**4731.13**

** 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 27.02.2019. The Commission in its Order dated 27.02.2019 had considered the allocation for indirect expenses in the ratio of 85:10:5 among 9 LHPs, MB-II and SHPs respectively as considered in its earlier Order dated 21.03.2018. 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 detailed vouchers for R&M works of Civil Dhalipur it was observed that the apportionment of common expenses at Barrages, viz. Ichari, Dakpathar & Asan which are booked directly under respective LHPs are not apportioned as per the methodology approved by the Commission in the Order dated February 27, 2019. For instance, the expenses incurred at Ichari Dam are booked in the ratio of 70:30 at Chibro and Khodri HEPs respectively instead of 66.66: 33.33 ratio. In this regard, the Commission took up the issue during the discussions held with field Officers of UJVN Ltd. on February 7, 2020. The Petitioner vide its reply dated February 14, 2020 submitted that the expenses are booked as per the apportionment methodology specified by the Commission and the variation in the allocation is on account of rounding off of percentages. The Petitioner requested the Commission to condone the error and also requested to retain the approach for apportionment methodology**. In this regard, the Commission directs the Petitioner to apportion the Common expenses as per the methodology adopted by the Commission in previous Orders.**

Further, the Commission observed that the Petitioner has apportioned the expenses incurred at Project Distribution Division (PDD) cost centre on to Chibro, Khodri, Dhakrani, Dhalipur and Kulhal LHPs as per the installed capacities. The Commission has also adopted the same methodology while disallowing/deferring any expense pertaining to PDD cost centre.

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 27.02.2019 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 27.02.2019 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 vide its letter dated August 08, 2019 under quarterly progress report on Transfer Scheme submitted that a Chief Secretary level meeting is scheduled to be held in the matter on August 18, 2019 in Dehradun. Further, the Petitioner vide its letter dated December 2, 2019 under quarterly progress report on Transfer Scheme submitted that meeting between Chief Secretaries of Uttarakhand and Uttar Pradesh was held on August 17, 2019 at Dehradun, wherein following was discussed:

"

A. GPF Trust Liability

During the meeting, both the states agreed to the principal amount of GPF payable by UPPCL to UPCL/ UJVNL for Rs. 162.14 crore, which includes Rs. 42.64 crore towards principal amount of GPF recoverable by UJVNL. It was further agreed that UPPCL shall pay Rs. 1.56 crore (Net) to UPCL after adjustment of Rs. 160.58 crore for amount payable by UPCL to UPPCL for revenue dues.

B. LIC Loan Liabilities

That the matter of LIC loan liability shall be referred for reconsideration by Uttarakhand State to Government of India. In this regard, a letter has already been sent by Hon'ble Chief Minister of Uttarakhand to Government of India vide Letter no. 437/I/2019-04(03)/20/2003 dated 01.04.2019.

As detailed above, issue of finalization of Transfer Scheme is at final stage of settlement."

The Commission has noted the submissions of the Petitioner and **directs the Petitioner to closely follow up the issue and submit quarterly status report to the Commission. The Commission would again like to point 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.**

Since, the Transfer Scheme is yet to be finalized, the Commission for the purposes of truing- up for FY 2018-19 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 27.02.2019.

Accordingly, in line with the above decision in MYT Order dated 27.02.2019, 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 T.O. dt. 27.02.2019	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
Intt. On GoU Loan	5.04	5.04
Intt. 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 T.O. 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 2017-18 amounting to Rs.329.42 Crore (including De-cap of Rs. 2.03 Crore) in its previous Tariff Orders.

Accordingly, the additional capitalisation from FY 2001-02 to FY 2017-18 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 2017-18 for 9 LHPs (Rs. Crore)

Generating Station	Amount
Dhakrani	8.27
Dhalipur	9.79
Chibro	37.23
Khodri	23.13
Kulhal	6.11
Ramganga	28.41
Chilla	26.69**
MB-I	36.95
Khatima	152.84*
Total	**329.42**

**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 2017-18 for these LHPs, the Commission has considered the opening GFA for FY 2018-19 for nine LHPs as presented below:

Table 3.8: Opening GFA for 9 LHPs as considered by the Commission for FY 2018-19 (Rs. Crore)

Generating Station	Amount
Dhakrani	20.67
Dhalipur	30.16
Chibro	125.12
Khodri	97.10
Kulhal	23.62
Ramganga	78.43
Chilla	151.58*
MB-I	148.87**
Khatima	160.03***
Total	**835.59**

**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 2018-19 as given in the Table below:

Table 3.9: Additional Capitalisation for 9 LHPs claimed by the Petitioner for FY 2018-19 (Rs. Crore)

Generating Station	Additional Capitalisation	De-Capitalisation	Net Additional Capitalisation
Dhakrani	0.76	0.00	0.76
Dhalipur	0.63	0.00	0.63
Chibro	12.80	0.00	12.80
Khodri	13.27	0.00	13.27
Kulhal	2.45	0.00	2.45
Ramganga	2.20	0.00	2.20
Chilla	9.75	0.00	9.75
MB-I	2.43	0.00	2.43
Khatima	-3.78*	0.00	-3.78*
Total	**40.52**	**0.00**	**40.52**

** including Rs. 3.94 Crore of Corrective entry made in FY 2018-19 for the amount wrongly booked towards IDC in FY 2017-18.*

The Petitioner vide its letter no. M-98/ UJVNL/02/D(O)/C-20 dated January 27, 2020 made an additional submission claiming that it has incurred a capitalisation on account of implementation of ERP amounting to Rs. 27.03 Crore. The Petitioner submitted that it inadvertently left out the same while filing the Petition and requested the Commission to consider the same. The Petitioner further apportioned the additional capitalization on this account in the ratio of 85:10:5 among 9 LHPs, MB-II and SHPs respectively as considered by the Commission in its earlier Order dated 27.02.2019 and the same works out to Rs. 22.98 Crore, Rs. 2.70 Crore & Rs. 1.35 Crore respectively. The Plant wise additional capitalization on the account of implementation of ERP as submitted by UJVN Ltd. for 9 LHPs is as follows:

Table 3.10: Additional Capitalisation claimed by the Petitioner for implementation of ERP in FY 2018-19 (Rs. Crore)

Generating Station	Additional Capitalisation
Dhakrani	0.82
Dhalipur	1.24
Chibro	5.82
Khodri	2.91
Kulhal	0.73
Ramganga	4.80
Chilla	3.49
MB-I	2.18
Khatima	1.00
Total	**22.98**

The Commission while scrutinizing the vouchers of additional capitalization of Civil Division Maneri observed that the Petitioner had apportioned an expenditure of Rs. 6.98 Crore on MB-I & MB-II in the ratio of Installed Capacity, while, the data submitted by the Petitioner vide its reply dated

December 27, 2019 stated that an expenditure of Rs. 0.09 Crore and Rs. 6.89 Crore had been incurred in MB-I and MB-II respectively. The Commission vide its Minutes of TVS dated January 29, 2020 and during the meeting held with field Officers of UJVN Ltd. on February 10, 2020 had raised the same and the Petitioner vide its reply dated February 25, 2020 submitted that due to unavailability of data of segregated expenses incurred, the expense of Rs. 6.98 Crore was apportioned based on their installed capacities. The Petitioner further revised its additional capital expenditure for MB-I as Rs. 0.92 Crore from earlier submitted value of Rs. 2.43 Crore on the basis of actual data and requested the Commission to approve the same.

Therefore, the total additional capitalization for FY 2018-19 claimed by the Petitioner after including the claim on account of additional submission dated January 27, 2020 on implementation of ERP, and revised submission of additional capitalization of MB-I is as follows:

Table 3.11: Total Additional Capitalisation claimed by the Petitioner for FY 2018-19 (Rs. Crore)

Generating Station	Additional Capitalization Approved in Order dated 21.03.2018	Additional Capitalisation claimed by the Petitioner
Dhakrani	0.00	1.58
Dhalipur	36.38	1.86
Chibro	0.00	18.62
Khodri	0.00	16.18
Kulhal	0.00	3.18
Ramganga	0.00	7.00
Chilla	51.93	13.24
MB-I	0.00	3.10
Khatima	0.00	-2.77
Total*	**87.91**	**61.99**

** including Rs. 3.94 Crore of Corrective entry made in FY 2018-19 for the amount wrongly booked towards IDC in FY 2017-18.*

The Commission in its Order dated 21.03.2018 had approved the additional capitalisation of Rs. 87.91 Crore for FY 2018-19, however, UJVN Ltd. in this instant Petition has claimed additional capitalisation of Rs. 61.99 Crore for FY 2018-19. The Commission, however, observed that UJVN Ltd. has sought additional capitalization for almost all the LHPs during FY 2018-19 by just stating that the same is essential for the efficient operations of the plants and the need of additional capitalization has not been properly justified in the Petition as per Regulation 22(2) of the UERC Tariff Regulations, 2015. The Commission observed that as per Regulation 22(2) of the UERC Tariff Regulations, 2015 all the additional capitalization after the cut-off date of the LHPs should be substantiated with technical justification duly supported by documentary evidence like test results carried out by independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level, etc. and, accordingly, sought detailed justification for additional capitalisation claimed along with station-wise reconciliation with audited accounts for FY 2018-19. The Petitioner in response submitted the detailed justification for each Plant along with the vouchers for capital works exceeding Rs. 10 lakhs for 10 LHPs and also provided the station-wise reconciliation of the additional capitalization with audited accounts for FY 2018-19 along with the necessary supporting documents.

With regard to implementation of ERP in UJVN Ltd. the Commission through Minutes of TVS dated January 29, 2020 sought information viz. DPR of the Project, tangible and intangible benefits, breakup of capital expenditure and year wise projected operational expenditure from the Petitioner to carry out detailed prudence check. Further, during the meeting held with field Officers of UJVN Ltd. on February 12, 2020, the Commission asked the Petitioner to submit information, viz. Agreement Copies signed with M/s Wipro Ltd. and year-wise payments made along with treatment of the same in audited accounts of respective years. The Commission further sought clarification on variation in actual payments made compared with the Contract price of M/s Accenture Solutions Ltd., justification/clarifications on higher projection of operational expenditure and confirmation from UJVN Ltd. whether all the works covered under the scope of project had been executed along with future capitalization if any. In response, the Petitioner submitted its replies for the same vide its letter dated February 06, 2020, February 25, 2020 and March 12, 2020.

The Petitioner submitted that it had appointed M/s Wipro Ltd. as Consultant for preparation of DPR for implementation of ERP. The Petitioner submitted that UJVN Ltd. has completed the implementation of ERP Project during FY 2018-19 with the help of M/s Accenture Solutions Ltd. acting as system integrator selected through competitive bidding. After successful completion, the Go Live was achieved on October 10, 2018 followed by Stabilization acceptance on December 31, 2018. The Petitioner submitted that the cost was booked under the head 'Other intangible Assets' in Note 6 of its Financial Statements for FY 2018-19.

The breakup of Capital cost on account of implementation of ERP submitted by the Petitioner is as follows:

Table 3.12: Summary of additional capitalization claimed by the Petitioner for FY 2018-19 on account of implementation of ERP (Rs.Crore)

Particular	Base Amount	Taxes	Total Amount
License Cost	9.39	1.76	11.15
Installation Cost	13.34	2.34	15.69
Consultancy Charges	0.16	0.03	0.19
Total	**22.89**	**4.14**	**27.03**

The Petitioner further submitted that the Consultancy Charges paid to M/s Wipro Ltd. for the implementation of ERP has been capitalized by the Petitioner in FY 2018-19 except for an amount of Rs. 0.29 Crore which were paid to M/s Wipro Ltd. in FY 2019-20.

The Commission, during the detailed scrutiny observed that the Petitioner ordered licences for 500 employees whereas the cost estimated in the DPR was for 800 licences and also observed that there is a variation in the Capital and Operational Expenditure when compared with the DPR Cost. In this regard, the Petitioner vide its reply dated March 12, 2020 submitted that the Consultant M/s Wipro Ltd. submitted the DPR with a cost estimation of Rs. 47.90 Crore which included cost for implementation of ERP as Rs. 36.26 Crore (Rs. 17.50 Crore of Capital Expenditure and Rs. 18.76 Crore towards Operational Expenditure for a period of 3 years) for 800 licenses, Rs. 5.78 Crore for MPLS and Internet Connectivity and Rs. 4.52 Crore for Data Centre hosting. The Petitioner submitted that contract awarded to M/s Accenture Solutions Ltd. was Rs. 33.66 Crore (22.73 Crore Capital Expenditure and Rs. 10.93 Crore towards Operational Expenditure) which included 500 Licences. The Petitioner also submitted that an expense of Rs. 43.45 Crore was incurred till date (Rs. 33.66 Crore on Implementation of ERP, Rs. 6.08 Crore for MPLS and Rs. 3.71 Crore for Internet Connectivity) and the remaining Rs. 4.44 Crore when compared with the DPR cost may be utilized for purchasing additional licences as per the requirement. The Petitioner, accordingly, submitted that the actual cost was within the estimated cost in the DPR.

With regard to recurring cost of the implementation of ERP, the Petitioner vide its reply dated February 6, 2020 submitted that the same shall be Rs. 7.71 Crore and Rs. 7.26 Crore for FY 2019-20 and FY 2020-21 respectively. The Commission sought explanation for the same during the meeting held with field Officers of UJVN Ltd. on February 12, 2020 as the same was to the tune of 25% of Capital Cost. The Petitioner was further asked to submit the measures planned to reduce the same.

The Petitioner vide its reply dated February 25, 2020 submitted that the O&M Cost is on account of Annual Technical Support (ATS) and Annual Support to be paid to M/s Accenture Solutions Ltd., Data Centre hosting and MPLS & Internet Connectivity Cost. The Cloud Service Cost and MPLS Services are both taken deliberately on service model to convert the Capital expenditure to Operational Expenditure.

Further, the Petitioner submitted revised data for the recurring expenses for the period FY 2018-19, FY 2019-20 and FY 2020-21 as Rs. 0.56 Crore, 4.99 Crore and Rs. 7.34 Crore. The Petitioner submitted that out of Rs. 4.99 Crore projected to be incurred in FY 2019-20 for O&M Cost including ATS Cost, an amount of Rs. 2.05 Crore pertaining to Data Centre hosting from October 1, 2018 till March 2019 has been booked in the Financial Statements for FY 2018-19. Further, the Petitioner submitted that the Data Centre service started on 14.08.2018 and the invoice for the same was received by UJVN Ltd. in FY 2019-20.

Further, with regard to measures for reduction of O&M Cost, the Petitioner submitted that as the contracts have already been awarded after competitive bidding renegotiation of the same was not possible. However, the Petitioner submitted that going forward UJVN Ltd. can work on the following aspects:

- Review the charges on account of Data Centre hosting and MPLS vendor with respect to available market rates.
- Renegotiation of cost on account of Annual Technical Support from SAP.
- Building of an internal team for carrying out support activities for ERP instead of depending on other parties.

The Commission after scrutiny of the claim of additional capitalization on account of implementation of ERP for FY 2018-19 has approved the same as per Table 3.10 presented above. However, **the Petitioner is directed 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 shall approve the future claims of the Petitioner in this regard only after ensuring that the implementation of ERP has resulted in improvement in efficiency of the functioning of all the departments in which ERP Modules (Core Modules and Support Modules) have been implemented as per the scope of DPR.**

With regard to other additional capitalisation claimed by the Petitioner, the Commission observed that the Petitioner has carried out corrective entry of Rs. 3.94 Crore towards erroneous booking of IDC in FY 2017-18 for Khatima LHP. The Commission in its Order dated February 27, 2019 had stated that:

> *"With regard to Khatima HEP, the Petitioner has claimed an amount of Rs. 3.94 Crore towards the IDC of Khatima RMU during FY 2017-18, the Commission vide its letter dated 09.01.2019 has asked the Petitioner to submit the detailed calculation for the same. In response, the Petitioner vide its reply dated 25.01.2019 has submitted that during FY 2017-18 a total amount of Rs. 14.55 Crore were debited to P&L account on account of interest on loan taken from PFC for construction of RMU works. The Petitioner further submitted that while finalizing the balance sheet for FY 2017-18, in order to correct the interest expense and to correct interest expense wrongly capitalized, an amount of Rs. 3.98 Crore on account of interest for RMU loan was transferred from CWIP to P&L account. After corrective entry the interest expense chargeable to P&L account is matched. The Petitioner further submitted that according to the latest detail of additions of fixed assets received from concerned accounting unit, it is observed that interest so transferred from CWIP to P&L Account was wrongly transferred and which requires to be transferred from fixed assets. The Petitioner further submitted that rectification entry to transfer from fixed assets head to CWIP of Rs. 3.98 Crore will be done in FY 2018-19.*
>
> *The Commission has gone through the submission of the Petitioner and is of the view that the Petitioner has wrongly booked the amount of Rs. 3.94 Crore towards the IDC of Khatima RMU. In view of the above the Commission has disallowed the same."*

The Petitioner submitted the actual additional capitalization for FY 2018-19 as Rs. 16.32 Lakh excluding the claim on account of implementation of ERP at UJVN Ltd. The Commission in its Order dated February 27, 2019 had already disallowed wrongly booked IDC amounting to Rs. 3.94 Crore while truing-up of FY 2017-18, therefore, the Commission has considered the actual additional capitalization of Rs. 16.32 Lakh along with the claim on account of ERP implementation.

Further, the Commission for the purpose of detailed scrutiny sought the details of works carried out under DRIP and RMU for the LHPs in its preliminary data gaps vide Commission's letter dated December 9, 2019. The Petitioner vide its reply dated December 27, 2019 submitted the vouchers without any differentiation of works carried out under DRIP & RMU.

While going through the details of the additional capitalisation along with vouchers for Rs. 10 Lakh and above the Commission observed some vouchers on which 'DRIP' was mentioned and the same was raised in the TVS held on January 29, 2019.

The Petitioner vide its reply dated February 6, 2020 submitted that the Petitioner has not booked or claimed any capitalisation under the heads, namely, DRIP and RMU for FY 2018-19 for the plants, namely, MB-II, Ramganga, Khatima, Dhakrani, Dhalipur. The Petitioner however, submitted details of DRIP works carried out in MB-I. The Petitioner vide its reply dated February 14, 2020 submitted that UJVN Ltd. has not booked and claimed any expenditure in the heads, namely, DRIP and RMU under Additional Capitalization for FY 2018-19 for the Plants/units namely, Civil Mayapur, Civil Maneri, Civil Dhalipur, and Head Office and submitted details of works executed under DRIP for Chilla and Kulhal HEPs.

The Petitioner vide its reply dated February 17, 2020 submitted details of works executed under DRIP for Chibro and Khodri HEPs along with works executed by PDD. Further, the Petitioner vide its Reply dated March 11, 2020 submitted details of works executed under DRIP for Civil Dhalipur and Civil Mayapur.

After consolidating the data submitted by Petitioner vide aforementioned replies, it has been observed that the Petitioner has claimed an amount of Rs. 11.19 Crore on account of DRIP works in the additional capitalization for FY 2018-19. The details of such works claimed for each station is provided below.

Table 3.13: Summary of expenses related to DRIP works included in additional capitalization claim for FY 2018-19 (Rs. Crore)

Generating Station	Amount
Dhakrani	0.29
Dhalipur	0.44
Chibro	2.06
Khodri	1.03
Kulhal	1.39
Ramganga	0.08
Chilla	5.35
MB-I	0.54
Khatima	0.02
Total	**11.19**

The Commission has taken serious note to the unverified data being filed by the Petitioner under Affidavit. The Commission would like to caution that submission of factually incorrect data

under Affidavit is a punishable offence and is not expected from a responsible utility such as UJVN Ltd. UJVN Ltd is directed to be very cautious regarding submissions being made before the Commission and any future offence shall be strictly dealt under applicable Laws.

The Commission vide Minutes of TVS dated January 29, 2020 and during the meetings held with Officers of UJVN Ltd. held between February 6, 2020 and February 12, 2020 asked the Petitioner to submit separate information on current status of DRIP works providing financial year wise details of expenses incurred / proposed to be incurred along with the funding details. The Petitioner in response, submitted the financial year wise details of 5 dams and Barrages namely Ichari, Dakpathar, Asan, Virbhadra and Maneri Dam. However, the Petitioner failed to provide the details regarding funding of these capital expenditure.

The Commission in its earlier Order dated February 27, 2019 had observed as under:

> *"The financing pattern of the works covered under DRIP scheme is still unclear as details of loan/grant and rate of interest for the loan amount has not been furnished to the Commission. Therefore, the Commission decides not to allow the aforesaid capitalization under DRIP scheme in FY 2017-18 at this stage.* ***The Commission directs 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 is also directed to submit Plant-wise details of works done/proposed under DRIP scheme along with capitalization latest by 30.06.2019."***

Accordingly, the Commission decides not to allow the aforesaid capitalization under DRIP scheme in FY 2018-19 at this stage. The details of such works covered under DRIP schemes have been mentioned in **Annexure 6** of this Order.

Further, the Commission while scrutinizing the vouchers of additional capitalization of Rs. 10 Lakh and above, observed that the Petitioner has claimed an amount of Rs. 99.82 Lakh on account of installation of 2 No. set of Battery Bank at Chibro HEP. The Commission sought clarification on the same. The Petitioner, in response, vide its letter dated February 17, 2020 submitted that 2 No. set of Battery Bank were procured for installation one each at Chibro and Khodri LHPs with expenditure of Rs. 49.91 Lakh, whereas the entire cost was booked under Chibro HEP. The Petitioner, therefore, requested the Commission to consider the expenses under Chibro and Khodri LHPs. The

Commission has, therefore, shifted the expenses related to Khodri of Rs. 49.91 Lakh from the amount booked in Chibro LHP.

The Commission also observed that the Petitioner has claimed an expense of Rs. 19.25 Lakh against installation of Online Silt Monitoring System at Ichari Dam under the head Additional Capitalization and an expense of Rs. 20.61 Lakh with the same description under the head R&M expenses. The Commission sought confirmation whether the same amounts to double accounting. In response, the Petitioner accepted that it has booked the expenses in additional capitalization and in R&M expenses for FY 2018-19 and requested the Commission to condone the error and consider the expense of Rs. 19.25 Lakh under additional capitalization. The Petitioner further submitted that the error may be due to shifting of manual booking to booking of the same in SAP. The Commission has, therefore, considered capitalization of Rs. 19.25 Lakh and disallowed an amount of Rs. 19.25 Lakh from the R&M expenses of the Petitioner.

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.

However, the Commission during the current proceedings observed that the Petitioner in additional capitalisation for FY 2018-19 had included the expenses of R&M nature in additional capitalisation, the details of all such expenses amounting to Rs. 23.02 Crore is provided at **Annexure 4** of this Order. The Commission has, accordingly, deducted expenses of R&M nature from the additional capitalization and considered the same under R&M expenses for FY 2018-19, the Plant-wise details are given as per Table below:

Table 3.14: Expenses of R&M Nature included under Additional Capitalization for 9 LHPs during FY 2018-19 (Rs. Crore)

Generating Station	Amount
Dhakrani	0.00
Dhalipur	0.00
Chibro	7.56
Khodri	11.90
Kulhal	0.00
Ramganga	0.86
Chilla	2.69
MB-I	0.00
Khatima	0.00
Total	**23.02**

Further, the Commission, while scrutinizing the R&M expenses for FY 2018-19 has observed that the Petitioner in R&M expenses has booked some expenses which are of capital in nature. The Commission during Meetings held with the field Officers of UJVN Ltd. from February 6, 2020 to February 12, 2020 sought explanation of the same and the Petitioner vide its letter dated February 14, 2020, February 17, 2020 and February 25, 2020 submitted its reply. The details of all such expenses amounting to Rs. 1.75 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 in FY 2018-19 to additional capitalization in FY 2018-19, the Plant-wise details are as per Table below:

Table 3.15: Expenses of additional capitalization nature but included under R&M for 9 LHPs during FY 2018-19 (Rs. Crore)

Generating Station	Amount
Dhakrani	0.79
Dhalipur	0.00
Chibro	0.10
Khodri	0.24
Kulhal	0.05
Ramganga	0.24
Chilla	0.00
MB-I	0.26
Khatima	0.06
Total	**1.75**

The Commission, accordingly, approves an additional capitalisation for FY 2018-19 for 9 LHPs as shown below:

Table 3.16: Additional Capitalisation approved for 9 LHPs for FY 2018-19

Generating Station	Claimed#	Approved in this Order ##
Dhakrani	1.58	2.07
Dhalipur	1.86	1.43
Chibro	18.62	8.59
Khodri	16.18	3.99
Kulhal	3.18	1.84
Ramganga	7.00	6.31
Chilla	13.24	5.20
MB-I	3.10	2.82
Khatima	-2.77*	1.21
Total	**61.99**	**33.46**

** including Rs. 3.94 Crore of corrective entry made in FY 2018-19 for the amount wrongly booked towards IDC in FY 2017-18 from Khatima HEP.*

 # including claim of Rs. 22.98 Crore against implementation of ERP for 9 LHPs

including claim of Rs. 22.98 Crore against implementation of ERP for 9 LHPs, shifting of expenses after prudence check of Add cap & R&M expenses, deferred works of DRIP and excluding Rs. 3.94 Crore of corrective entry in Khatima.

B. Maneri Bhali-II

In addition to the Capital Cost of Rs. 1885.50 Crore as on CoD, the Commission had approved the additional capitalization from FY 2007-08 to FY 2017-18 amounting to Rs. 331.51 Crore in its previous Tariff Orders as shown in the Table below:

Table 3.17: Year-wise Additional Capitalisation already approved by the Commission from FY 2007-08 to FY 2017-18 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
Total	**331.51**

Based on the above, closing GFA approved for FY 2017-18, the opening GFA for FY 2018-19 for MB-II LHP is shown below:

Table 3.18: Opening GFA for MB-II as considered by the Commission for FY 2018-19 (Rs. Crore)

Particulars	Amount
Capital Cost	1885.50
Additional Capitalization from FY 2007-08 to FY 2017-18	331.51
Opening GFA for FY 2018-19	**2217.01**

The Petitioner for MB-II LHP has claimed additional capitalization for FY 2018-19 as given in Table below:

Table 3.19: Additional Capitalisation claimed by the Petitioner for FY 2018-19 (Rs. Crore)

Components	Additional Capitalisation	De-capitalisation	Net Additional Capitalisation
Land	0.00	0.00	0.00
Building	0.00	0.00	0.00
Hydraulic works	0.00	0.00	0.00
Major Civil Works	5.32	0.00	5.32
Plant & Machinery	0.85	0.00	0.85
Vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.01	0.00	0.01
Office Equipment & Others	0.11	0.00	0.11
IT Equipment's including Software	0.12	0.00	0.12
Total	**6.42**	**0.00**	**6.42**

However, as discussed above, the Petitioner vide its letter no. M-98/ UJVNL/02/D(O)/C-20 dated January 27, 2020 made an additional submission on implementation of ERP in UJVN Ltd. Further, the Petitioner has apportioned the additional capitalization in the ratio of 85:10:5 among 9 LHPs, MB-II and SHPs respectively as considered by the Commission in its Order dated 27.02.2019. The additional capitalization claimed for MB-II on the account of implementation of ERP as submitted by UJVN Ltd. is as follows:

Table 3.20: Additional Capitalisation claimed by the Petitioner for implementation of ERP in FY 2018-19 (Rs. Crore)

Generating Station	Amount
MB-II	2.70

Further, as discussed in earlier Section, the Petitioner vide its reply dated February 25, 2020 submitted the revised claim of additional capital expenditure incurred for MB-II as Rs. 7.92 Crore in place of Rs. 6.42 Crore due to inappropriate apportionment of expenses under Civil Maneri and requested the Commission to approve the same.

The revised total claim of additional capitalization of MB-II for FY 2018-19 including the cost of implementation of ERP is as follows:

Table 3.21: Revised Total Additional Capitalisation claimed by the Petitioner in FY 2018-19 (Rs. Crore)

Components	Additional Capitalisation	De-capitalisation	Net Additional Capitalisation
Land	0.00	0.00	0.00
Building	0.00	0.00	0.00
Hydraulic works	0.00	0.00	0.00
Major Civil Works	6.89	0.00	6.89
Plant & Machinery	0.85	0.00	0.85
Vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.01	0.00	0.01
Office Equipment & Others	0.05	0.00	0.05
IT Equipment's including Software	2.83	0.00	2.83
Total	**10.63**	**0.00**	**10.63**

The Commission in its Order dated March 21, 2018 had not considered any additional capitalisation for FY 2018-19, stating that the same shall be considered at the time of truing-up of tariff. Further, the Commission in its Order February 27, 2019 while truing-up the additional capitalization for MB-II had directed the Petitioner as follows:

"In this regard, the Commission is of the view that the Petitioner is adopting a callous approach and is deferring important works like testing of surge shaft gate, which is certainly not in the interest of UJVN Ltd. ***Therefore, the Commission again directs 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.****"*

The Petitioner vide its reply dated December 27, 2019 submitted the breakup of details of expenses of major civil works which included works covered under additional capitalization of Rs. 2.97 Crore and Balance Capital Works of Rs. 3.92 Crore. Further, the Commission vide its letter dated January 6, 2020 asked the Petitioner to submit IDC calculations of Balance Capital Works of MB-II up to March 31, 2019. The Petitioner vide its reply dated January 20, 2020 submitted the IDC of Balance Capital Works of MB-II as Rs. 17.56 Crore which is same as approved provisionally by the Commission vide Tariff Order dated March 21, 2018.

With regard to sub-head wise details of expenses covered under Balance Capital Works of MB-II, the Petitioner vide its Reply dated January 20, 2020 submitted the same. However, upon scrutiny of the same it was observed that the information submitted was not fully updated and, therefore, the Commission asked the Petitioner to submit the updated information along with the justification for non-completion of certain works in the TVS dated January 29, 2020. The Petitioner vide its reply dated February 6, 2020 submitted the justification for non-completion of the work of testing of surge shaft gate. Further, the Petitioner vide its reply dated February 14, 2020 submitted the revised status along with justification of non-completion of certain works. The sub-head-wise details of expenses for works covered under Balance Capital Petition 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, 20(f) 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 3.22: Summary of pending works of Balance Capital Works of MB-II

S. No	Particular/ Item	Justification
1	1(Rehabilitation), 4 (Compensation for affected people) and 14 (Construction of Infrastructure for affected villagers)	Decision regarding exchange of land, rate of compensation of submerged land in river (Dariyaburd land rate) is pending with District Administration, Uttarkashi. The hearing in SDM court is in progress. After decision the payment shall be released. Similarly, 50 % infrastructure work has been completed and remaining shall be completed well before March 2021 as soon land becomes exchanged in favor of UJVN Ltd.
2	16 (Testing of Surge Shaft Gate)	The Testing od Surge Shaft Gate is very important and the works viz. Videography Survey, Inspection & Repair of Guides and Overhauling of Hoist system have to be done before the same. In connection to the same an Order for Videography Survey with high tech R.O.V system at surge tank of MB-II & Dharasu Power House has already been placed with EE, Erection Division, Uttarakhand Irrigation Dept. Roorkee vide Order no. 884/EEM/MB-II dated 12.10.2018 who has vast experience in the similar works. Even though a tendering process has been initiated for two time no bid has been received for the same. It was submitted that they are trying to find a competent agency to carry out the work under their supervisor. 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. Accordingly, a proposal has been prepared by UJVN Ltd.
3	20 (f) (Pending Payment of GSI)	Work by GSI was completed between 2005 to 2008. Payment could not be made due to absence of verified bills from Irrigation Department. Now Irrigation Department has verified the bills of GSI and submitted to UJVN Ltd. for payment. Bills has been processed by UJVN Ltd. for payment to GSI.

Table 3.22: Summary of pending works of Balance Capital Works of MB-II

S. No	Particular/ Item	Justification
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 Cr against 09 claims out of 12 claims in favor of M/s Continental Company on dated 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 Case.

The Commission observed that UJVN Ltd. with regard to MB-II has claimed expenses of Rs. 247.49 Crore against balance capital works (Rs. 229.93 Crore of Balance Capital works + Rs. 17.56 Crore against provisionally allowed IDC in Tariff Order dated 21.03.2018) till FY 2018-19 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 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.

Further, the Commission during the meeting with field Officers of UJVN Ltd. on February 10, 2020 observed that the Petitioner has installed an EOT Crain in Workshop and claimed Rs. 22.69 Lakh pertaining to supply of the same whereas, the installation part of the same of Rs. 0.90 Lakh was claimed under R&M expenses. In this regard, the Petitioner vide its reply dated February 17, 2020 submitted that the expense was booked under R&M because of some technical issues during the initial phase of installation of ERP. The Commission has, therefore, considered the same under additional capitalization.

The Commission has, accordingly, approved the capitalisation of balance capital works and other additional capitalisation for FY 2018-19 for MB-II LHP as shown below:

Table 3.23: Asset-wise Additional Capitalization approved by the Commission for FY 2018-19 for MB-II (Rs. Crore)

Particulars of Assets	Approved in Order dated 21.03.2018 for FY 2018-19	Approved now after Truing-up for FY 2018-19	
		Net Additional Capitalization Claimed	Net Additional Capitalization Approved
Land	0.00	0.00	0.00
Building	0.00	0.00	0.00
Hydraulic works	0.00	0.00	0.00
Major Civil Works	0.00	6.89	6.89
Plant & Machinery	0.00	0.85	0.86*
Vehicles	0.00	0.00	0.00
Furniture and Fixtures	0.00	0.01	0.01
Office Equipment & Other Items	0.00	0.05	0.05
IT Equipment including Software	0.00	2.83	2.83
Total	**0.00**	**10.63**	**10.64**

**Includes Rs 0.90 Lakh shifted from R&M to Add Cap.*

3.1.2.4 *Depreciation*

A. Old Nine Generating Stations

Regulation 28 of the UERC Tariff Regulations, 2015 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 no depreciation shall 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 while computing the depreciation, it has considered 90% of the opening GFA as the permissible limit. Accordingly, for the Plants where accumulated depreciation on the approved opening GFA has already reached 90%, such as Dhakrani, Dhalipur, Chibro, Kulhal, Ramganga, Chilla and Khatima, the Petitioner has not claimed any depreciation. The Petitioner has claimed depreciation on the opening GFA only for remaining two Plants i.e., Khodri and Maneri Bhali-I.

The Petitioner submitted that it has computed depreciation on the basis of rates considered 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 opening GFA as on January, 2000, the Commission has computed depreciation in accordance with the UERC Tariff Regulations, 2015. All the 9 LHPs are over 12 years old and 7 out of 9 stations have depreciated by 90% of the original cost as on 31.03.2018. As per the Commission's computation, depreciation allowed for Khodri and MB-I LHPs have not reached 90% till FY 2018-19, and, hence, the Commission has computed the accumulated depreciation on opening GFA till 01.04.2016 to determine the remaining depreciable value for each LHP. The Commission for computing the accumulated depreciation has considered the depreciation rate of 2.38% as considered in its previous Tariff Orders. Further, in accordance with UERC Tariff Regulations, 2011 & UERC Tariff Regulations, 2015 and considering the life of 35 years from the CoD, the Commission has equally divided the remaining depreciable value as on 01.04.2016 on the remaining useful life of each LHP.

As regards the depreciation computation on the asset added during the period from FY 2001-02 to FY 2017-18, 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 upto 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.

As regards the depreciation computation, the Commission has computed the depreciation on the opening GFA by applying the depreciation rates as specified in UERC Tariff Regulations, 2015. Based on the above discussed approach, the summary of depreciation as approved in Order dated

March 21, 2018 and as approved now by the Commission for FY 2018-19 after truing-up is shown in the following Table:

Table 3.24: Depreciation approved for 9 LHPs after truing-up of FY 2018-19 (Rs. Crore)

Generating Station	On Opening GFA as on 14.01.2000		On Additional Capitalisation upto FY 2017-18		Total Depreciation		
	Approved in T.O. dt. 21.03.2018 for FY 2018-19	Approved now after Truing-up for FY 2018-19	Approved in T.O. dt. 21.03.2018 for FY 2018-19	Approved now after Truing-up for FY 2018-19	Approved in T.O. dt. 21.03.2018 for FY 2018-19	Claimed by the Petitioner in FY 2018-19	Approved now after Truing-up for FY 2018-19
Dhakrani	0.00	0.00	0.38	0.46	0.38	0.47	0.46
Dhalipur	0.00	0.00	2.04	0.54	2.04	0.60	0.54
Chibro	0.00	0.00	1.66	1.93	1.66	1.97	1.93
Khodri	0.59	0.59	1.13	1.26	1.72	1.86	1.85
Kulhal	0.00	0.00	0.21	0.33	0.21	0.38	0.33
Ramganga	0.00	0.00	0.33	1.34	0.33	1.51	1.34
Chilla	0.00	0.00	3.37	1.11	3.37	1.15	1.11
MB-I	2.58	2.53	1.59	1.64	4.16	4.69	4.22
Khatima	0.00	0.00	8.17	7.98	8.17	8.16	7.98
Total	**3.17**	**3.12**	**18.87**	**16.58**	**22.04**	**20.79**	**19.75**

B. Maneri Bhali-II

As discussed earlier, the Commission has worked out the additional capitalization for FY 2018-19 for MB-II Plant. Accordingly, the Commission has computed the depreciation 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 2018-19 in accordance with the UERC Tariff Regulations, 2015 has computed the balance depreciable value for MB-II by deducting the cumulative depreciation as admitted by the Commission upto 31.03.2017 from the gross depreciable value of the assets. The Commission, further, computed the difference between the cumulative depreciation as on 31.03.2017 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2015 corresponding to 12 years. The Commission has spread the above difference in the remaining period upto 12 years from CoD of MB-II.

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 2018-19 for MB-II on the approved capital cost as on CoD of Rs. 1885.50 Crore along with additional capitalisation approved upto FY 2017-18 of Rs. 331.51 Crore. 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 2018-19 as follows:

Table 3.25: Depreciation for MB-II for FY 2018-19 (Rs. Crore)

Particulars	Approved in T.O. dated 21.03.2018 for FY 2018-19	Claimed	Approved now after truing-up
Depreciation	63.00	75.83	61.81

3.1.2.5 *Return on Equity (RoE)*

A. Old Nine Generating Stations

Regulation 26 of the UERC Tariff Regulations, 2015 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 a 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, 2015.

Further, a de-capitalisation of Rs. 2.03 Crore in the year 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 the 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, 2015 at the rate of 16.50% for Chibro, Khodri, Ramganga & 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 of Rs. 1.04 Crore for its 10 LHPs including MB-II in respect of sale of energy to UPCL, as per Regulations 34 of UERC Tariff Regulations, 2015 which stipulates 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."

In this regard, the Petitioner submitted the copy of certificates issued by the Chartered Accountant, M/s DMA & Associates certifying that the Petitioner for 9 LHPs has paid Rs. 0.76 Crore as income tax in respect of sale of energy to Uttarakhand Power Corporation Ltd. and Rs. 0.11 Crore as income tax in respect of sale of energy to Himachal Pradesh State Electricity Board as given below:

Table 3.26: Income Tax as claimed by the Petitioner 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	0.02	0.01	0.03
Dhalipur	0.04	0.01	0.05
Chibro	0.16	0.05	0.22
Khodri	0.08	0.03	0.11
Kulhal	0.02	0.01	0.03
Ramganga	0.18	-	0.18
Chilla	0.13	-	0.13
MB-I	0.08	-	0.08
Khatima	0.04	-	0.04
Total	**0.76**	**0.11**	**0.87**

The Commission has allowed RoE at the rate of 16.50% for Chibro, Khodri, Ramganga & MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla & Khatima as per Regulation 26 of

UERC Tariff Regulations, 2015. Further, with regard to recovery of income tax paid, the Commission is of the view that the Regulation 34 of UERC Tariff Regulations, 2015 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, 2015.

Further, with regard to funding of additional capitalization in FY 2018-19, the Petitioner submitted that normative Debt: Equity ratio of 70:30 has been considered. In this regard, the Commission vide its letter dated December 9, 2019 asked the Petitioner to submit documentary evidence of equity infused in FY 2018-19 towards capitalization. The Petitioner vide its reply dated February 6, 2020 submitted that the capital expenditure incurred by the Petitioner on 10 LHPs was funded out of internal resources as there were no funding arrangement for such expenditure except in case of balance capital works of MB-II. The Petitioner further submitted that as per details submitted to PFC, capital expenditure of Rs. 33.80 Lakh has been funded out of loan from PFC and the rest has been met out of internal resources. The Commission for the purpose of additional capitalization in FY 2018-19 has considered the Debt: Equity ratio of 70:30 in FY 2018-19 for 9 LHPs.

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 & MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla & Khatima in accordance with the provisions of UERC Tariff Regulations, 2015. The summary of the Return on Equity approved for 9 LHPs for FY 2018-19 is shown in the Table given below:

Table 3.27: Equity and Return on Equity for Nine Old LHPs for FY 2018-19 (Rs. Crore)

Generating Station	RoE approved in T.O. dated 21.03.2018 for FY 2018-19			Claimed by the Petitioner		Approved now after truing-up for FY 2018-19				
	On Transferred Asset	On Additional Capitalisation	RoE	Opening Equity	RoE	On Transferred Asset as on Jan 14, 2000		On Additional Capitalisation upto FY 2017-18		Total RoE
						Normative Equity	RoE	Opening Equity	RoE	
Dhakrani	0.58	0.30	0.87	6.20	0.96	3.72	0.58	2.48	0.38	0.96
Dhalipur	0.95	1.76	2.71	9.05	1.40	6.11	0.95	2.94	0.46	1.40
Chibro	4.35	1.53	5.88	37.54	6.19	26.37	4.35	10.98	1.81	6.16
Khodri	3.66	0.99	4.66	29.13	4.81	22.19	3.66	6.87	1.13	4.80
Kulhal	0.81	0.17	0.98	7.08	1.10	5.25	0.81	1.83	0.28	1.10
Ramganga	2.48	0.33	2.80	23.53	3.88	15.01	2.48	8.52	1.41	3.88
Chilla	5.81	1.40	7.21	45.48	7.05	37.47	5.81	7.92	1.23	7.04
MB-I	5.43	1.70	7.13	44.66	7.37	32.92	5.43	10.68	1.76	7.19
Khatima	0.24	8.83	9.07	48.01	7.44	1.55	0.24	45.85	7.11	7.35
Total	**24.30**	**17.01**	**41.31**	**250.68**	**40.20**	**150.58**	**24.30**	**98.09**	**15.57**	**39.88**

With regard to Chilla HEP, the Petitioner in its true up Petition for FY 2016-17 had submitted that it transferred an amount of the 19.30 Crore pertaining to additional capitalization approved while truing-up of FY 2015-16 to separate DRIP accounting unit. The Commission, accordingly, in its Order dated March 21, 2018 adjusted Rs. 19.30 Crore by reducing the same from the opening GFA approved for FY 2016-17. However, the Commission allowed RoE on the transferred amount of Rs. 19.30 crore for FY 2017-18 also. The same has been rectified in FY 2018-19 and, accordingly, the RoE has been reduced. Further, details regarding this adjustment are mentioned in the section 3.1.2.11.

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 2017-18 has considered the funding approved by it in its Order dated February 27, 2019. Further, with regard to additional capitalisation for FY 2018-19, as discussed in earlier Section, a loan of Rs. 33.40 Lakh from PFC has been availed by the Petitioner and the rest has been met from internal resources. However, keeping in view the total additional capitalization of Rs. 10.64 Crore, 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. 0.28 Crore as per Regulations 34 of UERC Tariff Regulations, 2015. It has submitted the copy of certificate issued by the Chartered Accountant, M/s DMA & Associates certifying that the Petitioner has paid Rs. 0.28 Crore as income tax in respect of sale of energy to Uttarakhand Power Corporation Ltd. 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, 2015.

The Commission on account of the financing of the additional capitalisation for FY 2017-18 has revised the RoE allowed for FY 2018-19 as shown below:

Table 3.28: RoE approved for MB-II for FY 2018-19 (Rs. Crore)

Particulars	Approved in Order for FY 2018-19 dated 21.03.2018	Claimed	Approved now after truing-up
RoE	48.92	111.63	49.76

3.1.2.6 *Interest on Loans*

A. Old Nine Generating Stations

Regulation 27 of the UERC Tariff Regulations, 2015 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 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 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, 2015, 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 2018-19 and the repayment has been considered as equal to the depreciation claimed for the year. The details of quarter-wise actual loan repayment, interest paid towards existing loans along with interest refund received for FY 2018-19 for the 10 LHPs have been submitted by the Petitioner.

For the purpose of truing-up and computing the interest expenses for FY 2018-19, the Commission has determined the normative loan in accordance with the UERC Tariff Regulations, 2015. The Commission, in accordance with UERC Tariff Regulations, 2015 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 9.90% in case of Khatima LHP and 9.87% 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 2018-19 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 3.29: Interest on Loan as approved for 9 LHPs for FY 2018-19 (Rs. Crore)

Generating Station	Approved in Order dt. 21.03.2018	Interest Claimed	Interest Approved
Dhakrani	0.23	0.40	0.35
Dhalipur	1.89	0.40	0.28
Chibro	1.20	2.14	1.57
Khodri	0.32	1.15	0.51
Kulhal	0.08	0.35	0.24
Ramganga	0.13	1.76	1.58
Chilla	4.61	0.95	0.56
MB-I	0.00	0.58	0.04
Khatima	10.78	9.11	9.17
Total	**19.25**	**16.84**	**14.31**

The Petitioner in its true up Petition for FY 2016-17 had submitted that it had transferred an amount of Rs. 19.30 Crore pertaining to additional capitalization approved while truing-up of FY 2015-16 to separate DRIP accounting unit. The Commission, accordingly, in its Order dated March 21, 2018 adjusted Rs. 19.30 Crore by reducing the same from the opening GFA approved for FY 2016-17. However, the Commission allowed interest on loan for the amount which included the transferred amount of Rs. 19.30 crore for FY 2016-17 and FY 2017-18 respectively. The same has been rectified in FY 2018-19 and, accordingly, the interest on loan has been rectified. Further, details regarding this adjustment are mentioned in Section 3.1.2.11.

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 27.02.2019. 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 2018-19 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. For calculating the interest expense for FY 2018-19, the Commission has considered the interest rate of 9.86% for MB-II LHP based on the weighted average interest rate on PFC loans available for MB-II LHP. The Commission has adjusted the yearly interest refunds received by the Petitioner as done previously in the Order dated 27.02.2019. The Commission for computing interest for MB-II station for FY 2018-19 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 31.03.2019 has computed the interest expenses for FY 2018-19 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, 2015 has considered the repayment for FY 2018-19 equal to the depreciation allowed for that year.

Based on the above considerations and the UERC Tariff Regulations, 2015, the Commission has calculated the interest expenses for MB-II for FY 2018-19 as shown in the Table below:

Table 3.30: Interest on Loan as approved for MB-II for FY 2018-19 (Rs. Crore)

Particulars	Approved in Order for FY 2018-19 dated 21.03.2018	Claimed	Approved now after truing-up
Interest on Loan	65.21	69.05	64.62

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

A. *Truing-up of O&M Expenses for FY 2018-19 (Nine Large Generating Stations)*

The Petitioner submitted that O&M expenses for FY 2018-19 have been considered as per the audited accounts. Further, as per Regulation 30(1) of UERC Tariff Regulations, 2015, the Petitioner submitted the O&M expenses comprising of Employee Expenses, Repair & Maintenance 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, 2015. Accordingly, for arriving at the normative O&M expenses for FY 2018-19, the Commission has escalated the expenses of FY 2017-18. The Commission for the purpose of escalation has considered following escalation rates.

Table 3.31: Escalation Rates as considered by the Commission for FY 2018-19

Particulars	FY 2018-19
CPI Inflation	4.34%
WPI Inflation	0.33%

Further, for the purpose of arriving at employee expenses for FY 2018-19, 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 Order dated 27.02.2019 while truing-up for FY 2017-18.

3.1.2.7.1 Employee Cost for 9 LHPs

The Commission has considered the same approach for computation of employee expenses for FY 2018-19 as considered by it in the Tariff Order dated March 21, 2018. The Petitioner in its Petition submitted that 11 employees were recruited during FY 2018-19 and 112 employees retired during FY 2018-19. The Commission observed that the actual additions during the year was less than the nos. of retirements and, accordingly, the Growth Factor 'Gn' considered by the Commission is as given below:

Table 3.32: Growth Factor 'Gn' considered for FY 2018-19

Particulars	FY 2018-19
Gn	0.00%

With regard to the impact of VII pay Commission for FY 2018-19, the Commission vide its Order dated March 21, 2018 had stated as follows:

"With regard to impact of VII Pay Commission, it has been observed that the Petitioner has considered the impact of VII Pay Commission in projection of the employee expenses for FY 2017-18 & FY 2018-19. In this regard the Commission in the minutes of meeting of TVS held on 04.01.2018 had directed the Petitioner to furnish the computation for impact on account of implementation of VII Pay Commission,

subsequently, the Commission vide its letter no. 1834 dated 27.02.2018 directed the Petitioner to furnish status of implementation of VII Pay Commission alongwith the details of payment of arrears in FY 2017-18 and balance arrear to be paid in FY 2018-19 and was also directed to submit the impact of VII Pay Commission on current salaries. In compliance to the same the Commission vide its letter no. 140 /UJVNL/04/D(F)/UERC dated 13.03.2018 submitted its reply, however, it has been observed that the Petitioner has not furnished the requisite information including Plant-wise breakup of such arrears. Accordingly, the Commission has decided not to consider the impact of VII Pay Commission in APR of FY 2017-18 and in revised AFC for FY 2018-19 and the same shall be considered at the time of truing-up. However, the Petitioner is directed 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 Commission would carry out the truing-up for FY 2017-18 and FY 2018-19 based on the actual impact of VII Pay Commission including arrears and no sharing of gains and losses on this account would be allowed."

The Commission observed that the Petitioner in its Petition has claimed the impact of VII Pay Commission arrears in its True up Petition for FY 2018-19. In this regard, the Commission vide its letter dated 09.12.2019 had sought detailed computations regarding the actual arrear paid by the Petitioner to its Employees on account of VII Pay Commission in FY 2018-19 for the provisions made in FY 2016-17 and FY 2017-18. The Petitioner vide its reply dated December 17, 2019 submitted the details of arrear paid by UJVN Ltd. to its employees for FY 2018-19. However, it was observed that there was variation in the details submitted by the Petitioner vide its reply dated December 17, 2019 vis-à-vis that submitted in its Petition dated November 29, 2019. Accordingly, the Commission vide its letter dated January 06, 2020 directed the Petitioner to reconcile the same with the audited accounts for FY 2018-19 and resubmit the details. In compliance, the Petitioner, vide its Reply dated January 20, 2020 submitted the revised details of Plant wise actual arrears paid to its employees during FY 2018-19 duly reconciled with its audited balance sheet. From the submissions made, it was observed that the details submitted by the Petitioner vide its reply dated January 20, 2020 were again in variation with the earlier submitted details viz. reply dated December 17, 2019 and Petition dated November 29, 2019. The Commission vide the minutes of TVS dated 29.11.2020 asked the Petitioner to submit clarification on the same along with the final figures. The Petitioner vide its reply dated February 6, 2020 submitted that inadvertent errors occurred in their earlier submitted details which was rectified vide the reply dated January 20, 2020 and clarified that the details submitted vide Reply dated January 20, 2020 are final. Based on the above information, the Commission in this Order has considered the arrears paid on account of VII Pay Commission of Rs. 19.02 Crore for 9 LHPs. The Plant wise details of arrears paid by the Petitioner are shown below:

Table 3.33: Details of VII Pay Commission Arrears actually paid in FY 2018-19 for 9 LHPs (Rs. Crore)

Generating Station	Amount
Dhakrani	1.12
Dhalipur	1.13
Chibro	4.02
Khodri	2.16
Kulhal	0.57
Ramganga	1.27
Chilla	4.12
MB-I	3.01
Khatima	1.63
Total	**19.02**

Apart from the above, the Petitioner submitted the details of arrears paid on account of the recommendations of VII Pay Commission to MB-II, SHPs and Project units. The details of arrears paid are as follows:

Table 3.34: Details of VII Pay Commission Arrears actually paid in FY 2018-19 for MB-II, SHPs and Project units (Rs. Crore)

Generating Station	Amount
MB-II	3.01
Pathri	1.36
Mohammadpur	0.39
Galogi	0.50
Other SHPs	0.96
Total	**6.22**

From the above data, the Commission observed that the actual allocation is in the ratio of 75:12:13 for 9 LHPs, MB-II and SHPs respectively whereas the apportionment methodology considered by the Commission in its this Order 85:10:5 for 9 LHPs, MB-II and SHPs respectively. In this regard, **the Commission directs the Petitioner to submit the 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.**

The Commission, in the absence of actual impact of VII Pay Commission on standalone basis, for truing-up of the normative employee expenses of UJVN Ltd. has escalated the trued up normative expenses for FY 2017-18 by considering a factor of 1.15 as impact for VII Pay Commission excluding the arrears paid in FY 2017-18. Thus, the so arrived figure has been escalated by considering 'Gn' of

0.00% and CPI of 4.34%. The VII Pay Commission arrears are excluded from sharing of gains and losses and have been added in the net entitlement of O&M expenses after sharing of O&M expenses.

In view of the above, the Commission has trued up the normative employee expenses for FY 2018-19 as shown in the Table below:

Table 3.35: Employee Expenses approved for FY 2018-19 (Rs. Crore)

Generating Station	Approved in T.O. dated 21.03.2018	Claimed	Approved now after Truing-up as per norms
Dhakrani	9.50	12.88	10.46
Dhalipur	14.33	12.74	15.78
Chibro	39.63	46.92	43.62
Khodri	21.88	21.88	24.09
Kulhal	8.44	10.57	9.30
Ramganga	26.59	30.13	29.27
Chilla	28.96	35.35	31.87
MB-I	21.17	29.63	23.30
Khatima	11.77	12.71	12.95
Total	**182.27**	**212.80**	**200.64**

3.1.2.7.2 Repairs and Maintenance Expenses for 9 LHPs

The Commission in its MYT Order dated 05.04.2016 had computed the percentage of actual R&M expenses vis-a-vis actual opening GFA for each year of FY 2012-13 to FY 2014-15. Thereafter, the Commission had considered the average of such percentages as 'K' factor. The Commission had considered the constant factor 'K' as follows:

Table 3.36: K-Factor as considered by the Commission

Station	Average of 3 years
Dhakrani	30.84%
Dhalipur	16.06%
Chibro	8.12%
Khodri	3.65%
Kulhal	10.47%
Ramganga	2.70%
Chilla	7.74%
MB-I	7.84%
Khatima	21.75%

Under post RMU scenario for Khatima HEP, R&M expenses have been restricted to 2% of the opening GFA of respective year for Second Control Period.

For computing the R&M expenses for FY 2018-19, the Commission has multiplied the 'K' Factor as given above with the opening GFA approved for FY 2018-19. In accordance with the UERC Tariff

Regulations, 2015, the 'K' factor has been determined by the Commission in the MYT Order and would remain constant for the entire Control Period. Therefore, the K factor for FY 2018-19 cannot be revised in the final True Up. The Commission has revised the WPI Inflation for FY 2018-19 based on the WPI Indices for the preceding three years and, accordingly, approved the WPI Inflation of 0.33% for FY 2018-19.

With regard to the generating station undergoing RMU works or planned for RMU works in the Second Control Period, Regulation 48(2) of UERC Tariff Regulations, 2015 specifies that for projects whose Renovation and Modernisation works has been carried out, the R&M expenses for the n^{th} year shall not exceed 2% of the capital cost admitted by the Commission.

3.1.2.7.2.1 Additional capitalization to R&M transfer

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. 23.02 Crore and the same are detailed in **Annexure 4** of this Order.

3.1.2.7.2.2 R&M to additional capitalization transfer

Further, the Commission has also shifted the amounts of the nature of capital expenditure which are booked under R&M expenses amounting to Rs. 1.75 Crore as detailed in **Annexure 5** of this Order.

It has been observed that the Petitioner has claimed expenses on account of salaries paid to the Security Guard under the R&M expenses instead of A&G expenses. In this regard, the Commission has observed that as A&G expenses and R&M expenses are part of O&M expenses there would be no impact on sharing of O&M expenses. However, the Commission has taken the same seriously as it gives incorrect figures of actual R&M expenses and A&G expenses and, **therefore, directs the Petitioner to claim such expenses under the head 'Security Expenses' in A&G expenses and ensure the same in its ensuing tariff filings.**

3.1.2.7.2.3 Double Accounting

As discussed under additional capitalization, the Commission has disallowed an expense of Rs. 19.25 Lakh claimed against installation of Online Silt Monitoring System at Ichari Dam from R&M expenses as the same was already claimed in additional capitalization for PDD cost centre.

Further, the Commission, during the detailed scrutiny of the R&M expenses of Khodri LHP has observed that an expense of Rs. 40.50 Lakh towards installation of 4 Nos. Moog Valves in Khodri LHP was claimed twice by the Petitioner. The Petitioner vide its reply dated March 12, 2020 clarified that the same was a wrong entry and requested the Commission not to consider the same.

The Commission observed that there are significant negative entries in the Plant wise details of R&M expenses submitted by the Petitioner for True up of FY 2018-19 and during the discussions it was observed that many of them were due to balancing of legacy entries because of shifting of accounting from conventional methods to ERP which was implemented on October 1, 2018 and some of them were due to balancing of improper booking of items of one accounting head in another accounting head for instance, a negative entry is made to nullify already existing positive incorrect entry, thereby, balancing the same. However, a balancing negative entry has been missed in the case of accounting unit of PDD of UJVN Ltd. wherein an expense of Rs. 1.28 Crore pertaining to Retention money paid for a DRIP work executed at Dakpathar Barrage has been booked in both R&M expenses and CWIP leading to double accounting.

The Commission has 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 directs the Petitioner not to repeat the same in future claims else the Commission would initiate proceedings under 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 penal action as per the Law.

The Commission has, accordingly, disallowed the claim of such expenses and has reduced the same from the total claim of R&M expenses. Further, as the Petitioner has apportioned the expenses incurred at PDD to Chibro, Khodri, Dhakrani, Dhalipur and Kulhal LHPs as per the installed capacities, the Commission has also adopted the same methodology while disallowing the expenses pertaining to PDD.

The Commission, during the detailed scrutiny of the R&M expenses of Chilla LHP has observed that the Petitioner has claimed Rs. 43.46 Lakh against restoration works of machines on account of flooding incident that occurred on July 13, 2018. Further, while discussing NAPAF, it was observed that the Petitioner is in the process of claiming the loss incurred due to the same from M/s Oriental

Insurance Company, which includes the expenses on account of restoration of machines. The Commission is of the view that the restoration expenses shall be adjusted after the claim is received from the Insurance Company. Accordingly, the Commission has not considered the claim of Rs. 43.46 Lakh and reduced the same from the claim of R&M expenses of Chilla LHP for FY 2018-19. In this regard, UJVN Ltd. is required to furnish the details of insurance claim along with the next tariff filings.

The Commission, during the scrutiny of the Plant wise details of R&M expenses in the meetings held with field Officers of UJVN Ltd. during the period February 6, 2020 to February 12, 2020 has observed that the Petitioner has claimed an amount of Rs. 26.94 Lakh under R&M expenses for FY 2018-19 pertaining to works executed under DRIP schemes. Further, it was also observed that the Petitioner has also claimed an amount of Rs. 36.88 Lakh in R&M expenses of FY 2017-18 pertaining to DRIP works executed at Dakpathar Barrage and Ichari Dam which were considered by the Commission during the True up of FY 2017-18. The Petitioner vide its reply dated March 12, 2020 submitted the details of all the DRIP works capitalized/to be capitalized.

As discussed earlier in the Section dealing with additional capitalization, the additional capitalization for works executed under DRIP schemes have not been considered by the Commission at this stage due to non-clarification of financing for the said works. As the R&M expenses are linked with the opening GFA and the opening GFA is linked with the additional capitalization, the Commission has deferred the R&M expenses on account of DRIP works. Accordingly, the Commission has not considered the R&M expense of Rs. 26.94 Lakh and reduced the same from the claim of Petitioner's R&M expenses for FY 2018-19. With regard to the claim of Rs. 36.88 lakh in R&M expenses of FY 2017-18, the Commission has reduced the claim of R&M expenses of FY 2018-19 by an amount of Rs. 41.95 Lakh after considering a carrying cost of 13.75% on Rs. 36.88 Lakh as considered by the Commission in its Order dated February 27, 2019.

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 3.37: Disallowed/deferred claim of R&M Expenses in FY 2018-19 (Rs. Crore)

Generating Station	Expenditure
Dhakrani	0.22
Dhalipur	0.34
Chibro	1.00
Khodri	0.91
Kulhal	0.10
Ramganga	-
Chilla	0.43
MB-I	-
Khatima	-
Total	**3.00**

Further, as discussed in additional capitalization Section with regard to improvement in efficiency of functioning of various Sections/Divisions after implementation of ERP, the Commission during the detailed scrutiny of R&M expenses observed that there are many implementation issues in ERP, 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., and the Commission is of the view that there is lot of scope of improvement in the functioning of different Sections/Divisions of UJVN Ltd with the help of ERP. Keeping in view the transformation phase of switching from conventional methods to ERP the Commission in this true up has accepted the same. **In this regard, the Commission directs the Petitioner to improve the functioning of the Sections/Divisions in above mentioned aspects and carryout necessary training sessions for its employees.**

Accordingly, the Commission has trued up the normative R&M expenses for FY 2018-19 as shown in the Table below:

Table 3.38: R&M Expenses approved for FY 2018-19 (Rs. Crore)

Generating Station	T.O. dated 21.03.2018 for FY 2018-19	Claimed	Approved now after truing-up as per norms for FY 2018-19
Dhakrani	5.86	7.14	6.40
Dhalipur	9.46	4.24	4.86
Chibro	9.79	13.24	10.19
Khodri	3.48	7.47	3.56
Kulhal	2.23	4.28	2.48
Ramganga	1.54	4.51	2.12
Chilla	15.18	15.39	11.78
MB-I	11.71	9.13	11.72
Khatima	3.25	3.13	3.20
Total	**62.50**	**68.52**	**56.30**

The normative R&M expenses trued up by the Commission for 9 LHPs in this Tariff Order has decreased on account of variation of additional capitalisation resulting in decrease in opening GFA for FY 2018-19 and also due to decrease in WPI indices from 1.07% considered in APR Order dated 21.03.2018 to 0.33% as approved now.

3.1.2.7.3 Administrative & General Expenses for 9 LHPs

The Commission in its Tariff Order dated 21.03.2018 on approval of ARR for FY 2018-19 approved the A&G expenses in accordance with the UERC Tariff Regulations, 2015. The Commission is considering the same approach for determining the A&G expenses for FY 2018-19 in accordance with the aforesaid Regulations.

The Commission observed that the expenses towards insurance have been increasing substantially in the recent years. The expenses towards the insurance are of uncontrollable nature and, therefore, the Commission finds it appropriate to allow the same on actual basis. However, the normative A&G expenses approved for the Second Control period from FY 2016-17 to FY 2018-19 were inclusive of the actual Insurance expenses incurred for FY 2012-13 to FY 2014-15. The Commission observed that while truing-up of A&G expenses a significant amount of claimed A&G expenses was deducted. Hence, taking considerate view towards exponential increase in insurance expenses in past years, the Commission has revised normative opening A&G expenses for FY 2018-19 by escalating the normative A&G expenses for FY 2017-18 with the revised WPI escalation rate of 0.33% after excluding petition filing fees and actual insurance expenses paid in FY 2017-18, thereafter, adding the actual insurance expenses incurred in FY 2018-19 and petition filing fees for FY 2018-19.

The A&G expenses approved by the Commission for FY 2018-19 is as shown in the Table given below:

Table 3.39: A&G Expenses approved for FY 2018-19 (Rs. Crore)

Generating Station	T.O. dated 21.03.2018 for FY 2018-19	Claimed	Approved now after Truing-up as per norms for FY 2018-19 and considering the actual insurance expenses & Petition filing fees
Dhakrani	0.50	2.11	0.80
Dhalipur	0.86	2.16	1.31
Chibro	3.34	7.25	5.39
Khodri	1.50	4.40	2.55
Kulhal	0.42	1.70	0.69
Ramganga	2.35	5.66	4.03
Chilla	2.47	5.75	3.74
MB-I	1.41	3.40	2.24
Khatima	0.44	1.58	0.81
Total	**13.29**	**34.01**	**21.56**

Further, the Commission, as discussed in additional capitalization section, has observed that the Petitioner under the A&G expenses has claimed a provision amount of Rs. 2.05 Crore on account of operational expenses of ERP implemented in UJVN Ltd. The Petitioner has claimed the said amount of Rs. 1.74 Crore for 9 LHPs by apportioning the total provision amount of Rs. 2.05 Crore in the ratio of 85:10:5 between 9 LHPs, MB-II and SHPs which works out to Rs 1.74 Crore, 0.21 Crore & 0.10 Crore respectively. The Commission is of the view that as the expenses on account of the same were not included in the normative expenses approved in Tariff Order dated March 21, 2018 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.

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, 2015 as elaborated below.

3.1.2.7.4 Sharing of O&M expenses for 9 LHPs

As per the UERC Tariff Regulations, 2015, 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. 315.33 Crore including interest on GPF trust and provision for VII Pay Commission arrears for 9 LHPs. From this claim, the Commission has deferred/disallowed a claim of Rs. 3.00 Crore as discussed above. For computing net gain or loss, the Commission has considered actual O&M expenses excluding the Petition filing fee of Rs. 1.20 Crore, provision for ERP of Rs. 1.74 Crore, insurance expense of Rs. 8.49 Crore, interest on GPF trust of Rs. 5.58 Crore, arrear of VII Pay Commission of Rs. 19.02 Crore and adjusted the expenses of R&M nature shifted from additional capitalisation for FY 2018-19 along with the expenses of the nature of capital works shifted from R&M to additional capitalization for FY 2018-19. The Insurance expenses of Rs. 8.49 Crore, Petition filing fee of Rs. 1.20 Crore, provision for ERP of Rs. 1.74 Crore and arrear of VII Pay Commission of Rs. 19.02 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 2018-19 after sharing of gains and losses as shown in the Table below:

Table 3.40: O&M Expenses approved for FY 2018-19 (Rs. Crore)

Generating Station	Approved in T.O. dt. 21.03.2018 for FY 2018-19	Claimed based on actual	Actual Adjusted for sharing	Normative for Sharing	Efficiency gain/(loss)	O&M approved after sharing	Net O&M Entitlement
			(A)	(B)	(C)=(B)-(A)	(D)=(A)+2/3 of (C)	
Dhakrani	15.86	22.12	19.32	17.24	(2.08)	17.94	19.53
Dhalipur	24.65	19.13	16.70	21.38	4.68	19.82	21.61
Chibro	52.76	67.41	65.66	56.86	(8.80)	59.79	66.60
Khodri	26.86	33.74	40.22	29.01	(11.22)	32.75	36.31
Kulhal	11.10	16.55	15.22	12.09	(3.13)	13.13	14.13
Ramganga	30.48	40.31	36.19	33.50	(2.70)	34.39	37.96
Chilla	46.60	56.49	52.06	45.93	(6.12)	47.97	53.82
MB-I	34.28	42.16	37.24	36.30	(0.93)	36.61	40.74
Khatima	15.46	17.42	14.94	16.49	1.55	15.97	18.15
Total	**258.06**	**315.33**	**297.56**	**268.80**	**(28.76)**	**278.39**	**308.84**

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, 2015.

For computing the normative employee expenses for FY 2018-19, the Commission, as discussed in earlier Sections has considered the normative employee expenses for FY 2017-18 excluding arrears of VII Pay Commission of FY 2017-18 and considered a factor of 1.15 as impact of increase of salary on account of VII Pay Commission recommendations. The Commission, as discussed in earlier Section, has also considered the actual arrears paid in FY 2018-19 on account of VII Pay Commission for MB-II of Rs. 3.01 Crore. Further, for the purpose of arriving at the employee expenses for FY 2018-19, the Commission has considered the value of Growth Factor 'Gn' on the basis of actual details of recruitment provided by UJVN Ltd. The Commission has considered the average increase in CPI for preceding three years from FY 2015-16 to FY 2017-18 as 4.34%.

For computing the normative R&M expenses for FY 2018-19, the Commission has multiplied the K Factor (average of FY 2012-13 to FY 2014-15) with the opening GFA approved for FY 2018-19. The Commission has considered the average increase in WPI for preceding three years from FY 2015-16 to FY 2017-18 as 0.33%.

For computing the normative A&G Expenses for FY 2018-19, the Commission has considered the normative A&G expenses for FY 2017-18 and escalated the same with the revised WPI escalation rate of 0.33% after excluding petition filing fees and actual insurance expenses incurred in FY 2017-18. Thereafter, the actual insurance expenses incurred in FY 2018-19 of Rs. 4.70 Crore and petition filing fees for FY 2018-19 of Rs. 0.30 Crore has been added to the normative expenses. The Commission, accordingly, approves the normative O&M expenses for MB-II as shown in the Table below:

Table 3.41: Normative O&M Expenses as approved for MB-II Station for FY 2018-19 (Rs. Crore)

Particulars	Approved in T.O. dated 21.03.2018	Claimed	Normative O&M Expenses
Employee Expenses	21.85	26.39	24.47
R&M Expenses	26.55	17.56	26.56
A&G Expenses	5.40	8.81	10.16
Total O&M	**53.79**	**52.76**	**61.19**

Further, the UERC Tariff Regulations, 2015 specify for sharing of gains/losses due to controllable factors. For computing net gain or loss, the Commission has considered actual O&M expenses excluding interest on GPF trust of Rs 0.66 Crore, arrears of VII Pay Commission of Rs. 3.01 Crore, Petition filing fee of Rs. 0.30 Crore, provision for ERP of Rs. 0.21 Crore and Insurance Expense of Rs. 4.70 Crore and adjusted the expenses of capital nature shifted from R&M to additional capitalization of Rs. 0.90 Lakh for FY 2018-19. The Insurance expenses of Rs. 4.70 Crore, Petition filing fee of Rs. 0.30 Crore, provision for ERP of Rs. 0.21 Crore and arears of VII Pay Commission of Rs. 3.01 Crore have been allowed on actual basis and added in the Net O&M Entitlement as shown in Table below:

Table 3.42: O&M Expenses approved after sharing of gains and losses for FY 2018-19 (Rs. Crore)

Particulars	Claimed based on actual	Actual adjusted claim considered for Tariff Purpose	Approved now after truing-up as per norms for FY 2018-19	Efficiency gain/(loss)	Generator Share	O&M approved after sharing	Net O&M Entitlement
		(A)	(B)	(C)=(B)-(A)	(D)=2/3 of (C)	(E)=(A)+(D)	
O&M Expenses of MB-II	52.76	44.31	56.18	11.87	7.92	52.23	60.45

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, 2015, on normative basis. The rate of interest considered by the Petitioner for computing interest on working capital for FY 2018-19 has been considered as 13.70% on the basis of the PLR of State Bank of India. Further, the Commission has observed that the SBAR of State Bank of India as on the date of filing of Tariff Petition is 13.70%. The Commission has considered the same for calculating the interest on working capital.

The components of working capital as per Regulation 33 (1) b) of UERC Tariff Regulations, 2015 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, 2015 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 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 2018-19. Based on the approved O&M expenses plant-wise, 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, 2015. The Commission has determined the plant-wise maintenance spares requirement at the rate of 15% of the Trued-up O&M Expenses for FY 2018-19.

3.1.2.8.3 Receivables

The UERC Tariff Regulations, 2015 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 2018-19.

As regards the interest on working capital, Regulation 33 of the UERC Tariff Regulations, 2015 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 2018-19 was filed on 30.11.2019, the Commission has considered the prevailing SBAR for computing the Interest on Working Capital.

Accordingly, the normative Interest on Working Capital for FY 2018-19 as approved by the Commission is shown in the Table below:

Table 3.43: Interest on Working Capital for Nine LHPs for FY 2018-19 (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 Order dt. 21.03.2018	Claimed	Normative Approved now after truing-up
Dhakrani	1.63	2.93	3.52	8.08	0.91	1.28	1.11
Dhalipur	1.80	3.24	3.90	8.94	1.52	1.13	1.22
Chibro	5.55	9.99	11.99	27.53	3.07	4.02	3.77
Khodri	3.03	5.45	6.98	15.45	1.62	2.07	2.12
Kulhal	1.18	2.12	2.60	5.89	0.64	0.97	0.81
Ramganga	3.16	5.69	6.97	15.82	1.69	2.43	2.17
Chilla	4.48	8.07	10.20	22.76	2.91	3.38	3.12
MB-I	3.40	6.11	8.57	18.07	2.05	2.66	2.48
Khatima	1.51	2.72	7.11	11.34	1.49	1.55	1.55
Total	**25.74**	**46.33**	**61.83**	**133.89**	**15.89**	**19.50**	**18.34**

Further, the UERC Tariff Regulations, 2015 specify for sharing of gains/losses due to controllable factors and as per UERC Tariff Regulations, 2015, variation in working capital requirements is a controllable factor. With regard to actual interest on working capital, the Petitioner vide its submission dated February 6, 2020 submitted the details of overdraft drawn for O&M purpose and submitted the amount as Rs. 1.34 Crore for FY 2018-19. The Commission has apportioned the total amount 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 February 27, 2019 and arrived at the interest on working capital for 9 LHPs as Rs. 1.14 Crore. 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, 2015.

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

Table 3.44 Interest on Working Capital for Nine LHPs for FY 2018-19 after sharing of Gains (Rs. Crore)

Particulars	Actual	Normative as trued up	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	1.14	18.34	17.20	5.73	12.61

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, 2015 is shown in the Table below:

Table 3.45: Interest on Working Capital as approved for FY 2018-19 (Rs. Crore)

Particulars	Approved in Order for FY 2018-19 dated 21.03.2018	Claimed	Approved now after truing-up
Interest on Working Capital	7.09	8.95	7.36

As discussed above, with regard to actual interest on working capital, the Petitioner vide its submission dated February 6, 2020 submitted the details of overdraft drawn for O&M purpose and submitted the amount as Rs. 1.34 Crore for FY 2018-19. The Commission has apportioned the total amount 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 February 27, 2019 and the arrived interest on working capital for MB-II as Rs. 0.13 Crore. As the actual interest on working capital incurred by the Petitioner for FY 2018-19 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, 2015.

The interest on working capital for MB-II after sharing the gains for FY 2018-19 is as given in the Table below:

Table 3.46: Interest on Working Capital for MB-II for FY 2018-19 after sharing of gains (Rs. Crore)

Particulars	Actual	Normative as trued up	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)**
	0.13	7.36	7.23	2.41	4.95

3.1.2.9 Annual Fixed Charges for Nine LHPs for FY 2018-19

Based on the above analysis, the Commission has worked out the approved figures of Gross AFC for FY 2018-19 after truing-up. The summary of Gross AFC for FY 2018-19 is as shown in the Table below:

Table 3.47: Summary of AFC for FY 2018-19 (Rs. Crore)

Generating Station	Approved in T.O. dt. 21.03.2018 for FY 2018-19	AFC Claimed	AFC Approved after truing-up of FY 2018-19					
			Depreciation	Interest on loan	Interest on Working Capital after sharing of gains	O&M expenses	RoE	Gross Annual Fixed Cost
Dhakrani	18.25	25.24	0.46	0.35	0.75	19.53	0.96	22.05
Dhalipur	32.81	22.67	0.54	0.28	0.84	21.61	1.40	24.67
Chibro	64.57	81.73	1.93	1.57	2.61	66.60	6.16	78.87
Khodri	35.18	43.63	1.85	0.51	1.46	36.31	4.80	44.92
Kulhal	13.01	19.34	0.33	0.24	0.55	14.13	1.10	16.36
Ramganga	35.43	49.89	1.34	1.58	1.52	37.96	3.88	46.28
Chilla	64.70	69.03	1.11	0.56	2.14	53.82	7.04	64.66
MB-I	47.63	57.46	4.22	0.04	1.69	40.74	7.19	53.89
Khatima	44.97	43.68	7.98	9.17	1.05	18.15	7.35	43.70
Total	**356.55**	**412.66**	**19.75**	**14.31**	**12.61**	**308.84**	**39.88**	**395.40**

3.1.2.10 *Non-Tariff Income*

A. Old Nine Large Hydro Generating Stations

Regulation 46 of the UERC Tariff Regulations, 2015 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 2018-19 in accordance with the audited accounts. The Petitioner has further submitted that Non-Tariff income for FY 2018-19 has been claimed in accordance with the following exception provided in Regulation 46 of UERC Tariff Regulations, 2015.

"…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 6, 2020 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 January 20, 2020 submitted an internal document which showed that fund available with UJVN Ltd. as on April 1, 2018 was Rs. 363. 26 Crore on which it earned an interest of Rs. 23.95 Crore and a withdrawal of Rs. 63.66 Crore was made in FY 2018-19. The Commission vide its Minutes for TVS dated January 29, 2020 asked the Petitioner to further substantiate its claim. In response, the Petitioner vide its letter dated March 11, 2020 submitted a calculation showing the funds available with the Petitioner for creation of assets up to FY 2017-18 as Rs. 392.78 Crore. The calculation as submitted by the Petitioner is shown below:

Table 3.48: Substantiation of claim of interest earned from Fixed deposits as submitted by UJVN Ltd. (Rs. Crore)

S. No.	Particular	Amount
1	From Depreciation of GFA for 9 LHPs	141.52
2	From Depreciation on additional capitalization for 9 LHPs	40.88
3	From RoE (from FY 2004-05 to FY 2017-18)	734.40
4	Interest on Fixed deposits earned by UJVN Ltd. & allowed by the Commission for FY 2016-17	26.97
5	Interest on Fixed deposits earned by UJVN Ltd. & allowed by the Commission for FY 2016-17	25.18
(I)	Total funds available with UJVN Ltd.	968.95

Table 3.48: Substantiation of claim of interest earned from Fixed deposits as submitted by UJVN Ltd. (Rs. Crore)

S. No.	Particular	Amount
	Invested/ Utilized	
1	Investment in additional capitalization up to FY 2017-18	387.33
2	Expenditure debited to P&L account but not approved by the Commission up to FY 2017-18	188.84
	Total investment/utilization of funds	**576.17**
	Net Surplus from RoE	**392.78**

The Commission primarily observed that the details submitted by the Petitioner vide its reply dated March 11, 2020 are in variation with the details submitted vide its reply dated January 20, 2020. Further, the Commission observed that the calculation submitted by the Petitioner has many shortcomings, viz. the non-inclusion of equity infusion made by GoU under the funds available with UJVN Ltd., non-consideration of equity infusions made by the Petitioner in new projects till now like Vyasi, Lakhwar, Bowla Nandprayag, SHPs etc., consideration of Depreciation on GFA and additional capitalization only for 9 LHPs whereas the substantiation is for total fund available with UJVN Ltd. as a whole.

In view of the above submissions made by the Petitioner and analysis by the Commission, the Commission has considered the interest earned from Fixed Deposits of Rs. 23.94 Crore for FY 2018-19 as Non-Tariff Income for FY 2018-19. The Commission has apportioned the amount of Rs. 23.94 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 February 27, 2019 and the Non-Tariff Income for 9 LHPs works out to Rs. 24.41 Crore which also includes the amount of Rs. 4.05 Crore as claimed by the Petitioner for 9 LHPs.

The Non-Tariff income as approved by the Commission for FY 2018-19 is shown in the Table below:

Table 3.49: Non-Tariff Income for 9 LHPs for FY 2018-19 (Rs. Crore)

Generating Station	Approved in T.O. dated 21.03.2018 for FY 2018-19	Claimed	Approved now after truing-up for FY 2018-19
Dhakrani	0.62	0.19	0.91
Dhalipur	0.91	0.19	1.28
Chibro	4.20	1.78	6.93
Khodri	2.01	0.46	3.04
Kulhal	0.50	0.13	0.77
Ramganga	3.96	0.23	4.48
Chilla	2.47	0.36	3.45
MB-I	5.96	0.55	2.48
Khatima	1.40	0.17	1.06
Total	**22.03**	**4.05**	**24.41**

B. MB-II

In case of MB-II, the Non-Tariff income approved vide Order dated March 21, 2018 for FY 2018-19 was Rs. 2.73 Crore, the Petitioner has now claimed Rs. 1.40 Crore. As held for 9 LHPs, the Commission has considered the Non-Tariff Income as Rs. 3.79 Crore after including the apportionment for MB-II as discussed above and Rs. 1.40 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 2018-19 to be recovered by UJVN Ltd. from UPCL and HPSEB. Based on the above, the total amount recoverable by UJVN Ltd. from UPCL excluding the carrying cost is as summarized in the Table below:

Table 3.50: Summary of net AFC as trued up by the Commission for 9 LHPs for FY 2018-19 to be recovered from UPCL (Rs. Crore)

Generating Stations	Approved Net AFC in T.O. dated 21.03.2018 for FY 2018-19	Total AFC to be recovered
Dhakrani	13.07	15.62
Dhalipur	23.69	17.22
Chibro	44.23	52.22
Khodri	24.38	30.65
Kulhal	9.91	12.31
Ramganga	31.47	41.81
Chilla	62.23	61.21
MB-I	41.67	51.41
Khatima	43.57	42.63
Total	**294.22**	**325.08**

The summary of truing-up for FY 2018-19 for UPCL after considering the actual performance parameter achieved in FY 2018-19 is shown in the Table below:

Table 3.51: Summary of net truing-up for FY 2018-19 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	15.62	7.81	60.94%	60.48%	7.75	7.77	100.34	0.669	6.71	0.00	0.621	0.00	14.48	12.73	1.75
Dhalipur	17.22	8.61	58.62%	58.40%	8.58	8.59	164.86	0.602	8.61	21.86	0.602	1.32	18.51	27.38	-8.87
Chibro	52.22	26.11	65.06%	67.11%	26.93	26.66	603.50	0.470	26.11	47.75	0.470	2.24	55.01	46.83	8.18
Khodri	30.65	15.33	57.23%	59.23%	15.86	15.68	265.40	0.598	15.33	9.24	0.598	0.55	31.56	25.25	6.31
Kulhal	12.31	6.16	67.14%	76.56%	7.02	6.73	110.88	0.504	5.58	0.00	0.473	0.00	12.32	10.14	2.17
Ramganga	41.81	20.90	19.00%	11.48%	12.63	15.38	183.60	0.677	12.43	0.00	0.547	0.00	27.81	18.98	8.83
Chilla	61.21	30.60	74.00%	56.38%	23.32	25.75	613.75	0.460	28.26	0.00	0.426	0.00	54.01	52.42	1.59
MB-I	51.41	25.70	79.00%	74.90%	24.37	24.81	423.16	0.655	25.70	0.00	0.474	0.00	50.52	41.21	9.30
Khatima	42.63	21.32	69.30%	72.51%	22.31	21.98	225.53	0.914	20.61	0.00	0.914	0.00	42.59	43.87	-1.29
Total	**325.08**	**162.54**			**148.76**	**153.36**	**2691.02**		**149.35**	**78.85**		**4.11**	**306.81**	**278.82**	**27.99**

Thus, for 9 LHPs, the Commission has computed the net gap of Rs. 27.99 Crore for FY 2018-19 after sharing of gains and losses and considering the actual performance parameters.

The Petitioner submitted that it was following the practice of booking electricity expenses of staff under 'staff welfare expenses' in its books of account from FY 2015-16 onwards. Further, the Petitioner submitted that UPCL in the year FY 2015-16 has arbitrarily already deducted an amount of Rs. 51.88 Crore on account of consumption of electricity for the period November 2001 to March 2015 by the employees/Pensioners/family Pensioners of UJVN Ltd. from the Petitioner's Energy Bills. The Petitioner submitted that it does not agree with the amount deducted by UPCL. It was also submitted that the Petitioner has booked such expenses to be paid to UPCL under 'staff welfare expenses' head from FY 2015-16 onwards.

The Petitioner submitted that such expenses were booked and, accordingly, included in the Employee Cost in the Petitioner's claim of O&M Expenses during true up of FY 2015-16, 2016-17 & 2017-18. Further, separate disclosure of such electricity expenses was skipped in its True-up Petitions presented before the Commission. The details of amount booked for Electricity Expenses in books of account of UJVN Ltd. under Employee Cost is as below:

Table 3.52: Details of Staff Electricity Expenses booked under Staff welfare expenses by UJVN Ltd. in previous years (Rs. Crore)

Year	Amount
FY 2015-16	18.50
FY 2016-17	2.95
FY 2017-18	3.37
Total	**24.82**

The Petitioner submitted that 95% of the above amount were included and claimed by the Petitioner in its earlier true up Petitions for FY 2015-16, FY 2016-17 and FY 2018-19 for 10 LHPs and requested the Commission to take cognizance of the same and adjust the same to the extent allowed to the Petitioner.

For the purpose of arriving at year wise and Plant wise impact of the same, the Commission has apportioned 95% of the total Electricity Expense of staff to all the power stations based on their installed capacities. As the Staff Electricity Expenses were supposed to be disallowed by the Commission, the actual impact of the same for a particular year has been calculated by observing the change in already approved true up of the Plant after reducing the claim of Plant wise employee expenses by apportioned Staff Electricity Expenses. The actual impact of all the 9 LHPs has been escalated till the end of FY 2017-18 with the carrying cost of 14.75%, 14.05% and 13.75% for the years FY 2015-16, FY 2016-17 and FY 2017-18 respectively as considered by the Commission while truing-up of the respective year. The Commission has arrived at a total surplus of Rs. 5.95 Crore and Rs. 0.79 Crore for UPCL and HPSEB respectively at the end of FY 2017-18 and the same is considered as the opening balance for the year FY 2018-19. The summary of the impact on UPCL is as follows:

Table 3.53: Summary of impact of staff electricity expenses for 9 LHPs on UPCL (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18
Opening Balance		(3.48)	(4.58)
True Up Amount Gap/(Surplus)	(3.24)	(0.57)	(0.69)
Carrying Cost	(0.24)	(0.53)	(0.68)
Closing Balance	(3.48)	(4.58)	(5.95)
Interest Rate	14.75%	14.05%	13.75%

Further, the Commission while truing-up of FY 2016-17 vide its Order dated March 21, 2018 has deducted an amount of Rs. 19.30 Crore from Opening GFA of Chilla HEP for FY 2016-17 based on the Petitioner's submissions that the same were transferred to separate DRIP accounting unit in FY 2016-17. The Commission also stated that same would be considered as and when the Petitioner claims for capitalization of DRIP works with the details of funding plan. However, it was observed that the Commission has allowed Interest on Loan and Return on Equity to the Petitioner on the deferred DRIP works in FY 2016-17 and FY 2017-18 vide its Tariff Orders dated March 21, 2018 and February 27, 2019 respectively. In this regard the Commission calculated the impact of the same in both the years FY 2016-17 and FY 2017-18 by observing the change in the already approved true up of the Plant after adjusting the previous allowances in Interest on Loan and Return on Equity. The actual impact has been escalated till the end of FY 2017-18 with the carrying cost of 14.05% and 13.75% for FY 2016-17 and FY 2017-18 respectively as considered by the Commission while truing-up of the respective year. The Commission has arrived at a total surplus of Rs. 3.83 Crore at the end of FY 2017-18 and the same is considered as the opening balance for FY 2018-19.

Accordingly, the Commission has trued up the (Surplus)/Gap for 9 LHPs pertaining to FY 2018-19 to be recovered by UJVN Ltd. from UPCL. Based on the above, the total amount to be recovered by UJVN Ltd. from UPCL along with the carrying cost including impact of Electricity Expenses of staff and impact of deduction in Opening GFA on account of DRIP works is as summarized in the Table below:

Table 3.54: Summary of net AFC as trued up by the Commission for 9 LHPs to be refunded to UPCL (Rs. Crore)

Particulars	FY 2018-19	FY 2019-20
Opening Balance Gap/(Surplus)	(9.78)	18.79
True Up Amount Gap/(Surplus)	27.99	-
Carrying Cost	0.58	2.57
Closing Balance Gap/(Surplus)	18.79	21.36
Interest Rate	13.70%	13.70%

The Commission directs UJVN Ltd. to recover Rs. 21.36 Crore from UPCL in accordance with the provisions of UERC Tariff Regulations, 2015 in twelve equal monthly instalments starting from April 2020 to March 2021.

3.1.2.12 ***Truing-up of 5 LHPs of UJVN Ltd. for FY 2018-19 for HPSEB***

As discussed in above Section, an impact of Rs. 0.79 Crore has been arrived by the Commission on account of submission of Staff Electricity Expenses booked in the Accounts of FY 2015-16, FY 2016-17 and FY 2017-18. The summary of the impact is shown as below:

Table 3.55: Summary of impact of staff electricity expenses for 9 LHPs on HPSEB (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18
Opening Balance		(0.44)	(0.60)
True Up Amount Gap/(Surplus)	(0.41)	(0.09)	(0.10)
Carrying Cost	(0.03)	(0.07)	(0.09)
Closing Balance	(0.44)	(0.60)	(0.79)
Interest Rate	14.75%	14.05%	13.75%

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

Table 3.56: Summary of net AFC as trued up for FY 2018-19 by the Commission for 9 LHPs to be recovered from HPSEB (Rs. Crore)

Generating Stations	Approved Net AFC in APR Order dated 21.03.2018	Total AFC to be Recovered
Dhakrani	4.56	5.51
Dhalipur	8.20	6.17
Chibro	16.14	19.72
Khodri	8.80	11.23
Kulhal	2.60	3.27
Ramganga	-	-
Chilla	-	-
MB-I	-	-
Khatima	-	-
Total	**40.30**	**45.90**

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

Particulars	FY 2018-19	FY 2019-20
Opening Balance	(0.79)	5.09
True Up Amount Gap/(Surplus)	5.59	-
Carrying Cost	0.28	0.70
Closing Balance Gap/(Surplus)	5.09	5.78
Interest Rate	13.70%	13.70%

The Commission directs UJVN Ltd. to recover Rs. 5.78 Crore from HPSEB on the basis of actual PAFY and energy billed in accordance with the provisions of UERC Tariff Regulations, 2015 in twelve equal monthly instalments starting from April, 2020 to March, 2021.

3.1.2.13 ***Net Annual Fixed Charges for MB-II from FY 2018-19***

Based on the approved capital cost of MB-II, the approved additional capitalisation and O&M expenses in accordance with MYT Regulations 2015, the net truing-up of AFC for FY 2018-19 is as shown in the Table below:

Table 3.58: Summary of truing-up of Net AFC of MB-II for FY 2018-19 (Rs. Crore)

Particulars	Approved in T.O. for FY 2018-19 dated 21.03.2018	Claimed	Approved now after truing-up
Depreciation	63.00	75.83	61.81
Interest on loan	65.21	69.05	64.62
Interest on Working Capital	7.09	8.95	4.95
O&M expenses	53.79	52.76	60.45
RoE	48.92	111.63	49.76
Total Annual Fixed Costs	**238.02**	**318.22**	**241.60**
NTI	2.73	1.40	3.79
Net AFC	**235.29**	**316.83**	**237.81**

The summary of truing-up of MB-II with regard to the Net AFC approved for FY 2018-19 in the Order dated 21.03.2018 is as shown in the Table below:

3.1.2.14 *Net impact on account of truing-up of FY 2018-19 of MB-II*

Table 3.59: Net impact on account of truing-up of FY 2018-19 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
237.81	118.90	82%	69.16%	100.29	106.50	1550.44	1284.73	98.53	205.02	197.07	7.95

3.1.2.15 *Summary of Net Impact on Account of truing-up of FY 2018-19 of MB-II including Carrying Cost*

As discussed earlier, the impact on account of Petitioner's claim of Staff Electricity Expenses under staff welfare expenses for FY 2015-16, FY 2016-17 and FY 2017-18 has been calculated in the similar manner as in case of 9 LHPs and the same amounts to a surplus of Rs. 1.55 Crore including carrying cost up to FY 2017-18. The details of the same is as follows:

Table 3.60: Summary of impact of staff electricity expenses for MB-II (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18
Opening Balance	-	(0.81)	(1.15)
True Up Amount Gap/(Surplus)	(0.75)	(0.21)	(0.23)
Carrying Cost	(0.06)	(0.13)	(0.17)
Closing Balance	(0.81)	(1.15)	(1.55)
Interest Rate	14.75%	14.05%	13.75%

Accordingly, the Commission has trued up the (Surplus)/Gap for MB-II pertaining to FY 2018-19 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 3.61: Summary of net amount trued up by the Commission for FY 2018-19 to be refunded to UPCL for MB-II (Rs. Crore)

Particulars	2018-19	2019-20
Opening (Surplus)/Gap	(1.55)	6.74
True Up Amount	7.95	0.00
Carrying Cost	0.33	0.92
Closing (Surplus)/Gap	6.74	7.66
Interest Rate	13.70%	13.70%

The Commission directs UJVN Ltd. to recover the above approved amount of Rs. 7.66 Crore on account of truing-up of MB-II for FY 2018-19 from UPCL in accordance with the provisions of UERC Tariff Regulations, 2015 in twelve equal monthly instalments starting from April, 2020 to March, 2021.

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2019-20 and AFC for FY 2020-21

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 (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2018 stipulate that under the MYT framework, the performance of the generating company shall be subject to Annual Performance Review.

Regulation 12(3) of the UERC (Terms and Conditions for Determination of Multi Year 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 05.04.2016, on approval of Business Plan and MYT Petition for the Second Control Period from FY 2016-17 to FY 2018-19 approved the AFC for the Second Control Period based on the audited accounts till FY 2014-15. Further, the Commission vide its Order dated 21.03.2018, approved the AFC for FY 2018-19 based on the Audited accounts till FY 2016-17. 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. The Petitioner, in this Petition, has proposed truing-up of FY 2018-19 on the basis of audited annual accounts. The Commission, in Chapter 3 of this Order, has carried out the Truing-up of 9 LHPs and MB-II for FY 2018-19 in accordance with the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2015.

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 in its MYT Order dated February 27, 2019 held that it shall carry out the Truing-up of FY 2018-19 based on the audited accounts for that year and give effect on this account in the AFC of FY 2020-21. The Commission, as discussed earlier, while carrying out the truing-up has revised additional capitalisation and R&M expenses for FY 2018-19 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 2020-21 based on the revised additional capitalization and O&M expenses for 9 LHPs and MB-II for FY 2018-19. The approach adopted by the Commission in the approval of each element of ARR for FY 2020-21 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 2020-21 for all the LHPs except Kulhal and Khatima LHP and has submitted that the projected NAPAF is based on actual PAFM 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. The Petitioner submitted the total loss due to implementation of NGT/NMCG Order as 194.02 MU for 9 LHPs. 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/NMCG Order:

- **Dhakrani-** The Petitioner submitted that Dhakrani Power Station is very old HEP & requires more maintenance, hence, has to be shut down for longer periods to carry out maintenance. The Petitioner vide its submission dated 06.02.2020 further submitted that RMU works have also been planned during FY 2020-21. The Petitioner has sought relaxation in NAPAF for FY 2020-21 as 65.33%.
- **Dhalipur-** The Petitioner submitted that Dhalipur Power Station is very old HEP & requires more maintenance, hence, has to be shut down for longer periods to carry out maintenance. Further, RMU works are undergoing in Unit#1 & Unit#2 in FY 2019-20 and Unit#1 in FY 2020-21. In view of the above, the Petitioner has sought relaxation in NAPAF for FY 2020-21 as 58.87%.
- **Chibro-** The Petitioner submitted that Chibro Power Station is very old HEP & requires more maintenance, hence, has to be shut down for longer periods to carry out maintenance. The Petitioner sought relaxation in NAPAF for FY 2020-21 as 64.51%.
- **Khodri-** The Petitioner submitted that Khodri Hydro Power Station is very old HEP & requires more maintenance, hence, has to be shut down for longer periods to carry out maintenance. The Petitioner sought relaxation in NAPAF for FY 2020-21 as 56.81%.
- **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 13.72% & 13.67% is expected to be achieved from the power station during FY 2019-20 & FY 2020-21 respectively Further, the Petitioner requested the Commission to allow the NAPAF for FY 2019-20 & FY 2020-21 as actual PAF achieved during FY 2019-20 & FY 2020-21

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 vide its submission dated 17.02.2020 submitted that RMU works have been planned during FY 2020-21 & onwards for Chilla HEP and has proposed NAPAF for FY 2020-21 as 61.63%.
- **MB-I -**Apart from the reasons mentioned in Chapter 3, the Petitioner in its Petition submitted that RMU activities are under progress and vide its submission dated 14.02.2020 submitted that RMU in Unit#1 and Unit#3 is in progress in FY 2019-20 and in FY 2020-21 RMU would be done in Unit#2 and Unit#3 . The Petitioner has sought relaxation in NAPAF for FY 2020-21 as 50.23%.

NAPAF as approved by the Commission vide its Tariff Order dated 27.02.2019 and as proposed by the Petitioner for FY 2020-21 is summarized as under:

Table 4.1: NAPAF as Proposed by the Petitioner for FY 2020-21 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 2020-21	Proposed by the Petitioner for FY 2020-21
Dhakrani	66.17%	65.33%
Dhalipur	61.07%	58.87%
Chibro	65.06%	64.51%
Khodri	57.23%	56.81%
Kulhal	65.00%	66.49%
Ramganga	19.00%	13.67%
Chilla	74.00%	61.63%
MB-I	79.00%	50.23%
Khatima	69.30%	69.88%

With regard to the relaxation of NAPAF sought by the Petitioner on account of operational reasons other than the impact on account of NGT/NMCG 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 along with RMU schedule. Therefore, the Commission has not allowed any relaxation in NAPAF for any station for FY 2020-21. However, while truing-up of FY 2020-21, 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 Order for Clean Ganga (NMCG) on NAPAF for FY 2020-21, 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 (as mentioned in Chapter 3) the Petitioner has not claimed any relaxation in NAPAF for FY 2019-20 .The NAPAF estimated by the Petitioner for FY 2019-20 based on actual data from April 2019 to October 2019 is not in much variation from the NAPAF approved by the Commission in MYT Order dated February 27, 2019 and in some of the stations the Petitioner itself has proposed higher NAPAF than that approved by the Commission. However, for FY 2020-21, the Petitioner has claimed relaxation in NAPAF on account of additional water release as per NGT/NMCG Order. It is further observed that even after implementation of NGT/NMCG Order and despite the fact that some of the Units are out of service on account of ongoing RMU works, there has been considerable increase in generation and availability of all the stations of UJVN Ltd. in FY 2019-20 vis-a-vis past years.

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 2020-21 could not 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 2020-21 for 9 LHPs. However, the Petitioner is at liberty to submit the actual impact at the time of truing-up of FY 2020-21 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 NAPAF that has been achieved in the past has been 69% in FY 2018-19 and requested the Commission to fix the NAPAF for FY 2020-21 as 69%.

With regard to MB-II LHP the Commission in its Order dated February 27, 2019 had stated as under:

"... However, based on the submissions of the Petitioner and on perusal of the past performance of the MB-II generating station, the Commission observed that the MB-II generating station has not achieved its NAPAF for the past 10 years even after elimination of all the constraints stated by the Petitioner. In this regard, the Commission is of the view that a detailed study/analysis needs to be conducted for finding out the actual reasons that hinders the Plant performance despite the fact that various works have been carried out by the Petitioner post CoD of the project. Such study shall comprise of the present operational practices including running Plant as a peaking station, outage schedules/practices and inventory management being adopted by UJVN Ltd. and other related factors which hampers the Plant performance /Availability. Therefore, the Commission decides to conduct the above study through an independent technical expert consultancy firm, which shall submit a detailed report on the same. Based on the findings of this study, the Commission shall take a view on the NAPAF of the MB-II generating station for the Third Control Period, i.e. from FY 2019-20 to FY 2021-22. However, at this point of time the Commission provisionally approves the NAPAF of MB-II generating station as 82% for the Third Control Period."

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% 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 towards major works carried on the project has been allowed in the tariffs.

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 Commission 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 the impact of implementation of NGT/NMCG Order will lead to reduction in energy generation of 194.02 MU for 9 LHPs in FY 2020-21.

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**.

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 2020-21 as follows:

Table 4.3: Design Energy and Saleable Primary Energy approved for FY 2020-21 (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	332.02
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	363.88
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**	**2988.52**

**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 requested the Commission to revise the Design Energy for FY 2020-21 on account of implementation of NGT/NMCG Order. The Petitioner submitted the impact of NMCG Order on generation of MB-II as 50.44 MU.

As discussed in earlier Paras, the Commission as stated 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 in its report suggested the Design Energy after factoring in the impact due to NGT/NMCG Order and impact of increase in average Tail-race water level due to back water from Tehri. The findings of the report submitted by the Expert Consultant have been analysed and keeping a considerate view, the Commission approves Design Energy for the Third Control Period as 1291 MUs.

The Design Energy for the Third Control Period now approved by the Commission is 1291 MU and Saleable Primary Energy after deducting the normative auxiliary consumption (including transformation losses) of 1% is 1278.09 MUs. As stated in case of 9 LHPs, the relaxation in design energy is only for the sole purpose of recovery of primary energy charges and any excess generation over and above the revised saleable design energy till the Original Saleable Design Energy shall not be charged by the Petitioner and Secondary energy charges shall only be allowed on generation in excess to the Original Saleable Design Energy.

4.3 Financial parameters

4.3.1 *Apportionment of Common Expenses*

As discussed in detail in Chapter 3 of this Order, the Commission has taken recent developments into cognisance and has directed the Petitioner to submit the 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 to enable the Commission to take a fresh view on allocation of common expenses. In the present Order, the Commission as of now has considered the earlier ratio of 85:10:5 for allocating common expenses on 9 LHPs, MB-II and SHPs, respectively.

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 2018-19 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 4.4: 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 4. 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 27.02.2019. The financing for the project has been considered as shown in the Table below:

Table 4.5: Approved Capital Cost and Financing for MB-II as on CoD (Rs. Crore)

Particulars	Approved in MYT Order dated 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**

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. 362.89 Crore for the period 01.04.2001 to 31.03.2019 as discussed in Chapter 3 of this Order. Hence, the Commission for the purpose of tariff computation for FY 2020-21 has considered the revised additional capitalisation till FY 2018-19 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. 270.68 Crore and Rs. 325.19 Crore towards additional capitalisation in FY 2019-20 and FY 2020-21 respectively for 9 LHPs. The Plant wise details of capital expenditure proposed by the Petitioner are as follows:

Table 4.6: Additional Capitalisation projected by UJVN Ltd. for 9 LHPs in FY 2019-20 (Rs. Crore)

Name of the Generating Stations	Other Capital works	RMU works	Total Revised Projection by UJVN Ltd.
Dhakrani	11.05	0.00	11.05
Dhalipur	5.16	35.90	41.06
Chibro	16.52	0.00	16.52
Khodri	14.32	0.00	14.32
Kulhal	8.49	0.00	8.49
Ramganga	39.42	0.00	39.42
Chilla	13.78	30.00	43.78
ManeriBhali-I	62.10	32.54	94.64
Khatima	1.41	0.00	1.41
Total	**172.24**	**98.44**	**270.68**

Table 4.7: Additional Capitalisation 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	10.30	11.17	21.47
Dhalipur	4.56	35.90	40.46
Chibro	16.09	0.00	16.09
Khodri	15.37	0.00	15.37
Kulhal	21.30	0.00	21.30
Ramganga	7.97	0.00	7.97
Chilla	30.19	30.00	60.19
ManeriBhali-I	46.76	32.54	79.30
Khatima	63.04	0.00	63.04
Total	**215.58**	**109.61**	**325.19**

The Commission observed that, as compared to previous years, the Petitioner has projected exorbitantly high amount of capitalization in FY 2019-20 and FY 2020-21 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 9, 2019 asked the Petitioner to submit the reasons for same. In response, UJVN Ltd. vide its letter dated 17.12.2019 submitted Plant-wise/unit wise works along with the need/requirement for proposing the same for FY 2020-21.

The Petitioner in its Petition and subsequent replies submitted that it has projected the expenses towards RMU of Chilla, MB-I, Dhakrani and Dhalipur power stations. The Commission vide its Minutes of TVS dated January 29, 2020 asked the Petitioner to submit the revised capitalization projections on the basis of current status. Further, the Commission sought physical and financial progress of the schemes for which in-principle approval has been accorded by the Commission. The Petitioner vide its reply dated February 6, 2020 submitted the current status of RMU works planned at Dhalipur, Dhakrani and MB-I. With regard to RMU of Dhalipur, the Petitioner submitted the physical and financial progress as 45.5% and 24.91% respectively and submitted that RMU of Unit B and Unit A are scheduled to be completed on May 31, 2020 and May 31, 2021 respectively. With regard to RMU of Dhakrani the Petitioner submitted that tender for the same is proposed to be opened on April 7, 2020. Further, with regard to RMU at MB-I, the Petitioner submitted that RMU works at Unit 1, 2 and 3 are expected to be Commissioned by the end of FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

In view of the above submissions made by the Petitioner, the Commission is of the view that as the RMU works at Dhalipur and MB-I LHPs are under progress, the Commission, therefore, does not find any merit in revisiting the additional capitalization for FY 2019-20 and FY 2020-21 on account of RMU works at various stations vis-a-vis that approved in the MYT Order dated February 27, 2019.

Further, the Commission observed that the Petitioner has proposed the additional capitalization of Rs. 48 Crore under major civil works in Khatima LHP for FY 2020-21 on account of different civil works which includes construction of bypass channel. The Commission during the meeting held on February 11, 2020 with field Officers of UJVN Ltd. discussed the same and sought justification for the same. The Petitioner vide its reply dated February 17, 2020 submitted that bypass channel is required to be constructed from the safety point of view for Sharda Power House and appurtenant structures as well as safety of employees residing at the Sharda Power House irrespective of tangible and intangible benefits. The Petitioner further submitted that there is no direct cost benefit to UJVN Ltd. in terms of enhancement of generation but it is the operational necessity to ensure the additional safety and eliminate the possibility of occurrence of unfortunate event similar to the one that occurred in August, 2014. Further, the Petitioner submitted that fortunately bypass gates were raised on time coupled with timely lowering of intake gates which resulted in lesser damages and almost avoided a catastrophe. Further, the Petitioner also submitted that the proposed work will only be done after the prior approval from the Commission. 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 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.

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 has claimed expenditure proposed to be incurred for capital maintenance of the machines as in the case of Khodri LHP in FY 2020-21 an expenditure of Rs. 5.68 Crore for Unit #3, in Chilla LHP in FY 2020-21 an expenditure of Rs. 2.50 Crore has been proposed for capital maintenance of Unit#3. 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 under Civil works on account of Office Building of Rs. 13.59 Crore from October 2019 to March 2020 and Rs. 16.00 Crore in FY 2020-21. 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 2019-20 and FY 2020-21 as approved in the MYT and Business Plan Order dated February 27, 2019 and the same is presented below:

Table 4.8: Additional Capitalization as approved for 9 LHPs for FY 2019-20 and FY 2020-21 (Rs. Crore)

Name of the Generating Stations	FY 2019-20			FY 2020-21		
	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	11.05	1.87	1.87	21.47	1.87
Dhalipur	29.68	41.06	29.68	29.68	40.46	29.68
Chibro	4.61	16.52	4.61	4.61	16.09	4.61
Khodri	3.67	14.32	3.67	3.67	15.37	3.67
Kulhal	1.17	8.49	1.17	1.17	21.30	1.17
Ramganga	7.63	39.42	7.63	7.63	7.97	7.63
Chilla	4.00	43.78	4.00	4.00	60.19	4.00
MB-I	49.96	94.64	49.96	49.96	79.30	49.96
Khatima	0.07	1.41	0.07	0.07	63.04	0.07
Total	**102.68**	**270.68**	**102.68**	**102.68**	**325.19**	**102.68**

B. Maneri Bhali-II

The Commission, as discussed earlier has decided to consider additional capitalisation since COD and has approved additional capitalisation of Rs. 342.15 Crore till 31.03.2019. 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 2019-20 and FY 2020-21 as Rs. 29.49 Crore and Rs. 47.21 Crore respectively. The details of capital expenditure proposed by the Petitioner is as follows:

Table 4.9: Additional Capitalisation projected by UJVN Ltd. for MB-II in FY 2019-20 and FY 2020-21 (Rs. Crore)

Particular	Approved in MYT Order FY 2019-20	Revised Projection by UJVN Ltd. in FY 2019-20	Approved in MYT Order FY 2020-21	Revised Projection by UJVN Ltd. in FY 2020-21
Civil works	-	27.48	-	41.48
Other Capital works	-	1.68	-	5.73
Total Revised Projection by UJVN Ltd.	**12.05**	**29.49**	**12.05**	**47.21**

The Commission as per the details submitted by the Petitioner vide its reply dated December 17, 2019 observed that out of the proposed Civil works as shown above, Rs. 2.20 Crore in FY 2019-20 and Rs. 21.60 Crore in FY 2020-21 pertains to works to be carried under DRIP-II and has, therefore, 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 4.10: Additional Capitalization approved for MB-II for FY 2019-20 and FY 2020-21 (Rs. Crore)

Particulars	FY 2019-20			FY 2020-21		
	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	12.05	29.49	12.05	12.05	47.21	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 2020-21 on the basis of proposed additional Capitalization in

FY 2019-20 and FY 2020-21 respectively. 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 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 over the above difference in the remaining period upto 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 31st March 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 2020-21. The summary of Depreciation Charges for FY 2020-21 as approved by the Commission is shown in the Table below:

Table 4.11: Depreciation Charges as approved by the Commission for 9 LHPs for FY 2020-21 (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	0.60	0.60	1.03	0.00	0.82	0.82
Dhalipur	0.00	2.09	2.09	2.66	0.00	2.23	2.23
Chibro	0.00	2.28	2.28	3.33	0.00	3.24	3.24
Khodri	0.00	1.54	1.54	2.59	0.00	1.95	1.95
Kulhal	0.00	0.42	0.42	0.87	0.00	0.62	0.62
Ramganga	0.00	1.92	1.92	3.58	0.00	2.52	2.52
Chilla	0.00	1.58	1.58	3.79	0.00	2.13	2.13
MB-I	0.00	4.24	4.24	7.19	0.00	4.54	4.54
Khatima	0.00	8.26	8.26	8.22	0.00	8.13	8.13
Total	**0.00**	**22.93**	**22.93**	**33.24**	**0.00**	**26.18**	**26.18**

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 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 over the above difference in the remaining period upto 12 years from COD of MB-II. The Commission observed that as on March 31, 2020 MB-II has completed 12 years from CoD. Accordingly, the depreciation for FY 2020-21 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 2020-21 as Rs. 46.38 Crore. Further, the Commission observed that the depreciation calculation as submitted by the Petitioner had some infirmities resulting in higher claim. The total depreciation for MB-II for the Third Control Period, accordingly, works out as shown in the Table below:

Table 4.12: Depreciation charges as approved by the Commission for MB-II for FY 2020-21 (Rs. Crore)

Particular	Approved in MYT Order dated 27.02.2019	Claimed	Approved in this Order
Depreciation	48.24	56.43	46.38

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 & 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 stipulates 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 & MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla & 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 regard RoE on additional Capitalisation, the Commission has considered a 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. 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 a return on normative equity at the rate of 16.50% for Chibro, Khodri, Ramganga & MB-I and at the rate of 15.50% for Dhakrani, Dhalipur, Kulhal, Chilla & 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 4.13: Return on Equity for Nine Old LHPs for FY 2020-21 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dt. 27.02. 2019			Claimed	Approved in this Order		
	On Transferred Asset as on Jan 14, 2000	On Additional Capitalisation	Total		On Transferred Asset as on Jan 14, 2000	On Additional Capitalisation	Total
Dhakrani	0.58	0.56	1.13	1.51	0.58	0.57	1.14
Dhalipur	0.95	1.92	2.86	3.34	0.95	1.90	2.85
Chibro	4.35	2.27	6.62	7.64	4.35	2.47	6.82
Khodri	3.66	1.50	5.16	6.17	3.66	1.51	5.18
Kulhal	0.81	0.39	1.21	1.61	0.81	0.42	1.24
Ramganga	2.48	2.16	4.64	5.94	2.48	2.10	4.57
Chilla	5.81	2.37	8.17	9.54	5.81	1.66	7.46
Maneri Bhali-I	5.43	4.33	9.76	12.17	5.43	4.38	9.81
Khatima	0.33	7.65	7.98	7.33	0.24	7.17	7.41
Total	**24.40**	**23.14**	**47.54**	**55.26**	**24.30**	**22.17**	**46.47**

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 of the total approved Capital Cost of Rs. 1885.50 Crore and additional capitalisation of Rs. 354.20 Crore till FY 2019-20, Rs. 659.80 Crore have been funded through equity as already discussed in Chapter 3 of this Order and detailed in the Table below:

Table 4.14: Details of Equity upto FY 2019-20

Particular	Amount (Rs. Crore)
Approved Capital cost as on 15.03.2008 (CoD)	1885.50
Additional Capitalisation upto 31.03.2020	354.20
GFA as on 31.03.2020	2239.70
Financing through grant	40.37
Net GFA	2199.33
Equity @30%	**659.80**
(i) Through PDF	351.39
(ii) GoU budgetary support	144.41
(iii) Pre-2002 expenses	164.00

However, since, out of the total equity of Rs. 659.80 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. 308.41 Crore [Rs 144.41 Crore (GoU budgetary support) + Rs 164 Crore (Pre-2002 expenses)] eligible for return purposes for FY 2020-21. 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 2020-21 is shown in the Table given below:

Table 4.15: Return on Equity for MB-II for FY 2020-21 (Rs. Crore)

Particular	Approved in MYT Order dated February 27, 2019	Claimed	Approved in this Order
Return on Equity	50.96	113.41	50.89

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. The interest rate based on the above, works out to 9.90% in case of Khatima LHP and 9.87% for other 8 LHPs. Thus, the Commission has considered the interest rate of 9.90% in case of Khatima LHP and 9.87% 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 9.86% for MB-II station. Further, for repayment purpose, 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 2020-21 as shown in the Table below:

Table 4.16: Interest on Loan for Nine Old LHPs for FY 2020-21 (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	0.55	1.90	5.36	1.31	0.82	5.85	0.49
Dhalipur	1.78	4.70	23.66	20.78	2.23	42.21	2.23
Chibro	1.94	3.85	21.15	3.23	3.24	21.14	1.93
Khodri	0.77	2.81	7.79	2.57	1.95	8.41	0.67
Kulhal	0.36	1.73	3.85	0.82	0.62	4.05	0.35
Ramganga	2.52	4.59	23.01	5.34	2.52	25.83	2.15
Chilla	2.15	6.31	9.68	2.80	2.13	10.35	0.85
ManeriBhali-I	3.51	9.67	34.97	34.97	4.54	65.41	3.23
Khatima	9.09	9.67	81.46	0.05	8.13	73.37	7.66
Total	**22.69**	**45.22**	**210.94**	**71.87**	**26.18**	**256.62**	**19.55**

B. Maneri Bhali-II

As discussed in the preceding paras, the Commission has computed the weighted average interest rate of 9.86% based on the outstanding loans for the project up to 31.03.2019. The Commission for computing interest for MB-II station for FY 2020-21 has considered the above-mentioned interest rate.

The Commission has calculated Interest on Loan based on the approach adopted for 9 LHPs for FY 2020-21. 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 2020-21 as shown in the Table below:

Table 4.17: Interest on Loan for MB-II for FY 2020-21 of Third Control Period (Rs. Crore)

Particular	Approved in MYT Order dated 27.02. 2019	Claimed	Approved in this Order
Interest on Loan	57.38	57.94	53.76

4.3.7 *Operation and Maintenance expenses*

Regarding the Operation and Maintenance expenses, Regulation 48(2) of the UERC Tariff Regulations, 2018 stipulates 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+WPI inflation)+ 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 includes 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 second year of the 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 2016-17 to FY 2018-19 and has considered the same for determination of indices for FY 2019-20 and subsequently for FY 2020-21. The summary of the same is provided in the Table below:

Table 4.18: Escalation Rate as considered by the Commission for FY 2019-20 and FY 2020-21

Particulars	FY 2019-20	FY 2020-21
CPI	4.22%	4.22%
WPI	2.98%	2.98%

The submissions of the Petitioner and the Commission's analysis for approving the various components of the O&M expenses for FY 2020-21 is detailed below.

A. Old Nine Generating Stations

4.3.7.1 *Employee expenses*

The Commission had approved the employee expenses of Rs. 222.98 Crore for FY 2020-21 in its MYT Order dated February 27, 2019. The Petitioner, in its Petition, has proposed the employee expenses for FY 2020-21 as Rs. 235.08 Crore as per the UERC Tariff Regulations, 2018 considering certain expenses based on the actual employee expenses for FY 2018-19 and certain expenses based on projected employee expenses for FY 2019-20.

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 HR Plan with Gn factors of 0.78% and 1.29% for FY 2019-20 and FY 2020-21 respectively. The Petitioner has proposed the Gn factors of 7.98%% and 1.39% for FY 2019-20 and FY 2020-21 respectively with proposed recruitment of 233 and 100 employees in FY 2019-20 and FY 2020-21 respectively. The Commission has considered the closing no. of employees for FY 2018-19 of 1793 employees as the opening no. of employees for FY 2019-20.

The Commission vide its letter dated December 9, 2019 sought the preparedness of recruitment of staff in support of its claim of Gn. The Petitioner vide its reply dated December 27, 2019 submitted that direct recruitment of 138 employees was proposed in FY 2019-20, whereas 9 employees have joined between April, 2019 to November 2019 and 42 employees are likely to join between December, 2019 and March 2020. Further, the Petitioner submitted revised Recruitment plan for FY 2020-21 as 177 employees for 10 LHPs.

Further, vide Minutes of TVS dated January 29, 2020, the Commission again sought realistic employee addition in FY 2019-20 and FY 2020-21 on the basis of current status and initiatives taken by UJVN Ltd. The Petitioner vide its reply dated February 14, 2020 submitted revised employee addition as 55 in FY 2019-20 and 88 for FY 2020-21. Further, the Petitioner submitted revised retirement plan for FY 2019-20 and FY 2020-21 as 60 and 30 respectively. The Petitioner further vide its reply dated March 11, 2020 submitted that the estimated addition of 38 employees is pending for approval from GoU. The Commission has considered the Petitioner's submission dated February 14, 2020 for consideration of Gn for FY 2019-20 and FY 2020-21 as 0.00% and 1.62% 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 Consumer Price Index (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 2018-19 as 4.22%.

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 the arriving normative employee expenses for FY 2020-21. In this regard, the Commission holds that the impact of VII Pay Commission on employee expenses shall be allowed on actuals for FY 2020-21 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 2018-19 for projecting the employee expense for FY 2020-21 in accordance with the UERC Tariff Regulations, 2018. Accordingly, the Commission has considered the normative expenses worked out for FY 2018-19 for projecting the employee expenses for subsequent years. The normative employee expenses approved for the FY 2020-21 are as shown in the Table below:

Table 4.19: Employee expenses approved for 9 LHPs for FY 2020-21 (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	11.62	15.93	11.54
Dhalipur	17.53	14.19	17.41
Chibro	48.48	52.40	48.15
Khodri	26.77	26.28	26.59
Kulhal	10.33	11.89	10.26
Ramganga	32.52	33.53	32.30
Chilla	35.42	35.94	35.18
ManeriBhali-I	25.90	31.72	25.72
Khatima	14.40	13.19	14.30
Total	**222.98**	**235.08**	**221.45**

4.3.7.2 *R&M expenses*

The Petitioner in its Petition has projected Repairs and Maintenance expenses for FY 2020-21 based on the K factor and revised Opening GFA for FY 2020-21 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 2020-21 and has escalated the same with WPI inflation of 2.98%. Accordingly, the Petitioner has proposed the R&M expenses of Rs. 141.87 Crore for FY 2020-21.

The Commission in its MYT Order dated February 27, 2019 had approved the R&M expenses of Rs. 94.44 Crore for FY 2020-21. As against the same, the Petitioner has proposed R&M expenses of

Rs. 141.87 Crore.

The Commission has considered the constant factor 'K' same as determined by the Commission in the MYT Order dated February 29, 2019. For projecting the R&M expenses for FY 2020-21, the Commission has multiplied the 'K' factor with the opening GFA approved for FY 2020-21.

Further, the Commission has considered the WPI inflation of 2.98% which is the average increase in the Wholesale Price Index (WPI) for FY 2016-17 to FY 2018-19.

The Commission has computed R&M Expenses for FY 2020-21 as per the methodology stated above using the following formulae.

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

With regard to the generating station undergoing 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 2% of the capital cost admitted by the Commission. With regard to Dhakrani, Dhalipur, Chilla and MB-I, the RMU works are projected to be carried out in FY 2020-21. With regard to Khatima, the Commission has considered allowable R&M Expenses for FY 2020-21 considering 'K' factor as 4%. With regard to other stations, wherein the RMU works shall be completed in FY 2020-21, the Commission on the provisional basis has considered R&M expenses for FY 2020-21 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 2020-21 is as shown in the Table below:

Table 4.20: R&M Expenses approved for 9 LHPs for FY 2020-21 (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	11.66	16.39	12.06
Dhalipur	10.83	24.41	11.01
Chibro	16.13	19.60	17.05
Khodri	8.51	10.74	8.76
Kulhal	6.87	9.66	7.23
Ramganga	9.14	12.37	9.25
Chilla	15.75	21.40	16.28
ManeriBhali-I	12.12	20.60	12.51
Khatima	3.44	6.69	3.32
Total	**94.44**	**141.87**	**97.47**

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 2018-19 and certain A&G expenses on the basis of projected expenses for FY 2019-20. Accordingly, the Petitioner has proposed the A&G expenses of Rs. 40.43 Crore for FY 2020-21.

Further, as discussed in Chapter 3, the Petitioner vide its additional submission dated January 27, 2020 submitted the additional capitalization on account of implementation of ERP at UJVN Ltd. In this regard, the Petitioner vide its reply dated February 25, 2020 submitted the projected Operational Expenditure on account of the same as Rs. 7.34 Crore for FY 2020-21. The proposed O&M cost is on account of Annual Technical Support (ATS) and Annual Support to M/s Accenture Solutions Ltd., Cloud Service Cost to M/s Sify and MPLS Service Cost. The Commission as discussed in Chapter 3 has approved the Provision for ERP expense of Rs. 2.05 Crore made by the Petitioner in FY 2018-19 during the True up of FY 2018-19. Based on the submissions of the Petitioner, the Commission is of the view that projected expenditure of Rs. 7.34 Crore for FY 2020-21 for ERP expense is tentative in nature and is subject to change on account of change in proposed payment schedules of the contracts signed with M/s Accenture Solutions Ltd. and M/s Sify. Therefore, the cost on account of the same has not been considered while computing the normative A&G expenses for FY 2020-21 and shall be considered at the time of truing-up of the same subject to prudence check.

For calculating the A&G expenses for FY 2020-21, the Commission has considered the normative A&G expenses approved in the True Up of FY 2018-19 and escalated the same by the WPI inflation of 2.98% to arrive at the A&G expenses for FY 2020-21. 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 2020-21 are as shown in the Table below:

Table 4.21: A&G Expenses approved for 9 LHPs for FY 2020-21 (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	0.84	2.38	0.84
Dhalipur	1.35	2.47	1.38
Chibro	4.70	8.56	5.71
Khodri	2.59	5.46	2.69
Kulhal	0.73	2.22	0.72
Ramganga	4.11	6.41	4.27
Chilla	4.62	6.99	3.95
ManeriBhali-I	2.27	3.90	2.37
Khatima	0.85	2.03	0.85
Total	**22.05**	**40.43**	**22.79**

4.3.7.4 *O&M expenses*

Based on above discussions, the O&M expenses approved by the Commission for FY 2020-21 is as shown in the Table below:

Table 4.22: O&M Expenses approved for 9 LHPs for FY 2018-19 (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	24.12	34.71	24.45
Dhalipur	29.71	41.08	29.80
Chibro	69.31	80.56	70.90
Khodri	37.87	42.48	38.04
Kulhal	17.93	23.77	18.21
Ramganga	45.77	52.31	45.81
Chilla	55.79	64.33	55.42
ManeriBhali-I	40.28	56.23	40.60
Khatima	18.69	21.91	18.47
Total	**339.47**	**417.38**	**341.70**

B. Maneri Bhali-II

The Petitioner in its APR Petition for projecting the O&M Expenses for MB-II for FY 2020-21 has considered the actual O&M expenses of FY 2018-19 based on the audited accounts and escalated the same with appropriate CPI and WPI Indices, K-Factor and Gn to derive at the O&M expenses for FY 2020-21 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 2020-21 as shown below:

Table 4.23: O&M expenses approved by the Commission for MB-II for FY 2020-21 (Rs. Crore)

Particulars	Approved in MYT Order dated February 27, 2019	Revised Projections by UJVN Ltd	Approved in this Order
Employee Expenses	27.20	30.00	27.01
R&M Expenses	20.22	20.94	20.74
A&G Expenses	10.28	10.73	10.75
Total	**57.70**	**61.67**	**58.51**

4.3.8 *Interest on Working Capital*

A. Old Nine Generating Stations

The Petitioner submitted that the interest on working capital for FY 2020-21 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 13.70% 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 2020-21 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. 341.70 Crore for FY 2020-21. Based on the approved O&M expenses, one month's O&M expenses work out to Rs. 28.48 Crore for FY 2020-21.

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 work out to Rs. 51.26 Crore for FY 2020-21.

4.3.8.3 *Receivables*

The Commission has approved the receivables for two months based on the approved ARR of Rs. 449.76 Crore for FY 2020-21, which works out to Rs. 74.96 Crore for FY 2020-21.

Based on the above, the total working capital requirement of the Petitioner for FY 2020-21 works out to Rs. 154.69 Crore. The Commission has considered the rate of interest on working capital as 13.70% 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. 21.19 Crore for FY 2020-21. The interest on working capital approved by the Commission for FY 2020-21 is as shown in the Table below:

Table 4.24: Interest on Working Capital approved by the Commission for 9 LHPs for FY 2020-21 (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	2.04	3.67	4.65	10.36	1.40	2.05	1.42
Dhalipur	2.48	4.47	6.41	13.36	1.82	2.55	1.83
Chibro	5.91	10.64	14.32	30.87	4.13	4.86	4.23
Khodri	3.17	5.71	7.91	16.79	2.29	2.65	2.30
Kulhal	1.52	2.73	3.53	7.78	1.05	1.43	1.07
Ramganga	3.82	6.87	9.47	20.16	2.77	3.26	2.76
Chilla	4.62	8.31	11.44	24.37	3.41	4.07	3.34
MB-I	3.38	6.09	10.08	19.55	2.67	3.83	2.68
Khatima	1.54	2.77	7.15	11.46	1.64	1.82	1.57
Total	**28.48**	**51.26**	**74.96**	**154.69**	**21.17**	**26.53**	**21.19**

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 State Bank Advance Rate (SBAR) of 13.70% as on the date on filing of the instant MYT Petition. The summary of the interest on working capital for MB-II for FY 2020-21 is shown in the Table below:

Table 4.25: Interest on Working Capital approved by the Commission for MB-II for FY 2020-21
(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	4.88	8.78	35.90	49.55	6.90	8.78	6.79

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 a non-tariff income of Rs. 5.34 Crore for FY 2020-21 as approved by the Commission in MYT Order dated February 27, 2019. The Commission provisionally accepts the same for FY 2020-21. The same shall, however, be trued up based on the actual audited accounts for the respective year.

Table 4.26: Non-Tariff Income for 9 LHPs for FY 2020-21 (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 a non-tariff income of Rs. 0.92 Crore for FY 2020-21. The Commission provisionally accepts the same for FY 2020-21. The same shall, however, be trued up based on the actual audited accounts for the respective year.

Table 4.27: Non-Tariff Income for MB-II for FY 2018-19 of second 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 2020-21***

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 2020-21 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 specify 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 2020-21 for 9 LHPs as approved by the Commission is shown in the Table below:

Table 4.28: Approved AFC of 9 LHPs of UJVN Ltd. for FY 2020-21 (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	0.82	0.49	1.42	24.45	1.14	28.31	21.24	0.39	20.85	7.08
Dhalipur	2.23	2.23	1.83	29.80	2.85	38.93	29.20	0.50	28.70	9.73
Chibro	3.24	1.93	4.23	70.90	6.82	87.11	65.34	1.18	64.16	21.78
Khodri	1.95	0.67	2.30	38.04	5.18	48.14	36.11	0.69	35.42	12.04
Kulhal	0.62	0.35	1.07	18.21	1.24	21.49	17.19	0.30	16.89	4.30
Ramganga	2.52	2.15	2.76	45.81	4.57	57.81	57.81	1.01	56.80	0.00
Chilla	2.13	0.85	3.34	55.42	7.46	69.20	69.20	0.54	68.66	0.00
MB-I	4.54	3.23	2.68	40.60	9.81	60.85	60.85	0.38	60.48	0.00
Khatima	8.13	7.66	1.56	18.47	7.41	43.24	43.24	0.37	42.87	0.00
Total	**26.18**	**19.55**	**21.19**	**341.70**	**46.47**	**455.10**	**400.17**	**5.34**	**394.83**	**54.92**

The summary of Capacity Charge and Energy Charge Rate (ECR) for 9 LHPs for FY 2020-21 is as given in the Table below:

Table 4.29: Approved Capacity Charge and Energy Charge Rate for 9 LHPs for FY 2020-21

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	20.85	10.43	112.34	0.928	7.08	3.54	37.45	0.945
Dhalipur	28.70	14.35	136.11	1.054	9.73	4.87	45.37	1.073
Chibro	64.16	32.08	539.53	0.595	21.78	10.89	179.84	0.605
Khodri	35.42	17.71	249.01	0.711	12.04	6.02	83.00	0.725
Kulhal	16.89	8.45	118.30	0.714	4.30	2.15	29.57	0.727
Ramganga	56.80	28.40	308.82	0.920	0.00	0.00	0.00	0.000
Chilla	68.66	34.33	552.04	0.622	0.00	0.00	0.00	0.000
MB-I	60.48	30.24	363.89	0.831	0.00	0.00	0.00	0.000
Khatima	42.87	21.44	233.23	0.919	0.00	0.00	0.00	0.000
Total	**394.83**	**197.42**	**2613.27**		**54.92**	**27.46**	**375.24**	

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 2020-21. 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 2020-21 is given in the Table below:

Table 4.30: Approved AFC, Capacity Charge and Energy Charge Rate for MB-II for FY 2020-21

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 2020-21	46.38	53.76	6.79	58.51	50.89	216.33	0.92	215.41	107.70	1,278.09	0.843

In accordance with the provisions of the Regulations, the secondary energy rate shall be equal to 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 MUs and upto original Saleable Design Energy of 1544.44 MUs.

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 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 27.02.2019, considering the submissions of the Petitioner during the Tariff proceedings for FY 2019-20 had directed the Petitioner to closely follow up with 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.

UJVN Ltd. vide its letter dated 08.08.2019 under quarterly progress report on Transfer Scheme submitted that a Chief Secretary level meeting is scheduled to be held in the matter on 18.08.2019 in Dehradun. Further, UJVN Ltd. vide its letter dated 02.12.2019 under quarterly progress report on Transfer Scheme submitted that meeting between Chief Secretaries of Uttarakhand and Uttar Pradesh was held on 17.08.2019 at Dehradun, wherein following was discussed:

*"**GPF Trust Liability***

During the meeting, both the states agreed to the principal amount of GPF payable by UPPCL to UPCL/ UJVNL for Rs. 162.14 crore, which includes Rs. 42.64 crore towards principal amount of GPF recoverable by UJVNL. It was further agreed that UPPCL shall pay Rs. 1.56 crore (Net) to UPCL after adjustment of Rs. 160.58 crore for amount payable by UPCL to UPPCL for revenue dues.

C. LIC Loan Liabilities

That the matter of LIC loan liability shall be referred for reconsideration by Uttarakhand State to Government of India. In this regard, a letter has already been sent by Hon'ble Chief Minister of Uttarakhand to Government of India vide Letter no. 437/I/2019-04(03)/20/2003 dated 01.04.2019.

As detailed above, issue of finalization of Transfer Scheme is at final stage of settlement."

The Commission has noted the submissions of the Petitioner and **directs the Petitioner to closely follow up with issue and submit quarterly status report to the Commission. However, the Commission would like to point 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.**

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 27.02.2019 had directed the Petitioner to ensure the compliances 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. vide its letter dated 27.12.2019 submitted colony-wise consumption for the Plants/Colonies namely MB-I, MB-II, Ramganga, Khatima, Dhalipur, Kulhal & Dakpathar Colony. The data/information pertaining to other colonies is still pending.

The Commission has noted the submission of the Petitioner and **directs the Petitioner to ensure the compliances of the Commission's directions in totality and further directs the Petitioner to submit colony-wise consumption of employees on monthly basis along with the next tariff filing.**

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 the status of the same, the Commission in its Order dated 27.02.2019 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. under status of compliance of directives in its Petition submitted that efforts are being made to trace out the Original DPRs of old LHPs of UJVN Ltd. However, no DPR except Chibro & Khodri could be found which have already been submitted before the Commission. In case the DPR of any of the other Plants becomes available the same shall be submitted before the Commission.

The Commission observed that the Petitioner is reiterating its reply on the issue for last many years continuously, meaning thereby no progress has been made at the Petitioner's end. 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. **In line with the same 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. In line with the same the **Commission further 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 of 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 2017-18 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 2018-19.

In compliance to the same, the Petitioner at Annexure-5 of its submission dated 14.02.2020 submitted that the works amounting to Rs. 114.32 Crore has been completed out of total grant amount of Rs. 125.32 Crore and remaining works of Rs. 11.19 Crore shall be completed by March, 2020. However, the Petitioner did not furnish the details of financial year-wise expenditures made against the grant amount of Rs. 125.52 Crore. Therefore, **the Commission directs 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.**

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 vide its Reply dated 25.02.2020 submitted that following works covered under RMU have not been carried out till date along with the justification for the same:

"

1- *Refurbishment of pole fencing around switchyard at Sharda Power House.*

As per contract agreement 01, 02, 03 A 3A/GM (E&E)/UJVNL/Khatima RMU/2011-12 dated 03.01.2012, refurbishment of pole fencing around switchyard of Sharda Power House was under *the scope of work. But, due to canal breaching and flooding in switchyard area, complete pole fencing washed out. This has resulted in change in scope of work as lots of civil works like footings, excavation, provision of gates and ladders, complete supply of materials and fixing of pole fencing etc. have to be carried out, which were not originally envisaged in scope of work in the above mentioned contract. Accordingly, this work covered under RMU could not be carried out.*

2- *Renovation works of 132 kV & 33 kV area Switchyard.*

As per the RMU contracts renovation works of 132 kV & 33 kV are switchyard was under the scope of work. The contractor, M/s GE Power India Ltd. had requested complete shut down of 33 kV switchyard for a minimum period of 60 days. Shutdown for long period was not allowed from UPCL & PTCUL as there is no alternative electric supply arrangement to feed the local area & industries which are fed from Sharda Power House 33 kV switchyard. Accordingly, this work could not be carried out.

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."

The Commission has gone through the submissions of the Petitioner and with regard to Renovation works of Switchyard and Pole fencing works, **the Commission is of the view that they are related to safety of the Plant and directs the Petitioner to complete the said works as soon as possible and cautions 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**.

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 27.02.2019 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 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 while filing the Petitions on 29.11.2019. However, as discussed in Chapter 3, the Petitioner revised its submission vide its Reply dated 20.01.2020. Further, the Commission also observed that the actual ratio of allocation for 9 LHPs, MB-II and SHPs works out to be 75:12:13 against approved ratio of 85:10:5 for the same. **In this regard, the Petitioner is again directed 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.**

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 off 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 True up proceedings for FY 2016-17 observed that the Petitioner complied with the direction and submitted the details of the same. Thereafter, the Commission again 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.

In compliance to the above, the Petitioner during True up proceedings for FY 2017-18 submitted that it is complying with the said directive of the Commission. The Commission in its Tariff Order dated 27.02.2019 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 in the current True up proceedings i.e., for FY 2018-19 has observed that the Petitioner has not claimed any non-tariff income on account of sale of scrap. **However, the Commission again 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 thus 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 2017-18 had simply submitted that it has taken note of the directive of the Commission, however, it was observed that the Petitioner in its Petition had not adopted the aforesaid philosophy rather submitted the Petition in accordance with its old approach. Accordingly, the Commission during True Up of FY 2017-18 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 has requested the Commission to consider the capital maintenance of machines of power Plants which is generally done after a period of 02 to 10 years depending upon operating condition of the site, as additional capital expenditure.

In this regard, during scrutiny of additional capital expenditures for FY 2018-19 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 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 upto 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 during 2013 and had directed to submit the copy of utilisation certificate along with the next Tariff filing.

UJVN Ltd. vide its Reply dated 06.02.2020 has submitted its justification for non-completion of works pertaining to testing of surge shaft gate as follows:

"Testing of surge shaft gate is very important work and videography survey, inspection of guides, overhauling of hoist system, repairing of guides work have to be done before the testing of surge shaft gate. In this connection 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.

M/s Executive Engineer Erection Division, Uttarakhand Irrigation Department Roorkee a Govt of Uttarakhand agency has the vast experience in such type of work.

M/s Executive Engineer Erection Division, Uttarakhand Irrigation Department Roorkee has informed that they had invited the bid for video survey with high tech R.O.V. system at surge tank of MB-II, Dharasu Power House two times but none of the tender has been receive. Firm has also informed that they are trying to find the competent agency to carry out the above work under their supervisor.

During the visual inspection of the surge shaft gate firm has informed that the Guide of the surge shaft gates has required to be re-fix hence re concreting work of damaged portion shall be done before testing of gate. Firm has also informed that for lowering of Dummy gate, Hoist system of the surge shaft gate should be in service and due to non-operative condition of the same since commissioning it required to be overhaul. A proposal for the same has been prepared.

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 done."

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 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 of the same.

With regard to works of 125.52 Crore for which grant was received from GoI through GoU under disaster during 2013, UJVN Ltd. in its submission dated 14.02.2020 has submitted that utilization certificate of Rs. 67.82 Crore has already been submitted to GoU and out of remaining Rs. 57.70 Crore works of Rs. 46.51 Crore have been completed and remaining works of Rs. 11.19 Crore would be completed by March, 2020 and accordingly utilization certificate for the same shall be submitted to GoU.

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, it was 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 expenditures 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 & 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 17.04.2018 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 centralize material management unit i.e. MM & 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 vide its Reply dated 25.02.2020 submitted its compliance w.r.t. the direction on framing of schedule of rates for common items. In the aforesaid reply, 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 has 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 has noted the submissions of the Petitioner and further **directs the Petitioner to complete the preparation of Schedule of Rates and submit copy of the same to the Commission.**

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 its 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, the Petitioner in its instant Petitions, under compliance of directives has mentioned that it has 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 in this Order as discussed in Chapter 3 has observed that apportionment of common expenses at Barrages viz. Ichari, Dakpathar & Asan which are booked directly under respective LHPs are not apportioned as per the methodology approved by the Commission in Order dated February 27, 2019. **In this regard, the Commission again directs the**

Petitioner to apportion the common expenses as per the methodology adopted by the Commission in previous Tariff Orders.

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 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 vide its Reply dated 14.02.2020 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 & Financial progress. Further, the Petitioner vide its Reply dated 11.03.2020 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 has not submitted the complete supporting documents viz. rate of interest, agreement with GoU/GoI. **Therefore, the Commission directs 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.**

5.8 New Directives

5.8.1 *Insurance Claim of Chilla HEP due to flooding event in July 13, 2018*

As discussed in Chapter 3, the Petitioner has taken insurance for breakdown cover for which it had incurred a cost of Rs. 3.62 Crore in FY 2018-19. The Petitioner submitted that the claim recovery is under progress and the expected claim shall be around Rs. 25.00 Crore. Further, the Petitioner submitted that the final figures shall be submitted to the Commission after finalization of the same. Accordingly, **the Commission directs the Petitioner to submit the details of final Insurance claim received in the next Tariff proceedings**.

5.8.2 ***Implementation of ERP***

As discussed in Chapter 3 of this Order, the Commission has approved the additional capitalization incurred by the Petitioner on account of implementation of ERP. In this regard, the **Commission directs 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 are 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 is of the view that there is 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 this true up has accepted the same. In this regard, the **Commission directs the Petitioner to improve the functioning of the departments in above mentioned aspects and carryout necessary training sessions for its employees.**

5.8.3 ***Submission of misleading/unverified information to the Commission***

As discussed in Chapter 3 of this Order, the Commission has observed that the Petitioner with regard to submission of information of works executed under DRIP in FY 2018-19 has submitted unverified data under affidavit and made repetitive submissions. In this regard, the Commission would like to caution that submission of factually incorrect data on Affidavit is a punishable offence and not expected from a responsible utility such as UJVN Ltd. **The Petitioner is directed to be very cautious regarding submissions being made before the Commission and any future offence shall be strictly dealt under applicable Indian Laws**.

5.8.4 ***Improper Accounting***

As discussed in Chapter 3 of this Order, the Commission has observed multiple instances of double accounting in the information submitted by the Petitioner for True up of FY 2018-19 which are reconciled with the Audited Accounts of FY 2018-19. In this regard, **the Commission has 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 directs the Petitioner not to repeat the same**

in future claims else the Commission would initiate proceedings under 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 has taken the matter seriously as it gives wrong figures of actual R&M expenses and A&G expenses and **directs the Petitioner to claim such expenses under the head 'Security Expenses' in A&G expenses and ensure the same in its ensuing tariff filings**

5.8.5 *Impact of NGT Order dated August 9, 2017 on Design Energy*

As discussed in Chapter 4 of this Order, the Commission has 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 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.**

The approved AFC of FY 2020-21 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 01.04.2020 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 (An Uttarakhand Govt. Enterprises)
H.O.: 'UJJWAL', Maharani Bagh, G.M.S. Road, Dehradun-248006
Telephones: 0135-2763508, 2763808 & Fax- 0135-2763507
CIN No. U40101UR2001SGC025866, Website: www.uttarakhandjalvidyut.com

Inviting Comments on Petitions filed by UJVN Limited before the Hon'ble Uttarakhand Electricity Regulatory Commission for Determination of Generation Tariff for its 10 large hydro generating stations for FY 2020-21

Salient Points of the ARR/Tariff Petition

1. UJVN Limited, a Government owned generating company, has filed the Petitions for the determination of Generation Tariff for the FY 2020-21, Annual Performance Review of FY 2019-20 for its 10 Large Hydro Generating Stations before the Hon'ble Uttarakhand Electricity Regulatory Commission. Through the above Petitions, UJVN Ltd. has also proposed Truing up of its expenses for FY 2018-19 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)						
Station	FY 2018-19 (True-up)		FY 2019-20 (APR)		FY 2020-21	
	Approved (T.O. dt. 21.03.2018)	Claimed	Approved (T.O. dt. 27.02.2019)	Revised Estimated by UJVN Ltd.	Approved (T.O. dt. 27.02.2019)	Claimed
Dhakrani	17.63	25.05	25.54	31.50	27.42	40.80
Dhalipur	31.90	22.49	31.46	31.00	37.77	53.84
Chibro	60.37	79.96	79.16	90.96	83.10	99.07
Khodri	33.17	43.17	44.60	51.06	46.95	56.01
Kulhal	12.51	19.21	19.59	23.81	20.67	29.10
Ramganga	31.47	49.66	52.77	56.64	56.60	68.67
Chilla	62.23	68.67	67.57	72.18	70.56	87.50
MB-I	41.67	56.91	49.78	62.31	60.06	88.71
Khatima	43.57	43.50	45.37	46.17	45.29	48.57
MB-II	235.29	316.83	240.23	317.37	220.26	297.30
Total	**569.81**	**725.45**	**656.07**	**783.00**	**668.70**	**869.57**

2. In addition to the approved AFC for FY 2019-20, the Hon'ble Commission had allowed refund of ₹5.34 Crore (surplus) on account of True up of FY 2017-18 in its Tariff Order dated 27.02.2019.
3. In addition, to the claim for FY 2020-21, UJVN Ltd. has proposed ₹175.02 Crore towards True up for FY 2018-19 (including carrying cost)to be recovered from UPCL in FY 2020-21.
4. UJVN Ltd. has proposed an increase of about 57.29% (with respect to approved tariff for FY 2019-20) for FY 2020-21 including the Truing up impact of FY 2018-19. In case the entire claim of UJVN Ltd. is accepted by the Commission, an additional hike of around 5.32% 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 Hon'ble 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 Hon'ble Commission (www.uerc.gov.in) and at the UJVN Ltd.'s website (www.uttarakhandjalvidyut.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 **31.01.2020.**

Letter No. : 730 Dated : 21.12.2019

6.2 Annexure 2: List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. S A Siddiqui	Vice President	Kashi Vishwanath Textile Mill (P) Limited (SPNG Group)	5th Km Stone, Ramnager Road, Kashipur – 244713
2.	Sh. Pankaj Gupta	President	Industries Association of Uttarakhand	Mohabbewala Industrial Area, Dehradun- 248110
3.	Sh. P K Rajput	Executive Director	Alps Industries Limited	C/o Shree Sidhbali Industries Ltd., Kandi Road, Kotdwar, Uttarakhand
4.	Sh. Munish Talwar	Head, Electrical and Instrumentation	M/s Asahi India Glass Ltd.	57/2, Site-IV, Industrial Area Sahibabad, Ghaziabad -201010 Uttar Pradesh
5.	Sh. J P Nautiyal	Ex. President	Bar Council, Uttarkashi	
6.	Sh. Sunil Kumar Gupta	Journalist	Teesri Aankh ka Tehalka	16, Chakratha Road, (TipTop Gali), Near Ghanta Ghar, Dehradun -248001
7.	Sh. Ram Kumar Goel	Senior Vice President	Hotel Association of Mussories	Hotel Vishnu Palace, Gandhi Chowk, Mussoorie

6.3 Annexure 3: List of Participants in Public Hearings

List of Participants in Hearing at Champawat on 26.02.2020

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Vijay Verma	President	Nagarpalika Parishad (Champwat)	Talli Haat, Distt. Champawat
2.	Sh. Rohit Bisht	Member	Nagarpalika Parishad (Champawat)	Talli Haat, Distt. Champawat
3.	Sh. Rajendra Gahtori	-	LIC of India	Pithoragarh Road, Distt. Champawat
4.	Sh. Kailash Adhikari, S/o Sh. Bhairav Singh	City President	Bhartiya Janta Party (BJP)	Selakhola, Distt. Champawat
5.	Sh. Nirmal Singh Tadagi	-	-	Baleshwar Ward, Distt. Champawat
6.	Sh. Lalit Mohan Bhatt	-	-	Ward No. 3, Maadli, Distt. Champawat
7.	Sh. Shankar Datt Pandey	Advocate	-	Hotel Shiva Residency, GIC Chowk, Distt. Champawat
8.	Sh. Mohan Singh Adhikari	-	-	Gyali Seran, Distt. Champawat
9.	Sh. Amarnath Sakta	-	-	Bus Stand, Distt. Champawat

List of Participants in Hearing at Rudrapur on 28.02.2020

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shakeel A. Siddiqui	Sr. General Manager (Finance)	M/s Kashi Vishwanath Textile Mill (P) Ltd.	5th KM, Stone, Ramnagar Road, Kashipur-244713, Distt. Udhamsingh Nagar
2.	Sh. Mahip Kumar	-	M/s Reckitt Benckiser India Pvt. Ltd.	B-96, Eldeco Sidcul Industrial Park, Sitarganj-262405, Distt. Udhamsingh Nagar.
3.	Sh. Ashok Bansal	President	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar.
4.	Sh. Suresh Kumar	President	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar
5.	Sh. Sanjay Adlakha	Director	M/s Ambashakti Glass India Pvt. Ltd.	Plot No. 41, Sector 3, Sidcul, IIE, Pantnagar, Rudrapur-263153, Distt. Udhamsingh Nagar

List of Participants in Hearing at Rudrapur on 28.02.2020

Sl. No.	Name	Designation	Organization	Address
6.	Sh. Udayan Gaur	Manager (Maintenance)	M/s Alpla India Pvt. Ltd.	D-113, Sidcul Industrial Area, Sitarganj-262405, Distt. Udhamsingh Nagar
7.	Sh. Jagdish Pimoli	-	M/s Bhramari Steels Pvt. Ltd.	Works-Kisanpur, Tehsil Kichha, Distt. Udhamsingh Nagar.
8.	Sh. Syed Raffi		M/s HP India Sales Pvt. Ltd.	Plot No. 9-11A & 35-37A, Sector–5, IIE, Sidcul, Pantnagar, Distt. Udhamsingh Nagar.
9.	Sh. Rajeev Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udhamsingh Nagar
10.	Sh. Girish Chandra	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udhamsingh Nagar
11.	Sh. Teeka Singh Saini	President	Bhartiya Kisan Union	33, Katoratal, Kashipur, Distt. Udhamsingh Nagar
12.	Sh. Prem Singh Sahota	District President	Bhartiya Kisan Union	Kaliyawala, Jaspur, Distt. Udhamsingh Nagar
13.	Sh. Kuldeep Singh Cheema	-	Bhartiya Kisan Union	Village-Dhakiya Kalan, Post Off.-Dakiya No.-I, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
14.	Sh. Balkar Singh Fozi	-	-	Village-Raipur Khurd, P.O.-Kashipur, Distt. Udhamsingh Nagar
15.	Sh. Kalyan Singh	-	-	Village-Gardhai, P.O.–Mahuakhera Ganj, Distt. Udhamsingh Nagar
16.	Sh. Sanjeev Tomar	-	M/s Kumaon Garhwal Chamber of Commerce & Industry Uttarakhand	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt. Udhamsingh Nagar.
17.	Sh. Jagdish Singh	-	-	Dharmpur, Chatarpur, Distt. Udhamsingh Nagar.
18.	Sh. Tijendra Singh	-	-	Lok Vihar Colony, Rampur Road, Rudrapur, Distt. Udhamsingh Nagar.
19.	Sh. D.S. Chaudhary	-	M/s Balaji Action Buildwell	Plot No. C-34 & C-34(a) to (d), C-6(a), C-6(b) & C-3, Eldeco Sidcul Industrial Park, Sitarganj-262405, Distt. Udhamsingh Nagar.

List of Participants in Hearing at Rudrapur on 28.02.2020

Sl. No.	Name	Designation	Organization	Address
20.	Sh. Hari Om	-	-	Plot No. 23, Sector-3, IIE, Sidcul, Pantnagar, Distt. Udhamsingh Nagar.
21.	Sh. Lokesh Ginodia	-	M/s Umashakti Steels (P) Ltd.	Village-Vikrampur, Bannakheda Road, P.O.-Bazpur, Distt. Udhamsingh Nagar
22.	Sh. Krishna Avtar Sharma	-	-	Awas Vikas Colony, near Holi Chowk, Rudrapur, Distt. Udhamsingh Nagar

List of Participants in Hearing at Uttarkashi on 04.03.2020

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Shailendra Matura	President	Hotel Association	Distt. Uttarkashi
2.	Sh. Rajendra Panwar	-	Hotel Vijayraj	Gangori, Distt. Uttarkashi
3.	Sh. Deepak Kothiyal	-	-	Lane No.-4, Shanti Nagar, Rishikesh
4.	Sh. Prakash Bhandari	-	Hotel K.N.B. Heritage	Bhatwari Road, Distt. Uttarkashi-249193
5.	Sh. Bindesh Kuriyal	-	Hotel Mankameshwer	Netala, Distt. Uttarkashi-249193
6.	Sh. Dhirender Semwal	-	Hotel Bhagirathi Residency	Netala, Distt. Uttarkashi
7.	Sh. Dhanpal Panwar	-	Hotel Ganga Putra	Netala, Distt. Uttarkashi
8.	Sh. Ashish Kuriyal	-	Mahima Resort	Netala, Distt. Uttarkashi
9.	Sh. Rajesh Joshi	-	Holiday Residency	Netala, Distt. Uttarkashi
10.	Sh. Sobendra Singh	-	Megha Guest House	Netala, Distt. Uttarkashi
11.	Sh. Vishal Gumber	-	Hotel Radhika Palace	NH-34, Distt. Uttarkashi-249193
12.	Sh. Dinesh Kumar Semwal	-	-	Semwal Bhawan, Bhairav Chowk, Barahat, near Parhuram Temple, Distt. Uttarkashi
13.	Sh. Narayan Hari Srivastav	-	-	Biplagali, Distt. Uttarkashi
14.	Sh. Deependra Negi	-	-	Negi T-Stall, Vishwanath Chowk, Distt. Uttarkashi
15.	Sh. Dharambeer Singh	-	-	Lakeshwar, Kot Banglow Road, Distt. Uttarkashi
16.	Sh. Kuldeep Singh Gusain	-	-	"Gusain Bhawan", near Sub Tehsil Office, Joshiyara, Distt. Uttarkashi

List of Participants in Hearing at Uttarkashi on 04.03.2020

Sl. No.	Name	Designation	Organization	Address
17.	Sh. Krishna Kumar	-	-	Ward No. 03, Gyansu, Distt. Uttarkashi
18.	Sh. Deepak Bijalwan	Chairman	Zila Panchayat	Distt. Uttarkashi
19.	Sh. Anand Singh Panwar	Chairman	Bar Association	Distt. Uttarkashi
20.	Sh. B.S. Matura	Ex. Vice Chairman	Bar Council	Chamber No. 4, District Court, Distt. Uttarkashi
21.	Sh. Praveen Chandra Semwal	General Secretary	Bar Association	Distt. Uttarkashi
22.	Sh. Subhash Singh Kumain	-	Hotel Holy View	Gangotri Road, Distt. Uttarkashi-249193
23.	Sh. Mahabeer Singh	-	Hotel Devansh	Netala, Distt. Uttarkashi
24.	Sh. Praveen Kumar Nautiyal	-	Hotel Omkar	Netala, Distt. Uttarkashi
25.	Sh. Manmohan Thalwal	Mahamantri	Vayapar Mandal	Distt. Uttarkashi
26.	Sh. Ankit Kukreti	-	-	Village & Post Ganeshpur, Distt. Uttarkashi
27.	Sh. Arvind Kukreti	-	-	Village & Post Ganeshpur, Distt. Uttarkashi
28.	Sh. Dinesh Kumar Uppal	-	Hotel Dev Lok	Joshiyara, near LIC office, Distt. Uttarkashi
29.	Sh. Anand Singh Rana	Advocate	-	Near Old Bridge, Joshiyara, Distt. Uttarkashi
30.	Sh. Pratap Singh Rana	-	-	Village-Barethi, Post-Matli, Utsav Palace, Distt. Uttarkashi
31.	Sh. Mayank Semwal	-	-	Village & Post-Gangotri, Distt. Uttarkashi
32.	Sh. Vinod Chamoli	-	-	Vill & Post-Joshiyara, Distt. Uttarkashi
33.	Sh. Raghavarnan	-	-	Pujaar Gaon, Dhanari, Dehradun
34.	Sh. Yashpal Singh Panwar	-	Hotel Ganga Darshan	Maneri, Distt. Uttarkashi-249194
35.	Sh. Gaur Singh Mahar	-	-	Village Heena, P.O.-Netala, Distt. Uttarkashi
36.	Sh. Hardev Rawat	-	-	Village-Saturi, P.O.-Jathol, Block-Mori, Distt. Uttarkashi

List of Participants in Hearing at Dehradun on 06.03.2020

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Vijay Singh Verma	Secretary	Kisan Club	Village-Delna, P.O. Jhabrera, Haridwar-247665, Uttarakhand
2.	Sh. Katar Singh	-	Kisan Club	Village-Sultanpur Sabatwali, P.O. Jhabrera, Haridwar-247667
3.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4.	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun-248 110
5.	Sh. Sanjeev Kumar Sharma	Office Executive	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
6.	Sh. Jagdish Bhandari	-	-	94/2, Lane No. 4, Teg Bahadur Road, Dehradun
7.	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
8.	Sh. Subodh Kumar	President	M/s Progressive dairy Farmers Association	Village-Harbanswala, P.O.-Mehuwala Maafi, near Seemadwar, Dehradun
9.	Sh. Veer Singh	-	-	Village-Mandawali, P.O.-Gurukul Narsan, Thana-Mangalore, Distt. Haridwar-247670
10.	Sh. Shiv Kumar Thapa	-	-	27-A, Sher Bhag Road, Garhi Cantt, Dehradun
11.	Sh. A.G. Barbora	-	-	5/1, Canal Road, Jakhan, Dehradun
12.	Sh. Shanti Prasad Bhatt	-	RTI Club	124-Mitra Lok Colony, Ballupur, Dehradun
13.	Sh. Amar S. Dhunta	General Secretary	RTI Club-Uttarakhand	Off.–827/1, Sirmaur Marg, Kaulagarh Road, Dehradun
14.	Sh. B.D. Joshi	-	RTI Club-Uttarakhand	House No. 165, Lane No. 3, Street-4, Vivekanand Gram, Phase-II, Dehradun-248005
15.	Sh. Yagya Bhushan Sharma	Secretary	RTI Club-Uttarakhand	Off.–827/1, Sirmaur Marg, Kaulagarh Road, Dehradun
16.	Sh. Dheeraj Devradi	-	-	House No.-1, Ganga Vihar, Pithuwala Khurd, Chandrabani, P.O.-Mohabbewala, Dehradun
17.	Sh. Akhilesh Sharma	-	-	85-Gandhi Nagar, Ballupur Road, Dehradun

List of Participants in Hearing at Dehradun on 06.03.2020

Sl. No.	Name	Designation	Organization	Address
18.	Sh. Manish Nawani	-	-	L-24, MDDA Colony, Kedarpuram, Dehradun
19.	Sh. Vijay Singh Rawat	-	-	BPO-Banjarawala, Dehradun
20.	Sh. B.K. Aggarwal	President	M/s Tirupati LPG Industries Pvt. Ltd.	Selaqui Industrial Area, Opp. BPCL Petrol Pump, Chakrata Road, Selaqui, Dehradun-248001
21.	Sh. Tushar Madhukar	-	M/s Hindustan National Glass & Industries Ltd.	Virbhadra, Rishikesh, Dehradun
22.	Sh. Viru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
23.	Sh. Arvind Malik	-	-	Lane No. 4, Tapowan Road, Near Raipur Block Office, Ladpur, Dehradun-248007
24.	Sh. Naval Kishore Duseja	DGM (Finance & Accounts)	M/s Flex Foods Ltd.	Lal Tappar Industrial Area, P.O. Resham Majri, Haridwar Road, Dehradun-248140
25.	Sh. Kamaldeep Kamboj	-	-	21-Teachers Colony, Govind Garh, Dehradun
26.	Sh. Sunil Gupta	Editor	Teesri Aankh ka Tehalka	16, Chakrata Road (Tiptop Gali), Dehradun-248001
27.	Sh. K.L. Sundriyal	General Secretary	M/s Prantiya Electrical Contractors Association, Uttarakhand	4(4/3), New Road, Near Hotel Relax, (Amrit Kaur Road), Dehradun
28.	Sh. Man Singh	General Manager (Engg.)	M/s Alps Industries Ltd.	Haridwar Unit-II, Plot No. 1 B, Sector-10, Integrated Industrial Estate, SIDCUL, Roshanabad Road, Distt. Haridwar
29.	Sh. Surya Prakash	-	-	153, Dharampur, Dehradun
30.	Sh. Sanjay Chaudhary	-	-	Village-Nagla Salaru, P.O.-Gurukul Narsan, Tehsil-Roorkee, Distt. Haridwar
31.	Sh. Rajendra Chaudhary	Former Vice President	District Congress Committee (Haridwar)	423/35, Civil Lines, Roorkee, Distt. Haridwar
32.	Sh. Adarsh Jaiswal	Manager (F&I)	M/s Ambuja Cement Ltd.	Village Lakeshwari, P.O. Sikandarpur Bhainswal, Tehsil Roorkee, Distt. Haridwar-247661, Uttarakhand

6.4 Annexure 4: List of Items shifted from Add Cap to R&M for FY 2018-19

S. No.	Voucher No.	Asset Name	Amount in Rs.
Chilla Power House			
Plant & Machinery			
1	O-51 & 52 (28.05.2018), O-38 (05.11.2018)	Capital Maintenance of Unit #2	26904000
Chibro Power House			
Plant & Machinery			
1	8200000308	Capital Maintenance of Chibro Unit #1 and MIV of Unit #3	75639372
2	O-12 & O-13, 27.03.2019	Half of the cost of Battery Bank (Rs. 9982700) shifted to Khodri as per Annexure 2 of submission dated February 17, 2020	4991350
		Total amount transferred from Add Cap to R&M of Chibro	**75639372**
Plant & Machinery			
Khodri Power House			
1	O-27, Sep 2018	Capital Maintenance of MIV of Unit #2 (Rs. 236000) & Incentive amounts paid for earlier completion of works at Unit #1 as per Contract Agreement (Rs. 236000)	472000.00
2	8200000231	Capital Maintenance of Unit #1 (Rs. 83874622), MIV of Unit #1 (Rs. 17582000) and MIV of Unit #2 (Rs. 17110000)	118566622
		Total amount transferred from Add Cap to R&M of Khodri	**119038622**
Dhakrani Power House			
Plant & Machinery			
1	A3, A5	Items of R&M nature booked in Add Cap	**30112**
Kulhal Power House			
Plant & Machinery			
1	A-6, '06/2018	Elect. Choke 40 W, DC Lectra Cleaner & Mobil Oil	5841
2	A-7, '08/2018	One no. Electric Kettle & 4 no. Dustbins	5887
		Total amount transferred from Add Cap to R&M of Kulhal	**11728**
Ramganga Power House			
Plant & Machinery			
1	8200000198 dt 31.03.2019	Major Repairing, Overhauling & Refurbishment work of 125/25 Ton EOT Crane	8563024
Khatima Power House			
Plant & Machinery			
1		LED Bulb 24 Watt	5160
2		LED Lighting Spare Parts	5000
		Total amount transferred from Add Cap to R&M of Khatima	**10160**
		Grand Total of expenses transferred from Add cap to R&M	**230197018.00**

6.5 Annexure 5: List of items shifted from R&M to Add Cap for FY 2018-19

S. No.	Voucher No.	Asset Name	Amount in Rs.
		Khodri Power House	
Plant & Machinery			
1	A-6, 74.111 July-2018	Supply of 245 kV Isolator Without Earthing Device	1111910
2	O-19, Aug-2018	Incentive for completion of work of installation of Isolators before Scheduled Completion	1239000
		Total amount transferred from R&M to Add Cap of Khodri	**2350910**
		Chibro Power House	
Plant & Machinery			
1	5100001461, 12/31/2018	SITC of MIV monitoring system at CPS	753194
		Kulhal Power House	
Plant & Machinery			
1	O-19, 09.04.2018 & O-30, 22.09.18	Supply, installation, testing and commissioning of sewage treatment plant	525100
		Dhakrani Power House	
Plant & Machinery			
1	O-24, 13.03.2019	Supply, Installation & Commissioning of 10 KLD STP	228920
2	O-26, 14.12.2018	Supply of various Audit energy meters & panel meters	123900
3	O-13, 15.11.2018	Design, engineering supply, commissioning of ABT type energy meters, energy monitoring systems.	595900
4	O-19, 14.12.2018	Retrofitting of 09 no's Siemens Make LT Air circuit Breaker of Dhakrani Power Station	492278
		Sub Total of Plant & Machinery	**1440998**
Hydraulic Works			
1		Replacing Trash Rack Dhakrani Power House Intake Gate.	4052380
2	O-44, 11.09.2018	Supply, Installation & Commissioning of 10 KLD STP	2360000
		Sub Total of Hydraulic Works	**6412380**
		Total amount transferred from R&M to Add Cap of Dhakrani	**7853378**
		PDD	
Plant & Machinery			
1	2300001713, 16/11/2018	Installation of Online Silt Monitoring System at Ichari Dam	265530
2	0600006730, 30/3/2019	Installation portion of Engg., Design, Supply Installation, Commissioning and Testing of 10 KLD STP at Dakpathar Barrage	125080
		Total amount transferred from R&M to Add Cap of PDD	**390610**
		Khatima	
Major Civil Works			
1	O-2, 05.09.2018	Supply &installation of 12.5 HP Submersible Pump	583716
		MB-I	
Plant & Machinery			

S. No.	Voucher No.	Asset Name	Amount in Rs.
1	5100003690, 07.02.2019	Installation portion of SITC of surveillance system	59000
2	O-17, 01.08. 2018	Supply, Erection, Testing & Commissioning of 110 volts DCDB charger at Heena Sub-Station.	1994105
3	A-4, 01.07.2018	33kv VCB outdoor type, 33kv VCB indoor control panel along with complete accessories, PVC cable, PVC control cable, LT cable.	557290
		Total amount transferred from R&M to Add Cap of MB-I	**2610395**
		Ramganga	
Plant & Machinery			
1	A-4, 05-2010 & 07-2018	Stock issue of ABT Meters	2413363
		MB-II	
Plant & Machinery			
1	2300004864, 14.12.2018	Installation of 15Ton EOT Crane	90184
		Grand Total of expenses transferred from R&M to Add Cap	**17570850.23**

6.6 Annexure 6: List of items disallowed/deferred by the Commission in FY 2018-19

List of items disallowed/deferred from the claim of additional capitalization in FY 2018-19

S. No.	Voucher No.	Asset Name	Amount in Rs.
DRIP Works Deferred			
		Chilla Power House	
Major Civil Works			
1	O80, 28.11.2018	R&M of Virbhadra Barrage HR GATES	26124402
2	O81, 28.11.2018	Fabrication, Erection &Transportation of Under Sluice Gate no.01 at Virbhadra Barrage	22967439
Plant & Machinery			
1	O2, 02.08.2019	Supply, Installation of LED Light at Barrage	1604966
2	O1, 02.08.2019	Painting work on Steel Structure of Virbhadra Barrage	2272378
		Total DRIP works disallowed of Chilla Power House (Virbhadra Barrage)	**52969185**
		PDD	
Plant & Machinery			
1	8200000488	TRCM at Dakpathar Barrage (Submission dated February 17, 2020)	38880971
		Kulhal Power House	
Plant & Machinery			
1	O-12 Dt. 29.11.2018	Complete Automation including Engineering, Design, Supply, Erection, Testing & Commissioning of Barrage Control and Monitoring Systems for water distribution and barrage management at Asan Barrage, Dhalipur along with AMC for 5 Years.	11378089
		Civil Mayapur	
Office Equipments			
1	Aug 2018	Office Equipments and Computers at Civil Mayapur	1480897
		Civil Dhalipur	
Computers			
1	26/2018-19 Dt.28.12.2018 & 14/2018-19 Dt.27.11.2018	Electronic Equipments viz. Printers, Computers, Laptop and Hard-Drives	1800023
		MB-I	
Office Equipments			
1	8200000277, 31.03.2019	Installation of Elevator at Maneri Dam	5428000
		Total of DRIP Works deferred from claim of additional capitalization	**111937165**

List of items disallowed/deferred from the claim of R&M Expenses for FY 2018-19

S. No.	Voucher No.	Asset Name	Amount in Rs.
(A) Disallowed on account of Double Accounting			
		PDD	
Hydraulic Works			
1	A-12, May, 2018	On line silt monitoring system at Ichari Dam	1925406
		Khodri	
Plant & Machinery			
1	5200000371, Dec, 2018	4 Nos. of Moog Make Valves at Khodri Power Station	4059200
Plant & Machinery			
1	5100001033, 14/12/2018	Retention money paid to M/s GMW Private Limited for executing DRIP (TRCM) works at Dakpathar Barrage booked in both R&M and CWIP	11720000
2	5100001033, 14/12/2018		1080000
		Total R&M disallowed on account of Double Accounting	**18784606**
(B) Disallowed Restoration Charges on account of insurance claim in progress at Chilla HEP			
Plant & Machinery			
1	74060000, Sep 2018	Restoration works at Unit #1	560500
2	74060000, Sep 2018	Restoration works at Unit #2	569940
3	74060001, Dec 2018	Restoration works at Unit #3	81538
4	74060001, Sep 2018 & 74060006, Sep 2018	Restoration works at Unit #3	3134141
		Total Disallowed Restoration Charges	**4346119**
(C) DRIP Works Deferred from claim of FY 2018-19			
		PDD	
Plant & Machinery			
1	5100003365, 1/2/2019	AMC of SCADA (DRIP Works) carried out at Ichari Dam	303024
2	5100003366, 15/2/2019		303024
		Sub Total	**606048**
		Chibro & Khodri	
Plant & Machinery			
1	Amount submitted as "Addition against DRIP" along with the Petition in both Chibro & Khodri LHPs		2083867
		Grand Total of DRIP Works disallowed under R&M of FY 2018-19	**2689915**
(D) DRIP Works Disallowed on account of claim in FY 2017-18			
Hydraulic works			
1	R&M of DRIP works carried at Dakpathar Barrage		2513205
2	R&M of DRIP works carried at Ichari dam		1175211
		Total of R&M Works to be disallowed from claim of FY 2017-18	**3688416**
		Total of R&M Works disallowed from claim of FY 2018-19 with Carrying Cost @ 13.75%	**4195573**
		Grand Total of disallowed/deferred claim from R&M expenses for FY 2018-19	**30016213**

6.7 Annexure 7: Details of Balance Capital Expenditure for MB-II

S. No.	Description of claimed item	Estimated amount as per DPR.	Revised estimated cost (in cr.)	Expenditure upto FY 2017-18 (in Rs. Cr.)	2018-19	2019-20	2020-21	Total
1	Rehabilitation	15.56	27.32	20.01	3.58	1	2.73	27.32
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	52.15	0.14	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	2.15	0.12	0	0	2.27
14	Construction of Infrastructure works for affected villagers from Joshiyara, Gyansu and Kansain village as per their demands.	9.5	9.5	2.36	0.08	2	5.14	9.58
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
17	River training works from Dharasu Steel bridge to Dharasu Power house up to TRC.	2	3.63	3.37	0	0	0	3.37

S. No.	Description of claimed item	Estimated amount as per DPR.	Revised estimated cost (in cr.)	Expenditure upto FY 2017-18 (in Rs. Cr.)	2018-19	2019-20	2020-21	Total
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		3.18	1.4	4.58
Total		211.74	238.62	243.57	3.92	7.33	9.73	264.58

* 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.