Order

on

True-up of FY 2013-14, Annual Performance Review for FY 2014-15 and Annual Fixed Charges for FY 2015-16

For

UJVN Ltd.

April 11, 2015

Uttarakhand Electricity Regulatory Commission

Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra

Dehradun – 248171

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Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition Nos.: 37/ 2014 to 46 2014

In the Matter of:

Petitions filed by UJVN Ltd. for Annual Performance Review for 10 LHPs namely Dhakrani, Dhalipur, Kulhal, Chibro, Khodri, Ramganga, Khatima, Chilla, Tiloth (MB-I) and MB-II HEPs for FY 2014-15 and True up of Tariff for the FY 2013-14.

In the Matter of:

UJVN Ltd.
UJJWAL, Maharani Bagh, GMS Road, Dehradun. ………..Petitioner

Coram

Shri Subhash Kumar	**Chairman**
Shri C.S. Sharma	**Member**
Shri K.P. Singh	**Member**

Date of Order: April 11, 2015

Section 64 (1) read with Section 61 and 62 of the Electricity Act, 2003 (hereinafter referred to as "Act") requires 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 relevant provisions of the Act, the Commission had notified UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 for the Control Period FY 2013-14 to FY 2015-16 specifying therein terms, conditions and norms of operation for licensees and generating companies. Based on the Petitions filed by UJVN Ltd.(hereinafter referred to as "UJVN Ltd." or "Generating Company" or "Petitioner"), the Commission issued the MYT Order dated May 6, 2013 for the Control Period FY 2013-14 to FY 2015-16. As per the provisions of Regulation 1(3), 11(1) and 13 of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011, UJVN Ltd. filed separate Petitions (Petition Nos. 37/2014 to 46/2014 and hereinafter referred to as the "Petitions") for its ten Large Hydro-generating Stations (LHPs), giving details of its projections of Annual Fixed Charges for FY 2015-16, true up of FY 2013-14 and Annual Performance Review for FY 2014-15, on November 28, 2014.

The Petitions filed by UJVN Ltd. had certain infirmities/deficiencies. The Commission, accordingly, vide its letter no. UERC/6/TF-239/14-15/2014/1712 dated 10.12.2014 and letter no. UERC/6/TF-239/14-15/2014/172 dated 11.12.2014 directed UJVN Ltd. to rectify these infirmities/deficiencies and to submit certain additional information necessary for admission of the Petition. UJVN Ltd. vide its letter no. 644/MD/UJVNL/U-6 dated 19.12.2014 submitted most of the information sought by the Commission for admission of the Petition. Based on the submissions dated 19.12.2014 by UJVN Ltd. the Commission vide its Order dated 22.12.2014, provisionally admitted the Petitions with the condition that UJVN Ltd. would furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition and provides 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 of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the Annual Performance Review Petition filed by UJVN Ltd. for FY 2014-15, and is based on the original as well as all the subsequent submissions made by UJVN Ltd. during the course of the proceedings and the relevant findings contained in the MYT Order dated May 6, 2013 and the Tariff Order dated April 10, 2014.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission in the past many Tariff Orders, to detail the procedure and explain the principles used by it in the determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has attempted to detail the procedure and principles followed by it in determining the AFC of UJVN Ltd. The AFC of UJVN Ltd. is to be recovered from the beneficiaries, viz. UPCL and HPSEB, where UPCL holds a larger share in the generation. As most of the AFC for UJVN Ltd. is paid for by UPCL, hence 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 Tariff for UPCL, so that UPCL is able to honour the payment liability towards purchase of energy from the LHPs 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' Responses & Petitioner's Comments

Chapter 3– Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2013-14

Chapter4– Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2014-15 and Revised AFC for FY 2015-16

Chapter 5- Directives

1 Background and Procedural History

UJVN Ltd. (hereinafter referred to as "Petitioner") is a company wholly owned by the State Government and is engaged in the business of generation of power in the State including ten major 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 issued MYT Order vide its Order dated May 6, 2013 on approval of Business Plan and Multi Year Tariff for UJVN Ltd. for the first Control Period from FY 2013-14 to FY 2015-16. The Commission, in the approval of Business Plan, approved the Capital Expenditure Plan, Capitalisation Plan, Human Resource Plan & Trajectory of performance parameters and in the approval of MYT Petition, approved the Annual Fixed charges for 10 LHPs for each year of the Control Period FY 2013-14 to FY 2015-16. Further, the Commission vide its Order dated April 10, 2014 issued the Order for Annual Performance Review for FY 2013-14 and approval of Tariff for UJVN Ltd. for FY 2014-15. In accordance with the Regulation 13(2) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011, the generating company is required to file a Petition/application for Annual Performance Review by November 30 of every year.

In compliance with the Regulations, UJVN Ltd. filed the Petitions for the truing up of expenses for FY 2013-14, Annual Performance Review for FY 2014-15 and determination of Annual Fixed Charges of its 10 Large Generating Stations including Maneri Bhali-II for FY 2015-16 on November 28, 2014. UJVN Ltd. also submitted the audited financial results for the FY 2013-14 along with the provisional segregated Annual Accounts for SHP and LHP for FY 2013-14. Based on the truing up for FY 2013-14 and Annual Performance Review for FY 2014-15, UJVN Ltd. also requested the Commission to approve the revised AFC for FY 2015-16 for its 10 LHPs. The above Petition was admitted by the Commission provisionally vide its Order dated December 22, 2014 with the condition that UJVN Ltd. would 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 would proceed to dispose of the matter as it deems fit based on the information available with it. The Commission, through its above Admittance Order dated December 22, 2014, to afford transparency to the process of tariff determination and also to give all the stakeholders an opportunity to submit their objections/suggestions/comments on the proposals of the Generating Company. The Commission also directed UJVN Ltd to publish the salient points of its proposals in the leading newspapers. The salient points of the proposal were published by the Petitioner in the following newspapers:

Table 1.1: Publication of Notice

S. No.	Newspaper Name	Date Of Publication
1.	Amar Ujala	December 25,2014
2.	Hindustan	December 25,2014
3.	Hindustan Times	December 26,2014
4.	Times of India	December 26,2014

Through above public notice, stakeholders were requested to submit their objections/suggestions/comments latest by January 31, 2015 (copy of the notice is enclosed at **Annexure 1**). The Commission received in all 3 numbers of objections/suggestions/ comments in writing on the Petitions filed by UJVN Ltd. for APR of FY 2014-15. The list of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed at **Annexure-2**.

The Commission on its own initiative also sent copies of salient points of tariff proposals to members of the State Advisory Committee and the State Government. The salient points of the tariff proposals submitted by UJVN Ltd. were also uploaded in the website of the Commission, i.e. www.uerc.gov.in. The Commission also held a meeting with the members of the Advisory Committee on February 5, 2015, wherein, views of the members of the Advisory Committee on the various issues linked with the Petitions filed by UJVN Ltd. were obtained.

Further, for direct interaction with all 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

S. No.	Place	Date
1.	Almora	February 18, 2015
2.	Rudrapur	February 19, 2015
3.	Pauri Garhwal	February 24, 2015
4.	Dehradun	February 27, 2015

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

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

Meanwhile, based on further scrutiny of the Petition, the Commission vide its letter no. UERC/6/TF-239/14-15/2014/1712 dated 10.12. 2014, letter no. UERC/6/TF-239/14-15/2014/1721 dated 11.12.2014 and letter no. UERC/6/TF/239/14-15/2014/1861 dated 12.01.2015 pointed out certain data gaps in the Petition and sought following additional information/clarifications from the Petitioner:

<u>Nine LHPs</u>

- DPRs for each generating station
- Justification with regard to negative additional capitalisation submitted for Dhakrani LHP for FY 2013-14
- Asset class wise accumulated depreciation on GFA and additional capitalisation.
- Station wise details of work carried out with regard to R&M Expenses of Rs. 25.62 Crore towards Plant and Machinery, Rs. 6.97 Crore towards buildings, Rs. 3.87 Crore towards Major Civil works and Rs. 6.65 Crore towards hydraulic works for all the nine LHPs for FY 2013-14.
- Details of the generation linked incentives, performance related incentives paid to its employees for FY 2013-14.
- Copies of insurance premiums receipts paid in FY 2013-14.

- Details of actual number of employees recruited in FY 2014-15 till November 2014 and projected to be recruited in December 2014 to April 2015 and in FY 2015-16.
- Basis of considering the rate of interest as 14.75% on working capital for FY 2013-14 and FY 2014-15.
- Actual funding with regard to the actual additional capitalisation for FY 2013-14 for all the nine LHPs.
- Reasons for variation in total additional capitalization in Petition and Audited Accounts for FY 2013-14 for all the 10 LHPs including MBII.
- Detailed station wise breakup with regard to adjustments/write off of Rs 18.00 Crore as mentioned in audited accounts for FY 2013-14 for all the 10 LHPs.
- Detailed justification on station to station basis for variation in O&M expenses from Rs 9.17 Lakh/MW to Rs 40.69 Lakh/MW for all the 10 LHPs including MB-II.
- Detailed justification on station to station basis for adopting different approach for allocating common expenses for O&M, additional capitalization and Non-Tariff Income.
- Reasons for variation in Non-Tariff Income in Petition and Audited Accounts for FY 2013-14 for all the 10 LHPs including MB-II.
- Basis of projecting NAPAF for MB-I, Chilla, Ramganga and Khatima LHPs.

Maneri Bhali - II

- Basis of projecting NAPAF of 36.46% for FY 2014-15.
- Station wise details of work carried out with regard to R&M Expenses of Rs. 24.715 Crore towards Plant and Machinery for FY 2013-14.
- Details and reasons for incurring the actual additional capitalisation of Rs. 49.340 Crore towards major civil works and Rs. 20.693 Crore towards plant & machinery for FY 2013-14.
- Actual funding with regard to actual additional capitalisation for FY 2013-14.

- Quarter wise actual loan repayment, interest paid towards existing loans along with interest refund received for FY 2013-14.
- Basis of considering the R&M expenses towards Provision for FY 2013-14.

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 16, 2015, 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/6/TF/239/2014-15/1913, dated 20.01.2015 for its response.

The Petitioner submitted the replies to data gaps vide its letter no. 644/MD/UJVNL/U-6 dated 19.12.2014 and replies to Minutes of TVS vide letter no. 371/UJVNL/01/MD/U-6 dated 23.01.2015, letter no. 58/UJVNL/03/D(P)/D-5 dated 05.02.2015 and letter no. 72/UJVNL/03/D(P)/D-5 dated 16.02.2015.

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

2 Stakeholders' Responses & Petitioner's Comments

The Commission has received 03 objections/suggestions/comments on UJVN Ltd's Petition for True Up of FY 2013-14, Annual Performance Review (APR) for FY 2014-15 and Tariff for FY 2015-16. List of stakeholders who have submitted their objections/ suggestions/comments in writing is given at **Annexure-2** and the list of respondents who have raised the issues in the public hearings are 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 response of the Petitioner have been consolidated and summarised below. In the subsequent Chapters of this Order, the Commission has, kept in view the objections/suggestions/comments of stakeholders and reply of the Petitioner while deciding the Annual Fixed Charges and Tariffs for different generating stations of UJVN Ltd.

2.1 Tariff Increase

2.1.1 Stakeholder's Comment

Shri Munish Talwar of Asahi India Glass Limited submitted that UJVN Ltd. in its Tariff Petition for FY 2015-16 has proposed excessive gap in expenditure generated on R&M expenses, Administrative expenses and Maintenance expenses.

2.1.2 Petitioner's Reply

The Petitioner submitted that truing up for FY 2013-14 is prepared based on actual audited expenditure and Tariff Petition for FY 2015-16 is prepared in accordance with the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011. UJVN Ltd. makes all efforts to ensure strict commercial discipline and strives to protect the public interest at large. All efforts are being made to comply with the directives of the Commission which are issued from time to time.

2.1.3 Commission's View

With regard to points raised for increase in tariff, 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 annual revenue requirement. The Commission ascertains that no unnecessary cost attributable to inefficiencies of the Petitioner is passed on to the consumers.

2.2 Capital Cost of Maneri Bhali-II

2.2.1 *Stakeholder's Comments*

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that the Commission has analyzed capital cost of Maneri Bhali-II in its previous Tariff Orders. In this regard, he requested the Commission to follow the same approach in respect of capital cost of Maneri Bhali-II.

2.2.2 *Petitioner's Reply*

Regulation 15(1) of UERC Tariff Regulations, 2004 stipulates as follows:

"Subject to prudence check by the Commission, the actual expenditure incurred on completion of the project shall form the basis for determination of final tariff. The final tariff shall be determined based on the admitted capital expenditure actually incurred up to the date of commercial operation of the generating station and shall include initial capital spares subject to a ceiling norm of 1.5% of the original project cost as on the cutoff date."

In accordance to UERC Tariff Regulations, 2004, the actual expenditure incurred upto the date of commercial operation of project shall form the basis for the Capital Cost of the Project, after prudence check by the Commission.

2.2.3 *Commission's Views*

In this regard, the Commission would like to clarify that the Commission had appointed an Expert Consultant to scrutinise the capital cost of MB-II. The Commission based on the findings of Expert Consultant and for reasons elaborated in Chapter 3 of this Order has revised the Capital Cost of MB-II.

2.3 Return on Equity (RoE) for Maneri Bhali-II

2.3.1 *Stakeholder's Comments*

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that the

Commission in continuation with its approach followed in its Tariff Order dated April 10, 2014 and for reasons stated therein should not allow Return on Equity on funds deployed by the GoU out of PDF (Power Development Fund).

2.3.2 ***Petitioner's Reply***

Government of Uttarakhand (GoU) has contributed Rs. 341.39 Crore as equity for MB-II HEP from withdrawals out of PDF. Return on such equity (RoE) at the rate of 14% per annum (15.50% w.e.f. 01-04-2013) has not been allowed by the Commission. In this regard, the Commission has ruled as under;

> *"…Since, under the Tariff Regulations of the Commission, licensees are not allowed any return on money contributed by the consumers for creation of assets, the Commission has not been allowing return on such contribution made by the Government out of PDF."*

UJVN Ltd. submitted that the PDF consists of contributions not only through duty levied on saleable energy but through other sources also. Therefore, it may not be possible to distinguish the investment made from the Power Development Fund collected through levy on saleable energy and investment made from Power Development Fund collected through other sources. As regard source of funding of equity, there is no exception which has been carved out on the basis of such equity in accordance with UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulation, 2004.

In view of the above, UJVN Ltd. has requested the Commission to consider return on equity infused by Government of Uttarakhand from Power Development Fund.

Keeping the above in view the Commission in its Order on "Approval of Business Plan and Multi Year Tariff for UJVN Ltd. for FY 2013-14 to 2015-16" dated May 06, 2013 decided to give another opportunity to UJVN Ltd. to bring up evidence in support of its contentions that PDF also included the contributions made by the State Government and if so, the extent thereof.

The Commission in its Tariff Order dated May 06, 2013 and Tariff Order dated April 10, 2014 also desired documentary evidence either by way of related Vidhan Sabha's resolution or State Government's Orders.

The matter has been referred to GoU with a request to provide requisite information as desired by the Commission. On receipt of reply of GoU the same shall be submitted to the Commission for kind consideration.

2.3.3 *Commission's Views*

The Commission in its Tariff Order dated May 06, 2013 and Tariff Order dated April 10, 2014 had directed UJVN Ltd. to submit documentary evidence substantiating its claim in the form of Vidhan Sabha's resolution or State Government's Orders. UJVN Ltd. in compliance to the direction has not placed any such evidence on record for Commission's consideration and, therefore, the Commission has not considered RoE on PDF as elaborated in Chapter 3 and Chapter 4 of the Order.

2.4 Design Energy/Actual Energy Generated

2.4.1 *Stakeholder's Comment*

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that while issuing its earlier orders, the Commission had taken the average of annual generation of last 15 years as projected generation for FY 2004-05. Lower of this projected generation and the plant wise design energy mutually agreed between UPJVNL and UPPCL was taken for the purpose of working out the primary energy rate and, therefore, the Commission had fixed 3169.13 MU as approved primary energy generation for FY 2004-05.

In this regard, he further submitted that this analogy should not hold good for future years. The same was acceptable as far as sufficient data was not available and on account of UJVN Ltd.'s submissions that the plant were not kept in good condition and, therefore, the design energy could not be achieved in the previous years. He further submitted that as UJVN Ltd. is claiming that it has moved a long distance in setting right their generating stations by taking appropriate steps and, therefore, there is substantial improvement in availability and hence, the Commission should re-visit the design energy and allow the benefit of better generation to the consumers. This will also be in line with the Tariff Policy of Govt. of India in respect of operating norms, which says that operating norms should be at normative levels only and not at lower of normative and actual. This is essential to encourage better operating performance.

2.4.2 *Petitioner's Reply*

It is not so that UJVN Ltd. has decreased the Design Energy for all its Projects. In case of Chilla HEP, the Design Energy proposed by UJVN Ltd. is higher than the Primary Energy allowed by the Commission. UJVN Ltd. has carried out studies while preparing the Business Plan for calculation of Design Energy on the basis of last few years' generation data.

For computing the Design Energy two methodologies were considered, i.e.

(i) On the basis of average of 10 daily discharges,
(ii) The maximum generation possible from the Power Station considering that there were no machine and other outages.

UJVN Ltd. considered Method (ii) based on maximum possible generation from the HEPs for consideration of Design Energy in the Business Plan, which is based on actual generation and generation loss from the HEPs during past years. Due to very long period of operation since the commissioning of Projects, the efficiencies of the Turbine and Generator have also deteriorated.

However, it has been mentioned in the Business Plan that after completion of the RMU works of Projects, UJVN Ltd. shall approach the Commission to revise the Design Energy of Projects.

2.4.3 *Commission's Views*

The Commission has already approved the design energy for these Stations in Tariff Order dated May 06, 2013 and Tariff Order dated April 10, 2014. The Commission has dealt the matter in detail in Chapter 4 of this Order.

2.5 Other Costs

2.5.1 *Stakeholder's Comments*

Shri Pankaj Gupta, President, Industries Association of Uttarakhand submitted that UJVN Ltd. has proposed abnormally high increase in all heads in all generating stations. This is not commensurate with past. In this regard, UERC should scrutinize all these costs.

2.5.2 *Petitioner's Reply*

The Petitioner submitted that truing up for past years is claimed based on actual audited expenditure and tariff for forthcoming year is proposed on normative basis in accordance with the Tariff Regulations, 2011. In the Petition for true-up of Chibro, Khodri and Ramganga HEP for FY 2013-14, the claimed Annual Fixed Charges (AFC) is lower in case of than the approved AFC by the Commission.

2.5.3 *Commission's View*

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 annual revenue requirement. The Commission ascertains that no unnecessary cost attributable to inefficiencies of the Petitioner is loaded on to the consumers.

2.6 Repairs and Maintenance

2.6.1 *Stakeholder's Comment*

Shri Ram Kumar, Senior Vice President, Hotel Association submitted that steps should be taken to run the existing Hydro power houses on its full capacity. Proper maintenance and cleaning of dams should be done to remove silt.

2.6.2 *Petitioner's Reply*

The Petitioner in response submitted that most of power plants of UJVN Ltd are very old and out lived their lives. UJVN Ltd is making efforts to undertake Renovation, Modernization and Upgradation (RMU) of these power plants, subject to approval of the Commission. Adequate care has been taken at design and construction stage by providing silt ejectors in all the dam structures. These structures are functioning properly. However when the silt content in the river water is beyond permissible limits, only then Power Houses are closed in monsoon seasons to protect the underwater components of the machines.

2.6.3 *Commission's View*

The Petitioner has initiated RMU works for its generating stations and the same should result in increased generation and efficiency of the plant.

2.7 Views of State Advisory Committee

During the State Advisory Committee meeting held on March 14, 2013, the Members made the following suggestions:

- Return of equity on contribution from PDF should not be allowed in accordance with the approach adopted by the Commission in its previous Orders.
- The Commission should revisit the issue of design energy based on the latest revised data instead of relying on data pertaining to FY 2004-05 which has now become outdated.
- Employee expenses should be linked with efficiency.

2.7.1 *Petitioner's Reply*

The Petitioner in response submitted that the power position in the State of Uttarakhand is much better than the Other States. The Petitioner further requested the Commission to allow the Return on Equity on PDF funds.

Further, the Petitioner submitted that all the efforts are being made to increase the generation and UJVN Ltd. is trying to rectify the problems in Khatima Station and Maneri-Bhali II station to improve the generation.

2.7.2 *Commission's View*

The Commission is of the view that in past, some of the power projects were scrapped due to environmental issues. In this regard, the Commission suggests UJVN Ltd. should take actions for implementing new hydro power projects in the State.

The Commission with regard to revisiting design energy for 9 LHPs is of the view that UJVN Ltd. is yet to submit the original DPRs for its stations. Further some stations are undergoing RMU and once the same is completed the design energy for 9 LHPs shall be revised accordingly.

3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Truing up for FY 2013-14 for Nine LHPs and Truing Up for FY 2007-08 to FY 2013-14 for Maneri Bhali-II

Regulation 13 of the Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as UERC Tariff Regulations, 2011) stipulates as follows:

"13. 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 2004 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 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 filing, the Petitioner has submitted the data relating to its expenses and revenues for FY 2013-14 for nine LHPs and MB-II on the basis of the audited accounts and has, accordingly, requested the Commission to take up the truing up exercise for FY 2013-14 on the basis of audited accounts submitted by it along with sharing of gains and losses.

With regard to MB-II LHP, the Petitioner in its APR Petition for FY 2014-15 had requested the Commission to carry out the final truing up of FY 2007-08 to FY 2012-13 based on the Capital Cost claimed by the Petitioner.

3.1 Impact of Sharing of Gains and Losses on account of Controllable Factors for FY 2013-14

Regulation 15 of the UERC Tariff Regulations, 2011 stipulates as follows:

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

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

a) 20% of such gain shall be passed on as a rebate in tariffs over such period as may be specified in the Order of the Commission;

b) The balance amount of gain may be utilized at the discretion of the Applicant.

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

a) 25% of the amount of such loss shall be allowed by the Commission to be recovered through tariffs over such period as may be specified in the Order of the Commission under;

b) The balance amount of loss shall be absorbed by the Applicant."

Based on the above, the Commission has worked out the approved figures of Gross AFC for FY 2013-14 after truing up in this Order. The MYT Regulations, 2011 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 revenue subject to prudence check including pass through of impact of uncontrollable factors.

Since O&M expenses comprise of the major proportion of the AFC of the old nine generating stations of UJVN Ltd. and hence, they are treated as controllable expenses. The GFA of these generating stations could not be finalized when the Order dated May 06, 2013 was issued by the Commission, hence, capital related expenses like interest on loans, depreciation, etc. have been treated as uncontrollable and no sharing of losses or gains for the same has been carried out. As per MYT Regulations, 2011, the variations in working capital requirement is also a controllable factor and hence the sharing of gains and losses have been carried out for O&M expenses.

Accordingly, the Commission has worked out the trued up surplus/(gap) of the Petitioner for FY 2013-14 after sharing of gains and losses as per the provisions of MYT Regulations, 2011.

3.2 Truing up for FY 2013-14 for Nine LHPs and from FY 2007-08 to FY 2013-14 for Maneri Bhali-II

3.2.1 Physical Parameters

3.2.1.1 Relaxation sought on account of NAPAF

Relaxation in 9 LHPs

The Commission vide its Tariff Order dated May 06, 2013 approved the NAPAF of 85% for ROR generating stations with pondage, in accordance to Regulations 51 of UERC Tariff Regulations, 2011. The NAPAF was fixed as follows:

Table 3.1:Summary of NAPAF

Generating Stations	As claimed by Petitioner		Approved by Commission
	Approach 1: On the basis of Average of 10 daily discharges	Approach 2: On the basis of Maximum possible plant generation	
Dhakrani	84%	83%	77%
Dhalipur	77%	82%	77%
Chibro	78%	75%	85%
Khodri	83%	84%	85%
Kulhal	86%	88%	77%
Ramganga	-	85%	85%
Chilla	76%	78%	76%
Maneri Bhali-I	72%	73%	85%
Khatima	85%	78%	78%
Maneri Bhali-II	-	75%	85%

Thereafter, the Petitioner filed the review Petition seeking relaxation in NAPAF for its 9 LHPs. In that Petition, UJVN Ltd. had submitted that LHPs face problems during rainy season in terms of flood pass, high PPM content, silt problem, flushing and choking, etc., since river Tons carries heavy trash, debris and high concentration of silt during monsoon season thereby restricting the operations of the plant significantly resulting in appreciable reduction of plant availability. As a result, there is forced shutdown. Thus, the Commission vide Review Order dated September 3, 2013 had re-fixed NAPAF of 9 LHPs as follows:

Table 3.2: NAPAF Approved vide review Order dated September 03, 2013

Sl. No.	Name of Plant		NAPAF Approved by the Commission in the T.O. dtd 06.05.2013	NAPAF Proposed by UJVN Ltd.			NAPAF Approved by the Commission		
				In the Review Petition dtd 01.07.2013	In the Revised submission dtd 29.07.2013	In the Addl. Submission dtd 06.08.2013	FY 13-14	FY 14-15	FY 15-16
1	Dhakrani	RoR	77%	44%	42%	56.64%			57%
2	Dhalipur	RoR	77%	45%	41%	57.10%			57%
3	Chibro	Pondage	85%	29%	59%	52.05%	62%	63%	64%
4	Khodri	Pondage	85%	30%	52%	48%	55%	56%	57%
5	Kulhal	RoR	77%	49%	47%	65.22%			65%
6	Ramganga	Storage	85%	*	19%	19.13%			19%
7	Chilla	RoR	76%	65%	59%	74.03%			74%
8	MB-I	Pondage	85%	50%	68%	71.85%	77%	78%	79%
9	Khatima	RoR	78%	67% (44% in view of RMU)	28%	46.93%			47%
10	MB-II	Pondage	85%	59%	52%	51.74%	71%	73%	74%

Further, in this Tariff Petition for FY 2015-16, the Petitioner has requested to relax the NAPAF norms for its MB-I, Chilla, Ramganga and Khatima LHPs due to natural calamity on 16th and 17th June 2013 and heavy damage in under water parts. In this regard, the Commission vide letter no. UERC/6/TF/239/2014-15/1861 dated 12.01.2015 requested UJVN Ltd. to provide the basis of projecting NAPAF for the above stations. Thereafter, UJVN Ltd. vide its reply letter dated 23.01.2015 proposed for further relaxation in NAPAF on the same grounds as follows:

Table 3.3: Relaxation in NAPAF proposed by UJVN Ltd.

Sl. No.	Name of Plant		NAPAF claimed in this Petition dtd November 29, 2014			NAPAF claimed by Petitioner in Reply Letter dtd January 23, 2015		
			FY 2013-14	FY 2014-15	FY 2015-16	FY 2013-14	FY 2014-15	FY 2015-16
1	Ramganga	Storage	14.71%	-	-	-	-	-
2	Chilla	RoR	70.50%	69.85%	71.86%	-	-	-
3	MB-I	Pondage	64.66%	69.24%	72.72%	64.66%	62.50%	69.15%
4	Khatima	RoR	-	26.69%	-	52.31%	17.46%	29.63%

However, UJVN Ltd. was not able to provide the appropriate justification for its projections.

Accordingly, the Commission has rejected the claim of Petitioner regarding relaxation in NAPAF as the Commission has already revised the NAPAF in its Order on the Review Petition filed by UJVN Ltd. and the Commission cannot again review the Order passed by it on the Review Petition.

Relaxation in MB-II Power Station

NAPAF for this station was fixed as 85% in the MYT Order issued for FY 2013-14 to FY 2015-16. Thereafter, the Commission vide Review Order dated September 3, 2013 had re-fixed NAPAF of MB-II at 71% for FY 2013-14 with 1% increase each year of MYT period. Further, UJVN Ltd. had filed a supplementary Petition dated January 29, 2014 seeking relaxation in NAPAF, design energy and energy charge rate of Maneri Bhali II on account of natural calamity of June 2013. In the supplementary Petition, the Petitioner had claimed for the reduction in NAPAF for FY 2013-14 to approx. 42% on account of closure of Power Station w.e.f. 16.06.2013 to 12.07.2013 due to damages in the Barrage area caused by natural calamity on 16th and 17th June 2013 and damages in under water parts of Unit-1 due to silt, rendering it inoperative for approx. 2 ½ half months, which was beyond the control of the Petitioner. In this regard, the Commission, in its APR Order dated April 10, 2014 had stated as follows:

"The Commission has gone through the submissions of the Petitioner. It is mentioned that NAPAF for this station was fixed as 85% in the MYT Order issued for FY 2013-14 to FY 2015-16. The Petitioner thereafter sought review of NAPAF of this station alongwith that of other generating stations of the Petitioner giving due considerations to the constraints faced by this station, the Commission had reviewed and refixed the NAPAF at 71% for FY 2013-14 with 1% increase each year, thereafter, vide review Order dated September 03, 2013. Having said that, any review on account of constraints faced by this plant like lower design head, vibration of machine, etc. is not warranted. However, their request that long outage forced by natural calamity may be factored in the NAPAF for FY 2013-14 is being examined.

The Commission notes that the plant has been affected by the natural calamity in June 2013. As stated above, the Petitioner in its Petition has submitted that the complete plant was under shutdown from June 16, 2013 to July 12, 2013 and Unit 1 was inoperative for a period of two and half months.

...

The Commission while working out the impact of natural calamity on the NAPAF of MB-II has considered the affected months of June to August 2013 during which the plant was under shutdown or the unit was not operational.

For the period affected by natural calamity, i.e. June 2013 to August 2013, the Commission has compared average PAFM of past five years with that actually achieved during this period in FY 2013-14. Considering shortfall in PAFM in these months vis-à-vis the average of past years as effect of natural calamity, the Commission has, accordingly, worked out that due to reduction in the availability in the month of June 2013 to August 2013, the NAPAF will reduce by 15.50% of the prescribed NAPAF. The Commission has, accordingly, revised the NAPAF for FY 2013-14 to 60% as against 71% approved for FY 2013-14. The bills raised for FY 2013-14 shall now be revised based on the NAPAF of 60% for FY 2013-14. However, for FY 2014-15, the NAPAF would be 72% in accordance with the Order dated September 03, 2013 as the relaxation is only on account of natural calamity."

The Petitioner in this petition has reiterated the circumstances/submissions caused for the closure of the generating station during 16.06.2013 to 12.07.2013 due to the natural calamity on 16th & 17th June, 2013. Besides above the Petitioner also submitted that the Power Station remained closed w.e.f. 11.03.2014 to 06.06.2014 due to flood protection work at Joshiyara Barrage and further, requested the Commission to consider the NAPAF for FY 2013-14 as 39.375% against 60% as approved in Tariff Order dated 10.04.2014.

The Petitioner also submitted the details of PAFM actually achieved during FY 2008-09 to FY 2013-14.

Table 3.4: PAFM for MB-II for FY 2008-09 to FY 2013-14 as submitted by UJVN Ltd. (%)

Year	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Average
2008-09	45.12	68.93	84.45	67.58	1.93	60.34	60.82	40.70	35.87	36.25	35.68	36.18	47.82
2009-10	38.82	58.22	80.82	81.71	80.68	72.45	55.81	40.13	32.27	24.77	24.93	30.05	51.72
2010-11	43.10	62.88	81.52	91.84	66.85	71.77	72.62	45.80	36.03	36.29	35.31	35.76	56.65
2011-12	41.20	73.58	78.49	86.94	74.28	82.77	59.88	44.24	36.18	32.51	24.80	28.20	55.26
2012-13	40.61	57.92	81.28	81.15	45.03	74.39	46.25	30.35	25.06	24.62	27.26	33.11	47.25
2013-14	39.55	49.20	32.43	42.26	63.62	61.20	37.89	33.35	32.69	32.44	36.37	11.42	39.37
Avg. 2008-09 to 2012-13	41.77	64.31	81.31	81.84	53.75	72.34	59.08	40.24	33.08	30.89	29.60	32.66	51.74
Avg. 2008-09 to 2012-13 (with 3 year average for August)	41.77	64.31	81.31	81.84	73.94	72.34	59.08	40.24	33.08	30.89	29.60	32.66	53.42

The Commission has taken the cognisance of the submission and observed that it had already considered the impact of the closure/shutdown for the period 16.06.2013 to 12.07.2013 in its previous Tariff Order dated 10.04.2014 wherein the NAPAF had been revised to 60% against 71% on account of the facts brought before the Commission. However, the impact of shutdown on NAPAF for the period 11.03.2014 to 06.06.2014 for carrying out the flood protection work at Joshiyara barrage is yet to be considered. While examining the necessity of the said closure, the Commission observed that Petitioner in this regard, has also submitted a decision of GoU (MoM Ref. No. 252/XXXV-1/2013 dated 23.10.2013) for construction of protection wall on both the sides of reservoir within the stipulated time in the interest of the local public residing nearby Joshiyara barrage. Taking cognizance of the circumstances and direction of GoU to the Petitioner, the Commission considered the closure unavoidable on the part of Petitioner and decided to permit reduction in NAPAF for FY 2013-14 treating the said closure as beyond reasonable control of the Petitioner. For computing the impact of this closure on NAPAF for FY 2013-14, additional 21 days closure during March, 2013 has been considered. The Commission has compared average PAFM for the month of March of past 5 years with the actual PAFM achieved during March, 2014 and shortfall of PAFM in March, 2014 vis-a-vis the average of past 5 years for the same month is being considered as having been caused by Plant closure for security reasons. Based on the above methodology, the Commission has further allowed reduction in NAPAF by 1.77% for FY 2013-14 and the same has been revised to 58.23% against the approved NAPAF of 60% for FY 2013-14. The Commission directs UJVN Ltd. to revise bills for FY 2013-14 on the approved NAPAF of 58.23% for the financial year.

Further, with regard to the revision of NAPAF due to the shutdown for the balance period i.e. 01.04.2014 to 06.06.2014, the Petitioner may bring up this issue while filing the true-up petition for FY 2014-15.

3.2.1.2 Energy Generation and Saleable Primary Energy

The Commission in its Order dated May 6, 2013 on approval of Business Plan and Multi Year Tariff for the first control period from FY 2013-14 to FY 2015-16 had approved the Design Energy equivalent to the Design Energy approved in previous Orders.

UJVN Ltd. has not sought any deviation in the design energy for FY 2013-14. Accordingly, the Commission decides to maintain the design energy and saleable primary energy as considered in the MYT Order for 9 old large generating stations and MB-II LHP.

3.2.2 *Financial Parameters*

3.2.2.1 *Apportionment of Common Expenses*

The Commission, in line with the proposal of the Petitioner, in its previous Tariff Orders, had been allocating common/indirect expenses on 9 LHPs, MB-II and SHPs in the ratio of 80:10:10. The Commission in this regard, in the last Tariff Order dated April 10, 2014 stated as follows:

> *"The Commission, in its MYT Order dated May 06, 2013 had directed UJVN Ltd. to prepare separate accounts for its 9 LHPs, MB-II and SHPs. UJVN Ltd. in its compliance to the above direction has submitted that the same shall be done by March 31, 2014.*
>
> *The Commission is of the view that till the accounts are segregated, the existing practice as followed in the previous Tariff Orders be continued for apportionment. The Commission has, accordingly, considered the allocation of common/indirect expenses on 9 LHPs, MB-II and SHPs in the ratio of 80:10:10."*

UJVN Ltd. in its present Petition has submitted the segregated audited accounts for FY 2013-14 and has requested the Commission to consider the practice followed by UJVN Ltd. for apportionment of common/indirect expenses. In this regard, the Commission observed that there is variation in the basis of apportionment of common/indirect expenses as follows:

Table 3.5: Apportionment of common/indirect expenses proposed by UJVN Ltd.

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

UJVN Ltd. was asked to provide the detailed justification for adopting different approaches for allocating common expenses for O&M, additional capitalization and Non-Tariff Income. UJVN Ltd. in its reply submitted that the common expenses are mainly on account of Employee Expenses and Administrative and General Expenses. In case of PCM (GV) and Head office/CSPPO, the expenses are the corporate expenses incurred for managing employees at the Power Plants. Therefore, UJVN Ltd. has allocated these expenses in proportion to direct Employee Expenses. However, Employee Expenses and Administrative & General Expenses incurred on common unit DGM Civil, Dhalipur for execution of civil works in power projects is directly related to the amount of civil works executed on different Power Projects. Therefore, expenses of DGM Civil Dhalipur are allocated on the basis of work executed in respective power projects.

In this regard, the Commission is of the view that the approach for apportionment of common/indirect expenses relating to O&M, additional capitalization and Non-Tariff Income should be same and consistent. Accordingly, the Commission has considered the allocation of the indirect expenses as follows:

- Distribution Division, Dakpathar: Allocated on the basis of installed (MW) capacity of Yamuna valley LHPs namely Chibro, Khodri, Kulhal, Dhalipur and Dhakrani LHPs.
- DGM Civil, Dhalipur: Allocation for Chilla, Kalagarh, Lohiyahead, Chibro, Khodri, Dhakrani, Dhalipur & Kulhal LHPs and Pathri and Mohammadpur SHPs on the basis of installed capacities.
- PCM (GV): Allocation for Chilla, Kalagarh, Lohiyahead, and Pathri and Mohammadpur SHPs, is done on the basis of their installed capacity.
- Head office/Central Salary & Pension Payment Office (CSPPO): Allocation in the ratio of 80:10:10 for 9 LHPs, MB-II and SHPs respectively.

3.2.2.2 *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 opening GFA for the nine old LHPs as on

January 14, 2000, as Rs. 506.17 Crore. Since, the Transfer Scheme is yet to be finalized, the Commission for the purposes of truing up for FY 2013-14 has considered the opening GFA of nine old LHPs, as on January 14, 2000, as Rs. 506.17 Crore as per the details given below:

Table 3.6: Approved Capital Cost (Rs. Crore)

Name of the Generating Stations	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
Maneri Bhali-I	111.93	111.93
Khatima	7.19	7.19
Total	**506.17**	**506.17**

B. Maneri Bhali-II

The Petitioner has requested the Commission to consider the capital cost of Rs. 1958.13 Crore as on CoD i.e. 15.03.2008 based on the audited accounts and, accordingly, allow final true up of AFC and Tariff for MB-II HEP for FY 2007-08 to FY 2013-14.

With regard to fixation of the Capital Cost of MB-II on the date of its Commercial Operation (CoD), the Commission vide its Order dated April 10, 2014 on the Annual Performance Review for FY 2013-14, had revised the capital cost of MB-II project as on CoD to Rs. 1831.72 Crore against the earlier approved Capital Cost of Rs. 1741.72 Crore. In this regard, the Commission in the said Order had held as under:

"The expert consultant appointed by the Commission has submitted an Interim report. Certain details sought by the said expert consultant are yet to be furnished by UJVN Ltd. Pending furnishing of those details and their examination by the expert consultant, keeping in view that prima facie, some portion of gap of more than Rs. 200 Crore between capital cost claimed and being allowed in the previous Tariff Orders, may have to be allowed, Commission as an ad-interim measure decides to allow an additional Rs. 90 Crore towards Capital Cost. This revision is provisional and is subject to final true up on final determination of Capital Cost for this project by the Commission. The Commission has, accordingly, considered revising the Capital Cost to Rs.1831.72 Crore from the earlier approved Capital Cost of Rs. 1741.72 Crore as on COD and has, accordingly, provisionally trued up the AFC of the station from FY 2007-08 to FY 2012-13".

The Expert consultant appointed by the Commission has now submitted its final report on the capital cost of MB-II project. Before taking a view on the cost and time overrun of MB-II, the Commission has kept in view the Judgment of Hon'ble Appellate Tribunal for Electricity (APTEL) dated April 27, 2011 in Appeal no. 72 of 2010 wherein Hon'ble APTEL had held as under:

"7.4. The delay in execution of a generating project could occur due to following reasons:

i) due to factors entirely attributable to the generating company, e.g., imprudence in selecting the contractors/suppliers and in executing contractual agreements including terms and conditions of the contracts, delay in award of contracts, delay in providing inputs like making land available to the contractors, delay in payments to contractors/suppliers as per the terms of contract, mismanagement of finances, slackness in project management like improper co-ordination between the various contractors, etc.

ii) due to factors beyond the control of the generating company e.g. delay caused due to force majeure like natural calamity or any other reasons which clearly establish, beyond any doubt, that there has been no imprudence on the part of the generating company in executing the project.

iii) situation not covered by (i) & (ii) above.

In our opinion in the first case the entire cost due to time over run has to be borne by the generating company. However, the Liquidated Damages (LDs) and insurance proceeds on account of delay, if any, received by the generating company could be retained by the generating company. In the second case the generating company could be given benefit of the additional cost incurred due to time over-run. However, the consumers should get full benefit of the LDs recovered from the contractors/suppliers of the generating company and the insurance proceeds, if any, to reduce the capital cost. In the third case the additional cost due to time overrun including the LDs and insurance proceeds could be shared between the generating company and the consumer. It would also be prudent to consider the delay with respect to some benchmarks rather than depending on the provisions of the contract between the generating company and its contractors/suppliers. If the time schedule is taken as per the terms of the contract, this may result in imprudent time schedule not in accordance with good industry practices."

Based on the submissions made by UJVN Ltd. and the report of the expert consultant, it emerges that the delay in the project except for delay of the last 6 months was on account of factors beyond the control of UJVN Ltd and, hence, the same falls under second case as per the judgment of Hon'ble APTEL referred above and, hence, the entire cost incurred due to time over-run for the delay except for the last 6 months needs to be allowed as part of Capital Cost.

As regards the delay of last 6 months, it is seen that it is not clearly established as to whether the delay was on account of controllable factors or due to uncontrollable factors. Therefore, the same falls under the third case as per the judgment of Hon'ble APTEL referred above and, hence, the additional cost incurred due to time over-run needs to be shared between the Generating Company and the consumers.

Accordingly, the Commission accepting the recommendations of the expert consultant has allowed the entire cost occasioned due to initial delay of about 20 months which the expert consultant has attributed to uncontrollable factors. However, for the delay of last 6 months, 50% of the excess IDC and 50% of price variation is being allowed while approving the Capital Cost.

In accordance with the Expert Committee Report, UJVN Ltd. had provided and paid an amount of Rs. 28.86 Crore towards guarantee fee upto FY 2007-08 against Rs. 40.86 Crore claimed by UJVN Ltd. which included an amount of Rs. 12 Crore provided and paid in FY 2008-09, i.e. subsequent to the CoD of the project which cannot be allowed to be included in the capital cost of MB-II project. Further, UJVN Ltd. had made a provision of Rs. 18.81 Crore in their books as payable to GoU on account of late payment of guarantee fee. UJVN Ltd. during discussions also indicated that they have to pay this amount of Rs. 18.81 Crore and had, accordingly, made a provision in their books in FY 2009-10, subsequent to the commissioning of the project. UJVN Ltd. was asked to submit its reply to the following query raised by the Commission:

> *"If all the extensions were considered reasonable, was GoU requested/persuaded to waive off the guarantee fee? If not, why not? If yes, record of such efforts."*

However, UJVN Ltd. did not submit any response to demonstrate that they made any effort with GoU to waive off this additional guarantee fee or for reduction of the penal amount of guarantee fee. The excess amount was the penal amount payable to GoU for delay in making timely payments and the Commission does not see any reason to allow any penal cost. Accordingly, the Commission has not allowed the aforesaid provisioning of excess Guarantee Fee.

Further, UJVN Ltd., has claimed the adjustment to the Capital Cost by Rs 44.51 Crore on account of award by Dispute Resolution Board (DRB). In this regard, the Expert consultant has accepted the DRB payments of Rs. 44.51 Crore being contractual payments for the work done before CoD. Accordingly, the Commission has approved the inclusion of adjustment of Rs. 44.51 Crore Capital Cost on account of DRB award.

Based on the above, the Commission has approved the final Capital Cost of Rs. 1889.22 Crore of MB-II as on CoD of the Project as shown in the Table below:

Table 3.7: Approved Capital Cost for MB-II as on CoD (Rs. Crore)

Particulars	Claimed	Approved
Capital Expenditure	1,494.70	1,494.70
Add: Adjustment on Account of DRB Award	44.51	44.51
Price Variation	0.00	(7.94)
Sub-total (A)	**1,539.21**	**1,531.27**
IDC & Other Financial Charges		
Interest paid to PFC	287.57	257.41
Guarantee Fee	40.86	28.86
Intt. On GoU Loan	5.04	5.04
Intt. Repayment AGSP	66.64	66.64
Excess Guarantee Fee Payable	18.81	0.00
Sub-total (B)	**418.92**	**357.95**
Total Capital cost (A+B)	**1,958.13**	**1,889.22**

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

Table 3.8: Financing for MB-II as on CoD (Rs. Crore)

Particulars	Claimed	Approved
Loans		
PFC Loan	1,200.00	1,200.00
Unpaid Liability	142.49	0.00
Guarantee Fee Payable	18.81	0.00
Normative Loan	0.00	122.45
Total debts	**1,361.30**	**1,322.45**
Equity		
PDF	341.39	341.39
GoU Budgetary support	91.44	61.38
Pre-2002 expense	164.00	164.00
Total Equity	**596.83**	**566.77**
Total Loan and Equity	**1,958.13**	**1,889.22**

3.2.2.3 *Additional Capitalisation*

A. *Old Nine Generating Stations*

In addition to the opening GFA of Rs. 506.17 Crore as on January 14, 2000, the Commission has approved the additional capitalization of Rs. 85.15 Crore in its APR Order dated April 10, 2014. Further, the Petitioner has claimed additional capitalisation of Rs. 12.00 Crore for FY 2013-14 on the basis of audited accounts.

The additional capitalisation for FY 2001-02 to FY 2012-13 so far considered by the Commission is shown in the Table below:

Table 3.9: Additional Capitalisation already approved by the Commission for FY 2001-02 to FY 2012-13 (Rs. Crore)

Name of Generating Stations	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Dhakrani	0.02	0.04	0.08	0.03	0.04	0.94	0.42	0.18	0.20	0.66	0.11	0.03
Dhalipur	0.03	0.06	0.12	0.04	0.06	1.43	0.63	0.50	0.43	0.89	0.08	0.04
Chibro	0.15	0.50	0.61	0.28	0.27	0.51	1.94	1.97	1.99	1.25	1.48	1.03
Khodri	0.07	0.17	0.48	0.22	0.29	0.27	1.18	4.02	2.98	1.51	0.35	0.24
Kulhal	0.02	0.04	0.07	0.02	0.04	0.84	0.37	0.19	0.09	0.57	0.02	0.10
Ramganga	0.05	0.13	0.51	0.40	0.25	0.28	0.69	0.86	0.29	0.23	0.33	1.01
Chilla	0.04	1.18	2.10	2.58	2.33	1.98	0.37	0.49	0.26	3.06	-0.08	0.02
Maneri Bhali-I	0.02	0.06	0.25	0.08	0.12	0.12	0.21	0.64	2.02	20.69	4.98	1.63
Khatima	0.01	0.03	0.10	0.11	0.08	0.05	0.33	0.74	0.21	0.07	0.02	0.01
Total	**0.41**	**2.21**	**4.33**	**3.75**	**3.49**	**6.43**	**6.15**	**9.58**	**8.48**	**28.94**	**7.29**	**4.11**

Accordingly, the Commission has considered the opening GFA for FY 2013-14 for nine LHPs as follows:

Table 3.10: Opening GFA as considered by the Commission for FY 2013-14 (Rs. Crore)

Name of the Generating Stations	Opening GFA
Dhakrani	15.15
Dhalipur	24.69
Chibro	99.87
Khodri	85.76
Kulhal	19.88
Ramganga	55.07
Chilla	139.22
Maneri Bhali-I	142.75
Khatima	8.94
Total	**591.34**

The Commission sought detailed breakup of the R&M expenses for FY 2013-14 from UJVN Ltd., which was submitted by UJVN Ltd. The Commission while going through the submissions observed that the Petitioner had included some of the expenses of capital nature under R&M expenses forming considerable part of the total R&M expenses. The Commission, further, observed that UJVN Ltd. has also wrongly booked some of the expenses which should have been booked as A&G expenses like Security charges and hiring of vehicles in R&M expenses. The Commission has, accordingly, deducted such expenses from R&M expenses and included them in A&G expenses. Further, expenses of capital nature booked under R&M expenses have been deducted from R&M expenses and considered as additional capitalisation.

Table 3.11: Expenses of Capital nature wrongly booked under R&M Expenses during FY 2013-14 (Rs. Crore)

Name of the Generating Stations	Expenses of Capital Nature but included in R&M
Dhakrani	0.03
Khodri	0.02
Total	**0.05**

The Commission had determined tariff for 9 LHPs in its MYT Order taking a view that only actual additional capitalisation needs to be considered and, accordingly, the Commission determined the tariff based on the actual additional capitalisation till FY 2011-12. With regard to additional capitalisation for FY 2013-14 and FY 2014-15, the Commission in its previous Order ruled that the Commission shall consider the same at the time of truing up based on the audited accounts. The Commission in its APR Order dated April 10, 2014 considered the actual additional capitalisation for FY 2012-13 based on the audited accounts. Accordingly, the Commission for truing up for FY 2013-14 has considered the actual additional capitalisation based on audited accounts for FY 2013-14.

The Commission, accordingly, approves additional capitalisation for FY 2013-14 for 9 LHPs as shown below.

Table 3.12: Additional Capitalisation as approved by the Commission for FY 2013-14 (Rs. Crore)

Name of the Generating Stations	FY 2013-14	
	Claimed	Approved
Dhakrani	-0.16	-0.13
Dhalipur	0.05	0.05
Chibro	11.29	11.29
Khodri	0.16	0.18
Kulhal	0.03	0.03
Ramganga	0.33	0.33
Chilla	0.11	0.11
M Bhali-I	0.16	0.16
Khatima	0.03	0.03
Total	**12.00**	**12.05**

B. Maneri Bhali-II

With regard to MB-II, UJVN Ltd. submitted the actual additional capitalisation from CoD till FY 2013-14 based on the audited accounts. With regard to the additional capitalization for FY 2007-08 to FY 2011-12, the Petitioner submitted that it is maintaining proper asset wise details of various components of Additional Capitalization. The breakup of components of Additional Capitalisation as submitted by UJVN Ltd. till FY 2012-13 is as under:

Table 3.13: Additional Capitalisation till FY 2012-13 (Rs. Crore)

Components	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Land	0.000	0.000	0.000	0.012	1.27	6.853
Building	0.000	-0.006	0.027	0.007	0.00	0.462
Major Civil Works	0.000	0.000	0.425	6.943	0.01	2.064
Plant & Machinery	0.021	1.281	0.004	0.414	0.15	-0.021
Vehicles	0.021	0.091	0.177	0.455	0.00	0.099
Furniture and Fixtures	0.036	0.330	0.041	0.145	0.01	0.747
Office Equipment & Others	0.017	0.418	0.206	0.067	0.04	-0.011
Total	**0.095**	**2.114**	**0.880**	**8.043**	**1.47**	**10.192**

For the additional capitalisaiton from FY 2012-13 to FY 2015-16, the Petitioner has filed separate Petition for approval of additional capitalisation and the same is under process. The Commission is of the view that the additional capitalisation for new generating station needs to be examined in detail considering the details of additional capitalisation in accordance with the provisions of Regulations.

In this regard, Regulation 16 of UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 specifies as under:

"(1) The following capital expenditure within the original scope of work actually incurred after the date of commercial operation up to the cut off date may be admitted by the Commission subject to prudence check.

(i.) Deferred liabilities,

(ii.) Works deferred for execution,

(iii.) Procurement of initial capital spares in the original scope of works subject to ceiling specified in regulation 15,

(iv.) Liabilities to meet award of arbitration or in compliance of the order or decree of a court, and

(v.) On account of change in law.

...

(2) Subject to the provision of sub-regulation (3) of this regulation, the capital expenditure of the following nature actually incurred after the cut off date may be admitted by the Commission subject to prudence check:

(i.) Deferred liabilities relating to works/services within the original scope of work,

(ii.) Liabilities to meet award of arbitration or in compliance of the order or decree of a court,

(iii.) On account of change in law, and

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

..."

Further, Regulation 3(9) of UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 has defined 'Cutoff Date' as one year after the date of commercial operation of the generating station. Accordingly, cut off date for MB-II LHP is 31.03.2009 as the generating station was commissioned on 15.03.2008. Similar provisions exist for additional capitalisation carried out from 01.04.2013 in UERC Tariff Regulations, 2011. Hence, the additional capitalisation in MB-II project has to be examined in light of the provisions of the Regulations referred above. The works upto cut off date has to be within the original scope of work and works beyond the cut off date have to meet the requirements laid down in the Regulations. **UJVN Ltd. is directed to submit the details of actual additional capitalisation carried out by it till FY 2014-15 for MB-II LHP alongwith the justification of the same within 3 months of the date of Order.** The Commission will take appropriate view on the additional capitalisation till FY 2015-16 based on the details and justification submitted by UJVN Ltd., in the next APR proceedings for FY 2015-16. The Commission based on the details of additional capitalisation submitted by the Petitioner observed that the Petitioner has wrongly booked expenses of capital nature to the extent of Rs 1.93 Crore as part of R&M expenses during FY 2013-14. The Commission while analysing the additional capitalistion will also analyse the expenses of capital nature booked as part of R&M expenses.

Therefore, the Commission at this stage has not considered the additional capitalization for FY 2007-08 to FY 2015-16 for this plant. Therefore, the Commission in this Order has carried out the provisional true up of AFC for FY 2007-08 to FY 2013-14 considering the Capital Cost as approved by the Commission as on CoD of the Project. The Commission will carry out the final truing up of AFC for MB-II from FY 2007-08 to FY 2013-14 after the detailed scrutiny of Additional Capitalisation.

3.2.2.4 Depreciation

A. *Old Nine Large Generating Stations*

Regulation 29 of UERC Tariff Regulations 2011 stipulates as follows:

"(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.

(3) Provided that in case of generating stations, the salvage value shall be as provided in the agreement signed by the developers with the State Government for creation of site;

Provided further that the capital cost of the assets of the generating station for the purpose of computation of depreciable value for the purpose of determination of tariff under these regulations shall correspond to the percentage of sale of electricity under long-term power purchase agreement at regulated tariff.

(4) Land other than the land held under lease and the land for reservoir in case of hydro generating station shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

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

Provided that, the remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance useful life of the assets.

(6) In case of the existing projects, the balance depreciable value as on 1.4.2013 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets. The difference between the cumulative depreciation recovered and the depreciation so arrived at by applying the depreciation rates as specified in these Regulations corresponding to 12 years shall be spread over the remaining period upto 12 years. The remaining depreciable value as on 31st March of the year closing after a period of 12 years from date of commercial operation shall be spread over the balance life.

(7) Depreciation shall be chargeable from the first year of commercial operation. In case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis."

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 Khatima, Dhakrani, Dhalipur, Ramganga, Kulhal and Chibro, the Petitioner has not claimed any depreciation. The Petitioner has claimed depreciation on the opening GFA only for the remaining three plants, i.e. Khodri, Chilla and Maneri Bhali-I.

The Petitioner submitted that it has computed depreciation on the basis of rates considered by the Commission in its previous Tariff Orders. UJVN Ltd. submitted that it has considered depreciation at the rate of 2.38% on the opening GFA till FY 2012-13. Thereafter, the Petitioner has spread the remaining depreciable value over the balance useful life. With regard to the depreciation on additional capitalization, the Petitioner has computed depreciation at the rate of 2.66% on additional capitalisation till FY 2007-08. Thereafter, it has computed depreciation for different class of assets in accordance with rates specified in UERC Tariff Regulations 2004 till FY 2012-13 and UERC Tariff Regulation 2011 from April 01, 2013.

With regard to the Opening GFA as on January, 2000, the Commission has computed depreciation in accordance with the UERC Tariff Regulations, 2011. All the 9 LHPs are over 12 years old and 6 out of 9 stations have depreciated by 90% of the original cost. Depreciation allowed till date for Khodri, Chilla and MB-I LHPs have not reached 90%, and hence, the Commission has computed the accumulated depreciation on opening GFA till April 1, 2013 to determine the remaining depreciable value for each LHP. The Commission for computing the accumulated depreciation till April 1, 2013 has considered the depreciation rate of 2.38% as considered in previous tariff orders. Further, in accordance with UERC Tariff Regulation, 2011 and considering the life of 35 years from the CoD, the Commission has equally divided the remaining depreciable value as on 1 April, 2013 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 2012-13, the Commission has computed the depreciation in accordance with the provisions of UERC Tariff Regulations, 2011. 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 31.3.2013 from the gross depreciable value of the assets. The Commission, further, computed the difference between the cumulative depreciation as on 31 March, 2013 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2011 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 asset life has crossed 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 life.

As regards the depreciation computation on asset added during FY 2013-14, the Commission has computed depreciation by applying the depreciation rates as specified in UERC Tariff Regulations, 2011. Based on the above discussed approach, the summary of depreciation as approved in MYT Order and as approved now by the Commission for FY 2013-14 after truing up is shown in the Tables given below:

Table 3.14: Depreciation approved for FY 2013-14 (Rs. Crore)

Name of the Generating Stations	On Opening GFA as on Jan 14, 2000		On Additional Capitalisation upto FY 2013-14		Total Depreciation		
	Approved in MYT Order dtd May 6, 2013	Approved after Truing Up	Approved in MYT Order 2013	Approved after Truing Up	Approved in MYT Order	Claimed	Approved
Dhakrani	0.00	0.00	0.15	0.19	0.15	0.19	0.19
Dhalipur	0.00	0.00	0.23	0.31	0.23	0.31	0.31
Chibro	0.00	0.00	0.61	0.77	0.61	0.77	0.77
Khodri	0.59	0.59	0.70	0.79	1.29	1.38	1.38
Kulhal	0.00	0.00	0.14	0.17	0.14	0.17	0.17
Ramganga	0.00	0.00	0.24	0.33	0.24	0.33	0.33
Chilla	5.36	5.36	2.23	1.34	7.59	6.72	6.70
MB-I (Including DRB)	2.58	2.58	0.96	1.43	3.54	4.40	4.01
Khatima	0.00	0.00	0.07	0.11	0.07	0.11	0.11
Total	**8.53**	**8.53**	**5.33**	**5.43**	**13.86**	**14.38**	**13.97**

B. Maneri Bhali-II

As discussed earlier, the Commission has not considered the additional capitalization from FY 2007-08 to FY 2013-14. Accordingly, the Commission has computed the depreciation considering the Capital Cost approved as on CoD of the Project. In addition, the Commission has allowed Advance Against Depreciation (AAD) in accordance with the UERC Tariff Regulations, 2004.

The Commission for computing the depreciation for FY 2013-14 in accordance with the UERC Tariff Regulations, 2011 has computed the balance depreciable value for MB-II by deducting the cumulative depreciation as admitted by the Commission upto March 31, 2013 from the gross depreciable value of the assets. The Commission, further, computed the difference between the cumulative depreciation as on March 31, 2013 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2011 corresponding to 12 years. The Commission has spread over the above difference in the remaining period upto 12 years from CoD of MB-II. Further, as UERC Tariff Regulation does not provide for Advance Against Depreciation (AAD), the Commission while computing the depreciation has not allowed the AAD.

In line with the above approach, the Commission has computed the depreciation for FY 2007-08 to FY 2013-14 for MB-II on the approved GFA of Rs. 1889.22 Crore. Accordingly, the Commission in this Order has provisionally trued up the depreciation including Advance Against Depreciation for FY 2007-08 to FY 2013-14 as follows:

Table 3.15: Revised Depreciation including AAD for MB-II from FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	Approved Earlier	Approved in APR Order dated April 10, 2014	Approved after Truing Up
FY 2007-08	2.07	2.19	2.26
FY 2008-09	87.93	57.81	69.99
FY 2009-10	120.00	120.00	132.25
FY 2010-11	120.00	120.00	132.25
FY 2011-12	120.00	120.00	132.25
FY 2012-13	120.00	120.00	132.25
FY 2013-14	66.04	-	49.93

3.2.2.5 *Return on Equity (RoE)*

A. Old Nine Large Generating Stations

Regulation 27 of the UERC Tariff Regulations, 2011 stipulates as follows:

"27. Return on Equity

(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 22.

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 rate of 15.5% for Generating Stations, Transmission Licensee and SLDC and at the rate of 16% for Distribution Licensee ***on a post-tax basis.***

..."

In its 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, as detailed in the Order dated March 14, 2007. As regard RoE on Additional Capitalisation, the Commission has considered a normative equity of 30% where 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.

In accordance with Regulation 27(2) of the UERC Tariff Regulations, 2011, return on equity shall be @ 15.50%on equity as stipulated below:

"Return on equity shall be computed on at the rate of 15.5% for Generating Stations, Transmission Licensee and SLDC and at the rate of 16% for Distribution Licensee on a post-tax basis."

Further, it has been observed that UJVN Ltd. has computed the RoE for FY 2013-14 on the opening equity at the allowable rate of 15.50% post tax in accordance with the provisions of UERC Tariff Regulations, 2011. As discussed earlier, the Commission had observed that as per the practice followed by UJVN Ltd. the capitalisation of assets added during the year occurs on 31st March, i.e. at the end of each financial year. In view of the above, the Commission is following the same approach as adopted in its previous Tariff Orders and has allowed the RoE only on opening equity.

As regard finalization of Transfer Scheme, the Commission in its Tariff Order dated October 21, 2009, had directed the Petitioner to submit a report on the status of Transfer Scheme and steps taken by it to fast track the process. The above direction of the Commission is reproduced below:

"The Petitioner is, therefore, directed to approach the State Government for early finalization of the transfer scheme and to provide them all necessary details/assistance in this regard. The Petitioner is directed to submit a report on steps taken by it and the status of transfer scheme within 3 months of the issuance of this Tariff Order."

The Commission in its Order dated April 4, 2012 again directed UJVN Ltd. to take necessary steps for finalisation of transfer scheme without further delay and submit the report to the Commission.

The Commission in the MYT Order dated May 06, 2013 again directed UJVN Ltd. as follows:

"The Commission in view of the above once again directs UJVN Ltd. to take steps to coordinate with UPJVNL for finalisation of transfer without further delay and submit quarterly progress in this regards to the Commission."

In compliance to the above directions, UJVN Ltd. in its Petition for APR for FY 2014-15 submitted that the transfer scheme finalisation is under way and the same is being followed on a regular basis. In this regard, the Commission in the APR Order dated April 10, 2014 directed UJVN Ltd. as follows:

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

As the Transfer Scheme is yet to be finalized, the Commission is, provisionally, allowing a return on normative equity @ 15.50%% post tax in accordance with the provisions of the Tariff Regulations and the approach as discussed in the above paragraphs. The summary of the Return on Equity approved for 9 LHPs for FY 2013-14 is shown in the Table given below:

Table 3.16: Equity and Return on Equity for Nine Old LHPs for FY 2013-14 (Rs. Crore)

Name of the Generating Station	RoE approved in MYT Order dtd May 6, 2013			Claimed		Approved after Truing Up				
	On Transferred Asset	On Additional Capitalisation	RoE	Equity	RoE	On Transferred Asset as on Jan 14, 2000		On Additional Capitalisation upto FY 2012-13		Total
						Normative Equity	RoE	Opening Equity	RoE	RoE
Dhakrani	0.58	0.09	0.67	4.55	0.70	3.72	0.58	0.83	0.13	0.70
Dhalipur	0.95	0.14	1.09	7.41	1.15	6.11	0.95	1.30	0.20	1.15
Chibro	4.09	0.4	4.49	29.96	4.64	26.37	4.09	3.41	0.53	4.62
Khodri	3.44	0.47	3.91	25.72	3.99	22.19	3.44	3.47	0.54	3.98
Kulhal	0.81	0.08	0.9	5.96	0.92	5.25	0.81	0.71	0.11	0.92
Ramganga	2.33	0.17	2.49	16.52	2.56	15.01	2.33	1.52	0.23	2.56
Chilla	5.81	1.36	7.17	41.77	6.47	37.47	5.81	4.20	0.65	6.46
M Bhali I	5.1	1.04	6.14	42.83	6.64	32.92	5.10	9.25	1.43	6.54
Khatima	0.33	0.05	0.38	4.24	0.66	2.16	0.33	0.52	0.08	0.42
Total	**23.43**	**3.82**	**27.25**	**178.96**	**27.73**	**151.19**	**23.43**	**25.20**	**3.91**	**27.34**

B. *Maneri Bhali-II*

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 to Rs. 689.22 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 works out to Rs. 566.77 Crore which includes pre-2002 expenses of Rs. 164 Crore, power development fund of Rs. 341.39 Crore and GoU budgetary support of Rs. 61.38 Crore. The balance amount of Rs. 122.45 Crore has been considered as normative loan.

The Petitioner in its Petition has submitted that the Commission in Para 6.1.2.5 of the MYT Order dated May 06, 2013 had directed as follows:

"The contention of the Petitioner that power development fund, in past, has been funded through contribution from, State Government vide Section 5 of the PDF Act, in addition to being funded by the Cess on Hydro Generation has not been substantiated by the Petitioner and it has failed to provide any documentary evidence by way of related Vidhan Sabha's resolution or the State Government's Orders. At this point of time it would be difficult to give credence to the contention of the Petitioner. The Commission recognising that this issue has substantial financial implication mainly on the Return on Equity of assets partly funded by this fund, decides to keep in abeyance final view in the matter.

The Commission in past has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for various reasons recorded in the previous Tariff Orders. With regard to the submissions of the Petitioner in this Petition on this matter, and as discussed earlier in Chapter 4 of this Order 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. 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.

Keeping this in view, the Commission has decided to give another opportunity to the Petitioner to bring up evidence in support of its contention that this fund, also included the contributions made by the State Government and if so, the extent thereof. For the present, practice of not permitting return on equity on the fund utilised out of PDF assistance is being continued. The Petitioner is directed to bring up the above mentioned evidence within six month of the date of Order. The Commission shall take a final view in the matter in the 1st APR of the control period."

In compliance to the above directive, UJVN Ltd. in its Petition for APR for FY 2014-15 had submitted that it had requested GoU vide its vide letter no. 1111/MD/UJVNL dated 02.07.2013 for the documentary evidence either by the way of Vidhan Sabha resolution or the State Government Orders as given below:

".... as desired by the Hon'ble Commission documentary evidences either by the way of Vidhan Sabha resolution or the state government orders in this regard may kindly be arranged to be provided ...."

UJVN Ltd. had also submitted a copy of the said letter and further requested the Commission to consider its claim of Return on Equity on the investment made out of the PDF.

In this regard, the Commission in its APR Order dated April 10, 2014 had directed as follows:

"Therefore, at this point of time it would be difficult to give credence to the contention of the Petitioner. The Commission, recognising that this issue has substantial financial implication mainly on the Return on Equity of assets partly funded by this fund, decides to keep in abeyance the final view in the matter. For the present, practice of not permitting return on equity on the fund utilised out of PDF assistance is being continued. ***The Petitioner is directed to bring up the above mentioned evidence within 6 month of the date of Order.*** *The Commission shall take a final view in the matter along with next tariff filing."*

In compliance to the above directive, UJVN Ltd. merely submitted the copy of its letter no. 1111/MD/UJVNL dated 02.07.2013 and letter no. 7938/UJVNL/MD dated 05.09.2014 vide which it has requested GoU to provide the necessary documentary evidences and information as desired by the Commission. In this regard, UJVN Ltd. submitted that the matter was under consideration by GoU and its reply was awaited.

The Commission has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for various 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 costs 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 as discussed above. The cost of such cess is further passed on to UPCL which in turn recovers the same from ultimate consumers of electricity through tariffs.

The Commission on account of change in the financing of the project on account of finalization of the Capital Cost has revised the RoE allowed for FY 2007-08 to FY 2013-14 as shown below:

Table 3.17: RoE Approved for MB-II for FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	Approved Earlier	Approved in APR Order dated April 10, 2014	Approved after Truing Up
FY 2007-08	1.30	1.35	1.47
FY 2008-09	28.05	29.14	31.55
FY 2009-10	28.05	29.14	31.55
FY 2010-11	28.05	29.14	31.55
FY 2011-12	28.05	29.14	31.55
FY 2012-13	28.05	29.14	31.55
FY 2013-14	31.05*	-	34.93

**Approved in MYT Order*

3.2.2.6 *Interest on Loans*

A. Old Nine Generating Stations

The Petitioner submitted that as per the provisions of Regulation 22 of UERC Tariff Regulations, 2011, 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 2013-14 and the repayment has been considered as equal to depreciation claimed for the year.

For the purpose of Truing up and computing the interest expenses for FY 2013-14, the Commission has determined the normative loan in accordance with the Regulations. The Commission, in accordance with UERC Tariff Regulations, 2011 has computed the weighted average interest rate based on the outstanding APDP loans, PFC loans and GoU loans as admitted by the Commission up to 31 March, 2014. The interest rate based on the above works out to 12.21%. Thus, the Commission has considered the interest rate of 12.21% for computing the interest expenses for 9 LHP as well as MB-II station for FY 2013-14. For calculating the interest expense for FY 2013-14, the Commission has considered the interest rate of 12.21% and repayment equal to depreciation in accordance with the UERC Tariff Regulations, 2011.

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 2013-14 as shown in the Table below:

Table 3.18: Interest on Loan for Nine Old LHPs for FY 2013-14 (Rs. Crore)

Name of the Generating Station	Approved in MYT Order dtd May 6, 2013	Interest Claimed	Approved after Truing Up		
			Opening Loan	Closing Loan	Interest
Dhakrani	0.07	0.17	1.06	0.78	0.11
Dhalipur	0.10	0.27	1.65	1.38	0.18
Chibro	0.44	1.19	5.67	12.80	1.13
Khodri	0.45	0.76	5.29	4.04	0.57
Kulhal	0.06	0.15	0.91	0.76	0.10
Ramganga	0.12	0.29	2.02	1.92	0.24
Chilla	1.14	0.79	4.99	0.08	0.31
M Bhali I	1.31	2.29	18.39	14.49	2.01
Khatima	0.03	0.10	0.64	0.54	0.07
Total	**3.72**	**6.01**	**40.61**	**36.79**	**4.73**

B. Maneri Bhali-II

The Commission has approved the Capital Cost of Maneri Bhali-II on CoD and the financing thereof. 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. 122.45 Crore in addition to PFC loan of Rs. 1200 Crore.

As discussed above, the Commission has computed the weighted average interest rate of 12.21% based on the outstanding APDP loans, PFC loans and GoU loans as admitted by the Commission up to 31 March, 2014. The Commission for computing interest for MB-II station for FY 2013-14 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 March, 2014 has computed the interest expenses for FY 2013-14. The Commission, in accordance with Regulation 28(3) of UERC Tariff Regulations, 2011 has considered the repayment for FY 2013-14 equal to the depreciation allowed for that year. The Commission has, further, considered guarantee fees on PFC loans for computing interest expenses.

Based on the above considerations and the UERC Tariff Regulations, 2011, the Commission has calculated the interest expenses for MB-II for FY 2007-08 to FY 2013-14 as shown in the Table below:

Table 3.19: Interest on Loan as approved for FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	Approved Earlier	Approved in APR Order dated April 10, 2014	Approved after Truing Up
FY 2007-08	6.33	6.75	6.96
FY 2008-09	131.19	167.11	171.31
FY 2009-10	120.42	143.22	146.98
FY 2010-11	106.91	121.09	124.42
FY 2011-12	101.68	106.84	109.71
FY 2012-13	86.87	93.17	95.04
FY 2013-14	78.61	-	91.19

3.2.2.7 Operation & Maintenance (O&M) Expenses for Nine Old Large Generating Stations

3.2.2.7.1 Truing up of O&M Expenses for FY 2013-14

The Petitioner submitted that O&M expenses for FY 2013-14 have been considered as per the audited accounts. The components of total O&M expenses have been bifurcated into direct and indirect expenses. Direct expenses have been allotted to respective hydro power project for which corresponding expenses have been incurred. The Petitioner has allocated indirect expenses as already detailed in Para 3.1.2.1 of the Order. The Commission, in the same Para, has also taken a view on the approach of allocating indirect expenses. In addition to the O&M Expenses, as per the audited accounts, the Petitioner has also claimed the expenses towards Colony Supply and concessional supply.

The Petitioner has submitted the actual O&M expenses on the basis of actual figures of audited accounts for FY 2013-14. Further, the Petitioner has submitted the separate details of employee, R&M and A&G expenses.

The Commission does not deem it appropriate to revise every component of annual fixed charges as approved in MYT Order based on the latest actual data available as this would defeat the whole purpose of having a Multi Year Tariff. 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 52(2) of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011. Accordingly, for projecting the O&M expenses for FY 2013-14, the Commission has considered FY 2011-12 as the base year expenses. The Commission for the purpose of escalating employee expenses has considered CPI escalation rate of 9.76% and for escalating R&M expenses and A&G expenses has considered WPI escalation rate of 8.62%. CPI Inflation and WPI Inflation for FY 2013-14 have been considered as the average increase in the Consumer Price Index (CPI) and Whole Sale Price Index (WPI) respectively for FY 2010-11, FY 2011-12 and FY 2012-13. For the purpose of arriving at employee expenses for FY 2013-14, the Commission has considered revised value of Growth Factor 'Gn' on the basis of actual details of recruitment provided by UJVN Ltd. Further, the Commission has considered Constant Factor 'K' as determined in the Tariff Order dated April,10 2014.

3.2.2.7.2 Employee Cost

The Commission has considered the same approach for computation of employee expenses for FY 2013-14 as considered by it in MYT Order dated May 9, 2013. Growth Factor 'Gn' has been revised on the basis of actual details of recruitment provided by UJVN Ltd. as given below:

Table 3.20: Growth Factor 'Gn' as considered by the Commission for FY 2013-14

Particulars	FY 2012-13	FY 2013-14
Opening no. of Employees	2242	2289
Employee Add	186	114
Retirement	139	133
Closing No. of Employees	2289	2270
Gn	**1.05%**	**0.00%**

Accordingly, the Commission has approved the employee expenses for FY 2013-14 as shown in the Table below:

Table 3.21: Employee Expenses approved for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	Claimed	Approved after Truing Up
Dhakrani	6.33	6.90	6.35
Dhalipur	9.55	9.29	9.58
Chibro	26.41	23.64	26.49
Khodri	14.58	12.98	14.63
Kulhal	5.63	5.89	5.64
Ramganga	17.72	14.87	17.77
Chilla	19.30	23.98	19.35
M Bhali I	14.11	17.68	14.15
Khatima	7.84	9.84	7.86
Total	**121.46**	**125.07**	**121.82**

3.2.2.7.3 Repairs and Maintenance Expenses

The Commission has considered the same Constant Factor 'K' as determined by the Commission in the Tariff Order dated April 10, 2014 as follows:

Table 3.22: K-Factor as considered by the Commission

Name of the Generating Stations	Approved in APR Order dated April 10, 2014
Dhakrani	13.60%
Dhalipur	12.15%
Chibro	6.33%
Khodri	2.90%
Kulhal	9.13%
Ramganga	4.15%
Chilla	5.46%
M Bhali-I	11.83%
Khatima	26.60%
Weighted Average	**7.39%**

For computing the R&M expenses for FY 2013-14, the Commission has multiplied the K Factor as given above with the opening GFA approved for FY 2013-14. The Commission has considered the average increase in WPI for last three years from FY 2010-11 to FY 2012-13 as 8.62%.

Accordingly, the Commission has approved the R&M expenses for FY 2013-14 as shown in the Table below:

Table 3.23: R&M Expenses approved for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	Claimed	Approved after Truing Up
Dhakrani	2.61	5.78	2.24
Dhalipur	3.75	3.52	3.26
Chibro	7.57	10.00	6.87
Khodri	3.86	3.86	2.70
Kulhal	2.30	2.74	1.97
Ramganga	0.99	1.38	2.48
Chilla	5.92	9.85	8.25
M Bhali I	12.69	8.89	18.34
Khatima	2.99	1.71	2.58
Total	**42.69**	**47.73**	**48.68**

3.2.2.7.4 Administrative & General Expenses

The Commission in its MYT Order May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the A&G expenses in accordance with the UERC Tariff Regulations, 2011. The Commission is considering the same approach for determining the A&G expenses for FY 2013-14. The WPI escalation rate is revised to 8.62% based on actual values. Accordingly, the Commission has approved the A&G expenses as shown in the table below:

Table 3.24: A&G Expenses approved for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	Claimed	Approved after Truing Up
Dhakrani	0.51	1.05	0.50
Dhalipur	0.83	1.39	0.83
Chibro	3.12	2.80	3.15
Khodri	1.38	1.33	1.42
Kulhal	0.43	0.89	0.43
Ramganga	2.16	1.90	2.23
Chilla	2.14	3.22	2.31
M Bhali I	1.34	2.51	1.33
Khatima	0.49	1.05	0.45
Total	**12.40**	**16.17**	**12.65**

3.2.2.7.5 Cost of Colony Consumption and Colony Supply

The Petitioner in its APR Petition has claimed Cost towards colony consumption and concessional supply. The Commission in its MYT Order has not considered any cost under these heads and, therefore, the Commission is not approving any cost towards the same.

Further, since O&M expenses comprise of the major proportion of the AFC of the old nine generating stations of UJVN Ltd. and hence, they are treated as controllable expenses. The GFA of these generating stations could not be finalized when the Order dated May 06, 2013 was issued by the Commission, hence, capital related expenses like interest on loans, depreciation, etc. have been treated as uncontrollable and no sharing of losses or gains for the same has been carried out. The sharing of gains and losses have been carried out for O&M expenses and Interest on Working Capital.

Accordingly, the Commission has approved the total O&M expenses for FY 2013-14 as shown in the Table below:

Table 3.25: O&M Expenses approved for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	Claimed	Approved after Truing Up	Efficiency gain/(loss)	Net Entitlement
Dhakrani	9.44	13.77	9.09	(4.68)	10.26
Dhalipur	14.13	14.24	13.66	(0.58)	13.81
Chibro	37.10	36.62	36.51	(0.11)	36.53
Khodri	19.82	18.29	18.75	0.46	18.66
Kulhal	8.36	9.56	8.05	(1.51)	8.43
Ramganga	20.87	18.25	22.48	4.23	21.63
Chilla	27.36	37.18	29.91	(7.27)	31.73
M Bhali I	28.13	29.23	33.81	4.58	32.89
Khatima	11.32	12.70	10.90	(1.80)	11.35
Total	**176.54**	**189.83**	**183.15**	**(6.69)**	**185.29**

3.2.2.8 O&M Expenses for Maneri Bhali-II

As discussed earlier, the Commission has approved the capital cost of MB-II as on CoD. The Commission has first computed the O&M Expenses for MB-II for the base year of FY 2007-08 at 1.5% of the capital cost, as approved by the Commission, for the first year of operation and then suitably escalated it with escalation rate, as approved by the Commission, for the respective years (6.51% for FY 2008-09 and FY 2009-10, 6.29% for FY 2010-11 and 7.04% for FY 2011-12). For escalating the O&M Expenses in FY 2012-13 and FY 2013-14, the Commission has considered the escalation rate of 8.77% and 9.13%, respectively in accordance with the MYT Regulations. 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 O&M expenses on the basis of Regulation 52 of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011.

The Commission has, accordingly, revised the O&M expenses from FY 2007-08 to FY 2013-14 as shown in the Table below:

Table 3.26: O&M Expenses as approved for FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	Approved Earlier	Approved in APR Order dated April 10, 2014	Approved after Truing Up
FY 2007-08	1.21	1.28	1.32
FY 2008-09	27.17	29.26	30.18
FY 2009-10	30.32	31.17	32.15
FY 2010-11	32.30	33.13	34.17
FY 2011-12	33.35	35.46	36.58
FY 2012-13	36.09	37.96	39.79
FY 2013-14	39.06	-	43.42

Further, the MYT Regulations, 2011 specify for sharing of gains/losses due to controllable factors. As already discussed above, O&M expenses have been considered as controllable factor, accordingly, the gains/losses for FY 2013-14 in the same will have to be shared in the manner given in the Table below:

Table 3.27: O&M eligible for FY 2013-14 (Rs. Crore)

Particulars	Approved in MYT Order	Claimed by Petitioner	Trued Up	Efficiency gain/(loss)	Net entitlement
O&M Expenses incl. Insurance Charges	39.06	51.68	43.42	-8.26	45.49

3.2.2.9 *Interest on Working Capital (IoWC)*

A. *Old Nine Medium and Large Generating Stations*

The Petitioner has claimed that it has computed the working capital for each plant in accordance with the provisions of the Regulations, on normative basis. The rate of interest considered by the Petitioner for computing interest on working capital for FY 2013-14 has been considered as 14.75% on the basis of the PLR of State Bank of India, as considered by the Commission, in its previous orders.

The components of working capital as per UERC Tariff Regulations, 2011 are as follows:

- Operation and maintenance expense for one month;
- Maintenance spares @ 15% of operation and maintenance expenses; and

- Receivables for sale of electricity equivalent to two months of the annual fixed charges calculated on normative capacity index.

With respect to the interest on working capital, Regulation 34 of the UERC Tariff Regulations, 2011 stipulates as under:

"34. Interest on Working Capital

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.

(1) Generation:

...

c) In case of hydro power generating stations, working capital shall cover:

(i) Operation and maintenance expenses for one month;

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

(iii) Receivables for sale of electricity equivalent to two months of the annual fixed charges calculated on normative capacity index.

..."

3.2.2.9.1 One Month O&M Expenses

The Commission has trued up the annual O&M expense plant wise for FY 2013-14. Based on the approved O&M expenses, one month's O&M expenses has been worked out plant wise for determining the working capital requirement.

3.2.2.9.2 Maintenance Spares

The Commission has considered the maintenance spares in accordance with UERC Tariff Regulations, 2011. The Commission has determined the plant wise maintenance spares requirement @ 15% of the trued up O&M Expenses for FY 2013-14.

3.2.2.9.3 Receivables

Regulations envisage 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 trued up plant wise AFC for FY 2013-14.

As regards the interest on working capital, Regulation 34 of the UERC Tariff Regulations, 2011 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 MYT Petition was filed on November 29, 2012, the Commission has considered the prevailing State Bank Advance Rate (SBAR) of State Bank of India for computing the Interest on Working Capital.

Accordingly, the normative Interest on working Capital for FY 2013-14 as approved by the Commission is as shown in the Table below:

Table 3.28: Interest on Working Capital for Nine LHPs for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved Working Capital after Truing Up				Interest on Working Capital		
	1 month O&M Expenses	Maintenance Spares @15% of O&M Expenses	2 months Receivables	Total Working Capital	Approved in MYT Order dtd May 6, 2013	Claimed	Normative Approved after Truing Up
Dhakrani	0.85	1.54	1.87	4.27	0.58	0.86	0.63
Dhalipur	1.15	2.07	2.56	5.78	0.87	0.9	0.85
Chibro	3.04	5.48	6.87	15.40	2.3	2.38	2.27
Khodri	1.55	2.80	3.95	8.31	1.3	1.26	1.23
Kulhal	0.70	1.26	1.60	3.56	0.52	0.61	0.53
Ramganga	1.80	3.24	3.76	8.81	1.28	1.18	1.30
Chilla	2.64	4.76	7.46	14.86	1.99	2.6	2.19
M Bhali I	2.74	4.93	7.57	15.24	1.93	2.1	2.25
Khatima	0.95	1.70	1.95	4.60	0.68	0.79	0.68
Total	**15.44**	**27.79**	**37.60**	**80.83**	**11.43**	**12.68**	**11.92**

Further, the MYT Regulations, 2011 specify for sharing of gains/losses due to controllable factors and as per MYT Regulations, 2011, variation in working capital requirements is controllable factor. The actual interest on working capital for UJVNL as per Audited Accounts is Rs 1.53 Crore. The Commission has considered the allocation of the actual working capital interest in the ratio considered for allocation of indirect expenses i.e., allocation in the ration of 80:10:10 amongst 9 LHPS, MB-II and SHPs respectively. 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 MYT Regulations, 2011.

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

Table 3.29: Interest on Working Capital for Nine LHPs for FY 2013-14 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 = 20% x C	E=B-D
Interest on Working Capital	1.22	11.92	10.70	2.14	9.78

B. *Maneri Bhali-II*

As discussed earlier, the Commission has approved the Capital Cost of MB-II as on CoD and, accordingly, has reviewed all the components of AFC. As a result of which the Interest on Working Capital has been revised as shown in the Table below:

Table 3.30: Revised Interest on Working Capital of MB-II for FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	Approved Earlier	Approved in APR Order dated April 10, 2014	Approved after Truing Up
FY 2007-08	0.34	0.36	0.37
FY 2008-09	8.31	8.64	8.81
FY 2009-10	8.99	9.64	9.99
FY 2010-11	8.55	9.00	9.44
FY 2011-12	8.62	9.92	10.39
FY 2012-13	9.69	11.25	11.79
FY 2013-14	6.62	-	6.92

As discussed above, as the actual interest on working capital incurred by the Petitioner for FY 2013-14 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 MYT Regulations, 2011.

The interest on working capital for MB-II after sharing the gains for FY 2013-14 is as given in Table below:

Table 3.31: Interest on Working Capital for MB-II for FY 2013-14 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 = 20% x C	E=B-D
Interest on Working Capital	0.15	6.92	6.77	1.35	5.57

3.2.2.10 *Annual Fixed Charges for Nine LHPs for FY 2013-14*

Based on the above analysis, the Commission has worked out the approved figures of Gross

AFC for FY 2013-14 after truing up. The summary of Gross AFC for FY 20013-14 is shown in the Table below:

Table 3.32: Summary of AFC for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	AFC Claimed	AFC Approved after truing up					
			Depreciation	Interest on loan	Interest on Working Capital after sharing of gains	O&M expenses	RoE	Gross Annual Fixed Cost
Dhakrani	10.91	15.69	0.19	0.11	0.51	10.26	0.70	11.78
Dhalipur	16.42	16.87	0.31	0.18	0.70	13.81	1.15	16.14
Chibro	44.94	45.61	0.77	1.13	1.88	36.54	4.62	44.92
Khodri	26.77	25.67	1.38	0.57	1.01	18.66	3.98	25.60
Kulhal	9.98	11.41	0.17	0.10	0.43	8.43	0.92	10.05
Ramganga	25.00	22.61	0.33	0.24	1.09	21.63	2.56	25.85
Chilla	45.24	53.77	6.70	0.31	1.79	31.73	6.46	46.99
M Bhali I	41.06	44.66	4.01	2.01	1.82	32.89	6.54	47.27
Khatima	12.48	14.36	0.11	0.07	0.55	11.35	0.42	12.50
Total	**232.80**	**250.65**	**13.97**	**4.73**	**9.78**	**185.29**	**27.34**	**241.10**

3.2.2.11 *Non-Tariff Income*

Regulation 47 of the UERC Tariff Regulations, 2011 stipulates as follows:

"47. 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) Income from sale of Ash/rejected coal;

e) Interest on delayed or deferred payment on bills;

f) Interest on advances to suppliers/contractors;

g) Rental from staff quarters;

h) Rental from contractors;

i) Income from hire charges from contactors and others;

j) Income from advertisements, etc.;

k) Any other non- tariff income."

The Petitioner has submitted the details of actual Non-Tariff Income for 9 old generating stations as well as for MB-II LHP for FY 2013-14 in accordance with the audited accounts. In addition the Petitioner has also claimed non-tariff income for FY 2008-09 to FY 2012-13 for MB-II project.

Accordingly, the Commission has considered the plant-wise non-tariff income for truing up purposes as proposed by the Petitioner. Further, as discussed in Commission's Order dated October 21, 2009, that the provision of the Regulations permitting adjustment of non-tariff income from AFC is not in consonance with the 1972 Agreement with HP as the components of cost of generation specified in Schedule-VIII of The Electricity (Supply) Act, 1948 considers only the cost components and does not provide for adjustment of any kind of revenue. Therefore, in order to have conformity with the provisions of the said agreement, the Commission has not considered any adjustment of proportion of non-tariff income for HPSEB and has considered the entire amount of above said non-tariff income for adjustment in truing up of UPCL's share of AFC. The Non-Tariff income as approved by the Commission for FY 2013-14 is shown in the Table below:

Table 3.33: Non-Tariff Income for 9 LHPs for FY 2013-14 (Rs. Crore)

Name of Generating Stations	Approved in MYT Order dtd May 6, 2013	Claimed	Approved after Truing Up
Dhakrani	0.27	0.55	0.55
Dhalipur	0.36	0.78	0.78
Chibro	1.66	3.70	3.70
Khodri	0.92	1.87	1.87
Kulhal	0.21	0.46	0.46
Ramganga	1.37	3.28	3.28
Chilla	1.21	2.24	2.24
M Bhali I	0.64	1.87	1.87
Khatima	0.35	0.78	0.78
Total	**6.99**	**15.53**	**15.53**

3.2.2.12 *Net Truing Up for Nine LHPs for FY 2013-14*

The summary of the truing up for FY 2013-14, is shown in the Table below:

Table 3.34: Summary of net Truing up for FY 2013-14 (Rs. Crore)

Name of Generating Stations	UPCL			HPSEB	Total
	Expenses to be trued up for UPCL	Non-tariff income trued up for UPCL	Net Truing up for UPCL	Expenses to be trued up for HPSEB	Total Expenses to be trued up
Dhakrani	0.66	0.28	0.38	0.22	0.59
Dhalipur	(0.21)	0.42	(0.63)	(0.07)	(0.70)
Chibro	(0.01)	2.04	(2.05)	(0.01)	(2.06)
Khodri	(0.88)	0.95	(1.83)	(0.29)	(2.12)
Kulhal	0.05	0.25	(0.20)	0.01	(0.18)
Ramganga	0.85	1.91	(1.06)	-	(1.06)
Chilla	1.75	1.03	0.72	-	0.72
M Bhali I	6.21	1.23	4.98	-	4.98
Khatima	0.02	0.43	(0.41)	-	(0.41)
Total	**8.44**	**8.54**	**(0.10)**	**(0.14)**	**(0.24)**

Thus, for 9 LHPs, the Commission has computed the net surplus of Rs. 0.24 Crore for FY 2013-14 on account of sharing of gains and losses in controllable factors.

3.2.2.13 *Annual Fixed Charges for MB-II from FY 2007-08 to FY 2013-14*

The impact of approval of Capital cost of MB-II as on CoD for FY 2007-08 to FY 2013-14 is as shown in the Table below:

Table 3.35: Summary of AFC Truing up of MB-II for FY 2007-08 to FY 2013-14 (Rs. Crore)

Particulars	AFC Approved in the Order dated April 10, 2014	AFC Trued up	Truing up ((Surplus)/Gap)
FY 2007-08	11.93	12.37	0.44
FY 2008-09	291.96	296.50	4.54
FY 2009-10	333.17	345.89	12.72
FY 2010-11	312.37	329.74	17.38
FY 2011-12	301.36	318.18	16.82
FY 2012-13	291.51	307.96	16.44
FY 2013-14	219.30*	223.87	4.57

** Approved in the MYT Order dated 06.05.2013*

For Maneri Bhali-II Power Station, the Commission has computed the net gap of Rs. 4.57 Crore for FY 2013-14 after considering the sharing of gains and losses in controllable factors.

3.2.2.14 *Net Impact on Account of Truing up of FY 2013-14 of 9 LHPs*

The Commission has Trued-up the Surplus/(Gap) for 9 LHPs pertaining to FY 2013-14 to be recovered by UJVN Ltd. from UPCL and HPSEB. Based on the above, the total amount recoverable by UJVN Ltd. from UPCL and HPSEB along with excluding carrying cost is as summarized in the Table below:

Table 3.36: Summary of net AFC as Trued up by the Commission for 9 LHPs to be recovered from UPCL (Rs. Crore)

Power Stations	Approved Net AFC (UPCL) in MYT Order dtd May 06, 2013	Total AFC to be recovered without carrying cost
Dhakrani	7.92	8.29
Dhalipur	11.96	11.33
Chibro	32.05	29.99
Khodri	19.16	17.33
Kulhal	7.77	7.58
Ramganga	23.63	22.57
Chilla	44.03	44.75
M Bhali I	40.42	45.40
Khatima	12.12	11.72
Total	**199.06**	**198.95**

Table 3.37: Summary of net AFC as Trued up by the Commission for 9 LHPs to be recovered from HPSEB (Rs. Crore)

Power Stations	Approved Net AFC (UPCL) in MYT Order dtd May 06, 2013	Total AFC to be recovered without carrying cost
Dhakrani	2.73	2.95
Dhalipur	4.11	4.04
Chibro	11.24	11.23
Khodri	6.69	6.40
Kulhal	2.00	2.01
Ramganga	-	-
Chilla	-	-
M Bhali I	-	-
Khatima	-	-
Total	**26.76**	**26.62**

As shown above the Commission has determined the station wise AFC entitlement of UJVN Ltd. from UPCL and HPSEB. However, the above entitlement is normative and actual recovery or refund depends upon the actual NAPAF and energy billed to HPSEB and UPCL. The Commission directs UJVN Ltd. to recover or refund on the basis of actual NAPAF and energy billed to HPSEB and UPCL in accordance with the provisions of UERC Tariff Regulations, 2011 in eleven equal monthly instalments starting from May 2015 to March 2016 along with the carrying cost.

3.2.2.15 Net Impact on Account of Provisional Truing up of FY 2007-08 to FY 2013-14 of MB-II

The Commission has provisionally Trued-up the (Surplus)/Gap for MB-II pertaining to FY

2007-08 to FY 2013-14 to be recovered by UJVN Ltd. from UPCL. Based on the above, the total amount recoverable by UJVN Ltd. from UPCL along with carrying cost for gap based on provisional true up from FY 2007-08 to FY 2012-13 is as summarized in the Table below:

Table 3.38: Summary of net amount Trued up by the Commission for FY 2007-08 to FY 2012-13 to be recovered from UPCL (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Opening (Surplus)/Gap	0.00	0.44	5.31	19.46	40.15	63.28	90.26	103.30
True Up Amount	0.44	4.54	12.72	17.38	16.82	16.43	0.00	0.00
Carrying Cost	0.00	0.33	1.43	3.31	6.31	10.55	13.04	15.24
Closing (Surplus)/Gap	0.44	5.31	19.46	40.15	63.28	90.26	103.30	118.54
Interest Rate	12.25%	12.25%	12.25%	11.75%	13.00%	14.75%	14.45%	14.75%

The Commission allows UJVN Ltd. to recover the above approved amount of Rs. 118.54 Crore on account of Truing up of MB-II for FY 2007-08 to FY 2012-13 from UPCL in 11 equal monthly installments commencing from May 2014 to March 2015.

Further, the total amount recoverable by UJVN Ltd. from UPCL for gap based on provisional true up for FY 2013-14 is Rs 4.57 Crore. However, the above entitlement on account of provisional truing up for FY 2013-14 is normative and actual recovery or refund depends upon the actual NAPAF and energy billed to UPCL. The Commission directs UJVN Ltd. to recover on the basis of actual NAPAF and energy billed to UPCL in accordance with the provisions of UERC Tariff Regulations, 2011 in eleven equal monthly installments starting from May 2015 to March 2016.

4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on APR for FY 2014-15 and Revised AFC & Tariff for FY 2015-16

4.1 Annual Performance Review

The Commission, vide its Order dated May 6, 2013, approved the Multi Year Tariff for the Petitioner for the Control Period FY 2013-14 to FY 2015-16. Regulation 13(1) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 stipulate that under the MYT framework, the performance of the generating company shall be subject to Annual Performance Review.

Regulation 13(3) of the UERC (Terms and Conditions for Determination of Tariff) Regulations, 2011 specify that:

"The scope of Annual Performance Review shall be a comparison of the performance of the Applicant with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise the 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 factor) 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 sharing of gains and losses on account of controllable factors for the previous year."

The Commission, vide its Order dated May 6, 2013, on approval of Business Plan and MYT Petition for the Control Period approved the ARR for the Control Period based on the audited accounts till FY 2010-11. The Petitioner, in this Petition, proposed revision of estimates for FY 2015-16 based on the audited accounts for FY 2013-14 and revised estimates for FY 2014-15.

The Commission, in this Order, has carried out the Truing up of 9 LHPs for FY 2013-14 and MB-II for FY 2007-08 to FY 2013-14 in accordance with the UERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2004 and UERC ((Terms and Conditions for Determination of Tariff) Regulations, 2011. In accordance with Regulation 13(3) of the UERC Tariff Regulations, 2011 the scope of annual performance review is limited to the revision of estimates for the ensuing year, if required, based on the audited financial results for the previous year and does not provide for the revision of estimates for the current year and give effect on this account in the estimates of the ensuing year. The Commission shall carry out the truing up of FY 2014-15 based on the audited accounts for that year and give effect on this account in the ARR of FY 2016-17. The Commission, as discussed earlier, has revised additional capitalisation and R&M expenses for FY 2013-14 for 9 LHPs. Further, the Commission has approved the final Capital Cost of MB-II and has carried out the provisional truing up of MB-II from FY 2007-08 to FY 2013-14. Hence, the Commission, under the provisions of Regulation 13(3) of the UERC Tariff Regulations, 2011, has revised the ARR for FY 2015-16 based on the revised additional capitalization and R&M expenses for 9 LHPs and based on the approved final Capital Cost for MB-II. The approach adopted by the Commission in the approval of each element of ARR for FY 2015-16 is elaborated in the subsequent paragraphs.

4.1.1 *Physical Parameters*

4.1.1.1 *Design Energy and Saleable Primary Energy*

A. *Old Nine Large Generating Stations*

The Commission in its MYT Order with regard to design energy of 9 LHPs had stated as follows:

> *"…the Commission provisionally approves the earlier approved primary energy as design energy for the Control Period. However, the same is subject to revision as and when RMU works for generating stations are completed and capitalised. Thereafter, for ascertaining the saleable primary energy, normative auxiliary consumption including transformation losses as specified in the UERC Tariff Regulations, 2011 is deducted from the Design Energy to arrive at the saleable primary energy for the first Control Period."*

UJVN Ltd. on this issue filed a review petition requesting for relaxation of design energy. The Commission disposed off the review petition vide its Order dated September 03, 2013 wherein it held as follows:

"Accordingly, in the absence of any reasonable basis for assessing the design energy, the Commission has provisionally retained the primary energy as approved for 9 LHPs in Tariff Order dated April 04, 2012 as design energy for the control period. UJVNL Ltd. has also been directed to arrange the Detailed Project Report for each of its hydro generating stations and submit the same to the Commission alongwith first Annual Performance Review (APR) Petition for the Control Period. The Commission based on analysis of DPR and further data submitted by UJVN Ltd. may revise the Design Energy for 9 LHPs in its Order on first APR Petition of UJVN Ltd."

In compliance to the above directive of the Commission for submission of original DPR of 9 LHPs, UJVN Ltd. in its Petition for APR for 2014-15 had submitted that the DPRs were not available and it had requested to provide one copy of original DPRs of the Power Stations of UJVN Ltd. to Head of Department, Irrigation Department-Uttarakhand vide letter no. 1240/UJVNL/D(O)/Q-5 dated 10.06.2013 and 1906/UJVNL/D(O)/Q-5 dated 26.08.2013 and Engineer-in-Chief & Head of Department, Irrigation Department –Uttar Pradesh vide letter no. 1247/UJVNL/D(O)/Q-5 dated 11.06.2013. In this regard, UJVN Ltd. had submitted that no response was received on the same.

Accordingly, the Commission, in its APR Order dated April 10, 2014 had stated as follows:

"The Commission in this regard would like to reiterate its views that in the absence of original DPRs, the Commission has no basis for revising the design energy for 9 LHPs and therefore any relaxation on this account cannot be allowed. The Commission directs the Petitioner to pursue the above matter with appropriate authorities to arrange the DPRs for each of its hydro generating stations and submit the quarterly progress report to the Commission"

In compliance to the above directive of the Commission, the Petitioner has submitted that it is persuing appropriate authorities to arrange DPRs of each Power Station of UJVN Ltd. and the same is under progress. In this regard, it has requested to provide the copy of original DPRs of the Power Stations of UJVN Ltd. to Engineer-in-Chief & Head of Department, Irrigation Department-Uttar Pradesh and Head of Department, Irrigation Department-Uttarakhand vide letters no. 1103/UJVNL/D(O)/Q-5 dated 15.05.2014 and 1104/UJVNL/D(O)/Q-5 dated 15.05.2014, respectively. However, no response has been received till date. In past also, during preparation of DPRs of Yamuna Valley Power Stations (Chibro, Khodri, Dhakrani, Dhalipur & Kulhal) for RMU works, UJVN Ltd. had sent an officer to offices of UPID and erstwhile UPSEB at Lucknow for arrangement of existing DPRs of the Power Stations but no DPR could be traced out. However, efforts for searching of the DPRs are still in progress.

The Commission in this regard would like to reiterate its views that in the absence of original DPRs, the Commission has no basis for revising the design energy for 9 LHPs and, therefore, any relaxation on this account cannot be allowed. **The Commission again directs the Petitioner to pursue the above matter with appropriate authorities to arrange the DPRs for each of its hydro generating stations and submit the quarterly progress report to the Commission**.

Accordingly, the Commission decides to maintain the design energy and saleable primary energy for 9 LHPs as hitherto, as shown in the Table below:

Table 4.1: Design Energy and Saleable Primary Energy approved for FY 2015-16 (MU)

Name of the Generating Stations	Design Energy for FY 2015-16		Auxiliary Consumption (including transformation losses)		Approved Saleable Primary Energy
	Proposed	Approved	%	MU	MU
Dhakrani	156.88	156.88	0.70%	1.10	155.79
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	341.54
Kulhal	153.91	153.91	0.70%	1.08	152.83
Ramganga	311.00	311.00	0.70%	2.18	308.82
Chilla	671.29	671.29	1.00%	6.71	664.57
Maneri Bhali – I	395.00	395.00	0.70%	2.77	392.23
Khatima	194.05	194.05	0.70%	1.36	192.69
Total	**3169.13**	**3169.13**		**28.98**	**3140.13**

Recognising the fact, that most of the 9 LHP's are old & have outlived their lives, the Commission in its MYT Order dated May 06, 2013 and APR Order dated April 10, 2014 had not considered the Original Design Energy for calculation of energy charge rate (ECR) as it would have resulted in under-recovery of the AFC of the Petitioner. The Commission had, accordingly, relaxed the requirement of the UERC Tariff Regulations, 2011 for computation of ECR.

The Commission, in accordance with the MYT Order dated May 06, 2013 and APR Order dated April 10, 2014, is of the view that the ECR will be calculated based on the approved saleable primary energy. However, secondary energy will be calculated only in case the actual energy generation exceeds the Original Design Energy and any energy generated in excess of design energy approved in this Tariff Order upto the original design energy shall not be considered as secondary energy. Further, in accordance with the Regulations only 50% of the Annual Fixed Cost has to be recovered through energy charges.

B. *Maneri Bhali-II*

Keeping in view the proposed works related to barrage level escalation and Tail Race Channel modification, UJVN Ltd. has proposed the design energy and saleable energy of 1566.10 MU and 1550.44 MU, respectively, for FY 2015-16 as approved by the Commission in previous Tariff Orders.

The Commission, accordingly, approves the original design energy as per the DPR of the station as 1566.10 MU and saleable primary energy after deducting the normative auxiliary consumption including transformation losses of 1%, is approved as 1550.44 MU.

4.1.2 *Financial Parameters*

4.1.2.1 *Apportionment of Common Expenses*

With regard to the apportionment of common expenses, the Commission for the purpose of this Tariff Order has adopted the approach already discussed in Chapter 3.

4.1.2.2 *Capital Cost*

A. *Old Nine Generating Stations*

As detailed earlier in Chapter 3, pending finalization of the Transfer Scheme, for reasons recorded in the previous Tariff Orders, the Commission had been approving opening GFA for the nine old LHPs as on January 14, 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 2015-16 is considering the opening GFA of nine old LHPs, as on January 14, 2000, as Rs. 506.17 Crore only, the plant wise details are as given below:

Table 4.2: Approved Capital Cost (Rs. Crore)

Name of the Generating Stations	Claimed	Approved
Dhakrani	12.4	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
Maneri Bhali-I	111.93	111.93
Khatima	7.19	7.19
Total	**506.17**	**506.17**

B. *Maneri Bhali-II*

As discussed in Chapter 3 of this Order, the Commission has approved the final Capital Cost of Maneri Bhali-II as on CoD to Rs. 1889.22 Crore.

4.1.2.3 Additional Capitalisation

A. *Old Nine Generating Stations*

The Petitioner in addition to the opening GFA of Rs. 506.17 Crore as on January 14, 2000, as approved by the Commission in the previous Tariff Order dated April 4, 2012, has claimed an additional capitalisation of Rs. 97.14 Crore for the period 01.04.2001 to 31.03.2014.

As detailed earlier in Chapter 3 of this Order, the Commission has carried out the final truing up of R&M expenses and additional capitalisation for FY 2013-14. Hence, the Commission for the purpose of Tariff Computation for FY 2015-16 has considered the revised additional capitalisation till FY 2013-14 as trued up in this Tariff Order.

With regard to additional capitalisation for the Control Period from FY 2013-14 to FY 2015-16 the Commission in its MYT Order dated May 06, 2013 held as under:

> *"Further, with regard to the additional capitalisation during the first Control Period, although UJVN Ltd. in its Business Plan has proposed the capitalisation for RMU works for its hydro generating Stations, it has not claimed such capitalisation while computing the tariff for the first Control Period. The Petitioner submitted that as the Commission has accepted only the actual capital cost incurred / accrued in its earlier tariff orders it has not claimed the additional capitalisation for first Control Period from FY 2013-14 to FY 2015-16. Accordingly, the Commission while computing the Tariff for first Control Period has not considered any capitalisation during first Control Period. However, the Commission may review the same during the first APR of the Control Period based on their submissions after prudence check."*

UJVN Ltd. in its current Petition submitted the projected additional capitalisation details for FY 2014-15 and FY 2015-16 along with the justification for incurring the same. The Commission while going through the said details observed that the Petitioner had submitted capital expenditure details as against the additional capitalisation for these years.

UJVN Ltd. in its response to data gaps submitted the additional capitalisation projected for

FY 2014-15 and FY 2015-16 as shown in the Table below:

Table 4.3: Additional Capitalisation projected for FY 2014-15 and FY 2015-16 (Rs. Crore)

Name of the Generating Stations	FY 2014-15	FY 2015-16
Dhakrani	0.36	4.63
Dhalipur	3.62	3.59
Chibro	3.07	4.95
Khodri	0.00	9.05
Kulhal	0.00	0.03
Ramganga	0.00	10.63
Chilla	0.00	11.07
Maneri Bhali-I	21.04	27.87
Khatima	0.00	0.00
Total	**28.09**	**71.82**

The Commission observed that, as compared to previous years, the Petitioner has projected a considerable amount of capitalisation in FY 2014-15 and FY 2015-16.

The Commission had determined tariff for 9 LHPs in its MYT Order taking a view that only actual additional capitalisation needs to be considered and, accordingly, the Commission determined the tariff based on the actual additional capitalisation till FY 2011-12. The Commission now has the actual additional capitalisation for FY 2012-13 and FY 2013-14 and the Commission is duly considering the same for determining the tariff for FY 2015-16. With regard to additional capitalisation for FY 2014-15 and FY 2015-16, the Commission shall consider the same at the time of truing up based on the audited accounts.

The Commission, accordingly, has considered the opening GFA for FY 2015-16 as shown in the Table below:

Table 4.4: Opening GFA as considered by the Commission for FY 2015-16

Name of the Generating Stations	FY 2015-16
Dhakrani	15.02
Dhalipur	24.74
Chibro	111.15
Khodri	85.94
Kulhal	19.91
Ramganga	55.40
Chilla	139.33
Maneri Bhali-I	142.91
Khatima	8.97
Total	**603.39**

B. *Maneri Bhali-II*

With respect to MB-II, UJVN Ltd. submitted the actual additional capitalisation from CoD till FY 2013-14 based on the audited accounts and has projected additional capitalisation for FY 2014-15 and FY 2015-16.

As discussed in Chapter 3 of this Order, the Commission has revised the Capital Cost of Maneri Bhali-II as on CoD to Rs. 1889.22 Crore. With regard to the additional capitalization for FY 2007-08 to FY 2013-14, the Petitioner submitted that it is maintaining proper details of various components of Additional Capitalization. However, as discussed in Chapter 3 of this Order, the Commission has not considered the additional capitalization for FY 2007-08 to FY 2015-16. The Commission, accordingly, has considered the opening GFA of Rs. 1889.22 Crore for FY 2015-16 as it has not considered any additional capitalization after CoD of the Project at this stage.

4.1.2.4 Depreciation

A. *Old Nine Generating Stations*

UJVN Ltd. submitted that for claiming depreciation it has considered relevant provisions of Regulation 29 of UERC Tariff Regulations, 2011. UJVN Ltd. further submitted that it has computed depreciation in accordance with the provisions and depreciation rate provided in the Regulations.

UJVN Ltd. further submitted that it has considered actual additional capitalisation till FY 2013-14 to arrive at Opening GFA for FY 2014-15 and has considered revised estimates for additional capitalisation for FY 2014-15 and FY 2015-16 for computing depreciation for FY 2015-16.

The Petitioner submitted that the UERC Tariff Regulations, 2011 allows recovery of major portion of Depreciation in the initial 12 years and the Commission has approved depreciation till FY 2007-08 based on the weighted average rate of 2.66% on Additional Capitalisation.

The Commission in accordance with Regulation 29 of UERC Tariff Regulations, 2011 has computed the depreciation for FY 2015-16. Regarding the opening GFA inherited by the Petitioner from UPJVNL, the Commission has estimated the balance depreciation as on March 31, 2013 by reducing the accumulated depreciation till FY 2012-13 from 90% of the capital cost of the station and has then spread the balance depreciation over the remaining useful life of the generating station. Similarly, in case of additional capitalisation from FY 2001-02 onwards, the Commission has further, computed the difference between the cumulative depreciation allowed till March 31, 2013 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2011 corresponding to 12 years. The Commission has spread over the above difference in the remaining period upto 12 years from the date of additional capitalisation and remaining depreciation has been spread over the balance 23 years. The Commission as discussed earlier has not considered projected capitalisation for FY 2014-15 and FY 2015-16 for the purpose of determination of tariff. The summary of Depreciation Charges for FY 2015-16 as approved by the Commission is shown in the Table below:

Table 4.5: Depreciation Charges as approved by the Commission for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dtd May 6, 2013			Revised Projections	Approved in this Order		
	On opening GFA as on Jan 14, 2000	On Additional Capitalization upto FY 2011-12	Total		On opening GFA as on Jan 14, 2000	On Additional Capitalization upto FY 2013-14	Total
Dhakrani	0.00	0.14	0.14	0.18	0.00	0.18	0.18
Dhalipur	0.00	0.21	0.21	0.30	0.00	0.29	0.29
Chibro	0.00	0.54	0.54	1.33	0.00	1.29	1.29
Khodri	0.59	0.66	1.25	1.37	0.59	0.76	1.35
Kulhal	0.00	0.12	0.12	0.17	0.00	0.16	0.16
Ramganga	0.00	0.22	0.22	0.34	0.00	0.33	0.33
Chilla	0.00	2.02	2.02	6.72	0.00	1.14	1.14
MB-I (Including DRB)	2.58	0.95	3.53	4.41	2.58	1.43	4.01
Khatima	0.00	0.06	0.06	0.11	0.00	0.11	0.11
Total	**3.17**	**4.92**	**8.09**	**14.93**	**3.17**	**5.68**	**8.85**

The depreciation expenses will be trued up in accordance with the provisions of UERC Tariff Regulations, 2011 at the end of the Control Period.

B. Maneri Bhali - II

With respect to the depreciation for MB-II for first Control Period, the Commission in accordance with the UERC Tariff Regulations, 2011 has computed the balance depreciable value for MB-II by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2013 from the gross depreciable value of the assets. The Commission further, computed the difference between the cumulative depreciation as on 31 March, 2013 and the depreciation so arrived at by applying the depreciation rates as specified in UERC Tariff Regulations, 2011 corresponding to 12 years. The Commission has spread over the above difference in the remaining period upto 12 years from CoD of MB-II.

In line with the above approach, the Commission has computed the depreciation for FY

2015-16 for MB-II on the approved GFA of Rs. 1889.22 Crore. The total depreciation for MB-II for FY 2015-16, accordingly, works out as shown in the Table below:

Table 4.6: Depreciation charges as approved by the Commission for MB-II for FY 2015-16
(Rs. Crore)

Particular	Approved in MYT Order	Revised Projections	Approved in this Order
Depreciation	66.04	63.45	49.93

4.1.2.5 *Return on Equity (RoE)*

The Petitioner submitted that Section 27(2) of Regulations 2011 has been considered for calculating RoE at the rate of 15.50%. The Petitioner further, submitted that, it has considered additional capitalisation for FY 2014-15 and FY 2015-16 for computing RoE for FY 2015-16.

The Commission has computed RoE on Opening equity as determined for FY 2015-16. As regard RoE on Additional Capitalisation, the Commission has considered a normative equity of 30% where 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. As discussed in Chapter 3, the Commission has reworked the opening GFA as on 01.04.2015 for the nine old generating stations and, accordingly, the financing of the project has been changed. The Commission on account of change in the financing of the project on account of finalizing of the Capital Cost has revised the RoE allowed for FY 2015-16 as shown below:

Table 4.7: Equity and Return on Equity for Nine Old LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order dtd May 6, 2013			Claimed	Approved in this Order		
	On Transferred Asset as on Jan 14, 2000	On Additional Capitalisation upto FY 2013-14	Total		On Transferred Asset as on Jan 14, 2000	On Additional Capitalisation upto FY 2013-14	Total
Dhakrani	0.58	0.09	0.67	0.71	0.58	0.12	0.70
Dhalipur	0.95	0.14	1.09	1.32	0.95	0.20	1.15
Chibro	4.09	0.40	4.49	5.31	4.09	1.05	5.14
Khodri	3.44	0.47	3.91	3.99	3.44	0.55	3.99
Kulhal	0.81	0.08	0.90	0.93	0.81	0.11	0.93
Ramganga	2.33	0.17	2.49	2.58	2.33	0.25	2.58
Chilla	5.81	1.36	7.17	6.48	5.81	0.66	6.46
Maneri Bhali-I	5.10	1.04	6.14	7.62	5.10	1.44	6.54
Khatima	0.33	0.05	0.38	0.66	0.33	0.08	0.42
Total	**23.43**	**3.82**	**27.25**	**29.60**	**23.43**	**4.47**	**27.90**

B. *Maneri Bhali-II*

As discussed in Chapter 3 of the Order, the Commission has revised the Capital Cost of MB-II to Rs. 1889.22 Crore as on CoD. As per the financing considered by the Commission of the total approved Capital Cost of Rs. 1889.22 Crore, Rs. 689.22 Crore have been funded through equity. However, the equity is capped at Rs. 566.77 Crore since total equity is more than 30%, out of which Rs. 341.39 Crore had come through PDF, the Commission has considered the balance equity of Rs. 225.38 Crore eligible for return. Further, as discussed earlier, the Commission has not considered the additional capitalisation from 2012-13 to FY 2015-16. The Commission for the purpose of computing the Return on Equity for the first Control Period has considered the equity base of Rs. 225.38 Crore and has computed the RoE @ 15.50% as specified in UERC Tariff Regulations, 2011.

The Commission in past has not been allowing Return on Equity on funds deployed by the GoU out of PDF fund for various reasons recorded in the previous Tariff Orders. In the MYT Order 2013 dated May 06, 2013 and APR Order dated April 10, 2014 the Commission had provided the opportunity to the Petitioner to bring up evidences in support of its contention that this fund, also included the contributions made by the State Government. However, UJVN Ltd. merely submitted the copy of its letter no. 1111/MD/UJVNL dated 02.07.2013 and letter no. 7938/UJVNL/MD dated 05.09.2014 vide which it has requested GoU to provide the necessary documentary evidences and information as desired by the Commission. The Petitioner further submitted that the matter is under consideration by GoU and reply from GoU in this regard was still awaited. Accordingly, the Commission has continued its earlier approach and has not allowed Return on Equity on funds deployed by GoU out of FDF fund. The summary of the Return on Equity approved for MB-II for first Control Period is shown in the Table given below:

Table 4.8: Equity and Return on Equity for MB-II for FY 2015-16 (Rs. Crore)

Particular	Approved in MYT Order	Revised Projections	Approved in this Order
Return on Equity	31.05	98.36	34.93

4.1.2.6 *Interest on Loans*

A. Old Nine Generating Stations

The Petitioner submitted that as per the provisions of Regulation 22 of UERC Tariff Regulations, 2011, 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 2013-14 and the repayment has been considered as equal to depreciation claimed for the year.

UJVN Ltd., in accordance with UERC Tariff Regulations, 2011 has computed the weighted average interest rate based on the outstanding APDP loans, PFC loans and GoU loans as admitted by the Commission up to 31 March, 2014. The interest rate based on the above works out to 12.21% and the same is considered for computing interest expenses. Accordingly, the Commission has considered the interest rate of 12.21% for computing the interest expenses for 9 LHP as well as MB-II station for FY 2015-16. This rate is subject to true up when audited data for FY 2015-16 is available.

The Commission has computed interest on loan based on the average of opening and closing loans for 9 LHPs for FY 2015-16.

Based on the above considerations and the UERC Tariff Regulations, 2011 the Commission has calculated the interest expenses for 9 LHPs for FY 2015-16 as shown in the Table below:

Table 4.9: Interest on Loan for Nine Old LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order			
			Opening Loan	Repayment	Closing Loan	Interest
Dhakrani	0.03	0.34	0.59	0.18	0.42	0.06
Dhalipur	0.05	0.65	1.08	0.29	0.79	0.11
Chibro	0.31	1.85	11.48	1.29	10.18	1.32
Khodri	0.15	0.96	2.67	1.35	1.32	0.24
Kulhal	0.03	0.11	0.60	0.16	0.44	0.06
Ramganga	0.06	0.68	1.58	0.33	1.25	0.17
Chilla	0.00	0.96	0.00	-	0.00	0.00
Maneri Bhali-I	0.49	4.74	10.23	4.26	5.98	0.99
Khatima	0.02	0.07	0.43	0.11	0.32	0.05
Total	**1.15**	**10.36**	**28.65**	**7.96**	**20.69**	**3.01**

B. *Maneri Bhali-II*

The Commission has computed the weighted average interest rate of 12.21% based on the outstanding APDP loans, PFC loans and GoU loans as admitted by the Commission up to 31 March, 2014. The Commission for computing interest for MB-II station for FY 2015-16 has considered the above mentioned interest rate.

The Commission based on the revised capital cost and average of the opening and closing loan including the normative loan for MB-II for FY 2015-16 has computed the interest expenses for FY 2015-16. The Commission, in accordance with Regulation 28(3) of UERC Tariff Regulations, 2011 has considered the repayment for FY 2015-16 equal to the depreciation allowed for that year. The Commission has, further, considered guarantee fees on PFC loans for computing interest expenses.

Based on the above considerations and the UERC Tariff Regulations, 2011, the Commission has calculated the interest expenses for MB-II for the first Control Period as shown in the Table below:

Table 4.10: Interest on Loan for MB-II for FY 2015-16 (Rs. Crore)

Particular	Approved in MYT Order	Revised Projections	Approved in this Order
Interest on Loan	61.98	91.84	78.08

4.1.2.7 Operation & Maintenance (O&M) Expenses

A. Old Nine Generating Stations

The Petitioner in its APR Petition for projecting the O&M Expenses for the first Control Period has escalated the O&M Expenses of FY 2013-14. The Petitioner has revised the projections for FY 2015-16 on the basis of actual expenses for FY 2013-14 and has considered FY 2013-14 as the base year expenses. The Petitioner for the purpose of escalating employee expenses has considered CPI escalation rate of 9.50% and for escalating R&M expenses and A&G expenses has considered WPI escalation rate of 7.42%. The Petitioner further submitted that for the purpose of escalating base O&M expenses of FY 2013-14 it has considered Gn factor and K factor as approved by the Commission in its MYT Order.

The Commission does not deem it appropriate to revise every component of annual fixed charges as approved by it in the MYT Order based on the latest actual data available as this would defeat the whole purpose of having a Multi Year Tariff. 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 52(2) of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011. Accordingly, for projecting the O&M expenses for FY 2015-16, the Commission has considered FY 2011-12 as the base year expenses. The Commission for the purpose of escalating employee expenses, R&M expenses and A&G expenses has considered CPI escalation rate and WPI escalation rate as follows:

Table 4.11: Inflation Point to point for January of each year (3 years average)

CPI Inflation		
FY 2013-14	**FY 2014-15**	**FY 2015-16**
9.76%	9.50%	9.50%
WPI Inflation		
FY 2013-14	**FY 2014-15**	**FY 2015-16**
8.62%	7.42%	7.42%
Inflation (Average 55: 45)		
FY 2013-14	**FY 2014-15**	**FY 2015-16**
9.13%	8.36%	8.36%

4.1.2.7.1 Employee Expenses

The Petitioner in its APR Petition has projected the employee expenses for FY 2015-16 based on the actual employee expenses for FY 2013-14. To derive at the employee expenses for FY 2015-16 the Petitioner has further escalated the employee expenses of FY 2013-14 by 9.50%.

The Commission in its MYT Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the employee expenses in accordance with the UERC Tariff Regulations, 2011. In accordance with Regulation 52(2) of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011, the Commission has considered FY 2011-12 as the base year expenses for projecting the O&M expenses for FY 2015-16. As discussed in Chapter 3, the actual O&M Growth Factor 'Gn' has been revised on the basis of actual details of recruitment provided by UJVN Ltd. as given below:

Table 4.12: Growth Factor 'Gn' as considered by the Commission for FY 2015-16

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Gn	1.05%	0.00%	0.00%	0.00%

In accordance with the approach elaborated above, the Commission is approving the revision in employee expenses for FY 2015-16, on account of revised CPI Indices and Gn. The base year expenses of FY 2011-12 are considered same as in MYT Order dated May 06, 2013. Any variation in actual Employee Expenses as against the approved expenses shall be dealt in accordance with the provisions of the UERC Tariff Regulations, 2011 at the time of truing up based on the Audited Accounts.

The employee expenses approved by the Commission for FY 2015-16 are as shown in the Table below:

Table 4.13: Employee expenses for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order
Dhakrani	7.49	8.27	7.61
Dhalipur	11.29	11.14	11.49
Chibro	31.23	28.35	31.76
Khodri	17.25	15.57	17.54
Kulhal	6.65	7.07	6.77
Ramganga	20.95	17.83	21.31
Chilla	22.82	28.75	23.21
Maneri Bhali-I	16.68	21.20	16.97
Khatima	9.27	11.80	9.43
Total	**143.63**	**149.97**	**146.07**

4.1.2.7.2 Repairs and Maintenance Expenses

The Petitioner in its APR Petition has projected Repairs and Maintenance Expenses for FY 2015-16 based on the K factor as approved in the MYT Order and revised Opening GFA for FY 2015-16. The Petitioner has computed the R&M expenses by multiplying K factor approved by the Commission in the MYT Order with revised Opening GFA of FY 2015-16 and has escalated the same with 7.42%.

The Commission in its MYT Order had stated as follows:

"Further, as the final truing up for R&M expenses has not been carried out and the same is subject to the findings of the study carried out by expert consultant, the R&M figures may get revised for the base years which in turn will have an impact on K factor determined above. The Commission based on the above explanation, is of the view that K-Factor approved in this Order, shall be subject to adjustment based on the actual capitalisation on account of RMU works and findings of the expert consultant. The impact of same shall be adjusted while carrying out the truing up and will not be considered as reduction in R&M expenses on account of controllable factors."

As discussed in Chapter 3 of this Order, the Commission has considered the Constant Factor 'K' same as determined by the Commission in the Tariff Order dated April 10, 2014. For projecting the R&M Expenses for FY 2015-16, the Commission has multiplied the K Factor as approved in Tariff Order dated April 10, 2014 with the opening GFA approved for FY 2015-16. The Petitioner is undertaking the additional capitalization proposed by it in FY 2014-15 and FY 2015-16, however, Commission has not considered the capitalization of such works while determining the GFA for FY 2015-16.

The following Table shows the summary of the projected and approved R&M expenses for FY 2015-16:

Table 4.14: R&M Expenses for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order
Dhakrani	3.03	2.59	2.53
Dhalipur	4.36	4.27	3.73
Chibro	8.80	8.96	8.73
Khodri	4.49	3.09	3.09
Kulhal	2.67	2.25	2.25
Ramganga	1.15	2.85	2.85
Chilla	6.87	9.43	9.42
Maneri Bhali-I	14.74	24.04	20.95
Khatima	3.47	4.67	2.96
Total	**49.58**	**62.16**	**56.50**

4.1.2.7.3 Administrative and General Expenses (A&G expenses)

The Petitioner in its APR Petition has revised A&G expenses on the basis of actual A&G expenses for FY 2013-14. The Petitioner has computed the A&G expenses for FY 2015-16 by escalating the actual A&G expenses for FY 2013-14 by WPI escalation rate of 7.42% per annum.

The Commission in its MYT Order dated May 6, 2013 on approval of Business Plan and MYT for the Control Period FY 2013-14 to FY 2015-16 approved the A&G expenses in accordance with the UERC Tariff Regulations, 2011. In accordance with the approach elaborated above, the Commission is considering base year expenses of FY 2011-12 same as in MYT Order dated May 06, 2013. Thus, the Commission has escalated the base year expenses with the revised WPI Indices. Any variation in actual A&G Expenses as against the approved expenses shall be dealt with the provisions of the UERC Tariff Regulations, 2011 at the time of truing up of respective years based on the Audited Accounts.

The following Table shows the summary of the projected and approved A&G expenses for FY 2015-16:

Table 4.15: A&G Expenses for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order
Dhakrani	0.59	1.22	0.58
Dhalipur	0.97	1.61	0.95
Chibro	3.63	3.23	3.64
Khodri	1.60	1.54	1.64
Kulhal	0.50	1.03	0.50
Ramganga	2.51	2.20	2.57
Chilla	2.49	3.72	2.66
Maneri Bhali-I	1.55	2.90	1.53
Khatima	0.57	1.22	0.52
Total	**14.40**	**18.66**	**14.60**

4.1.2.7.4 Cost of Colony Consumption and Concessional Supply

The Petitioner in its APR Petition has claimed Cost towards colony consumption and concessional supply. The Commission in its MYT Order has not considered any cost under these heads as the same was not covered under the MYT Regulations and, therefore, the Commission is not approving any cost towards the same.

Accordingly, the total O&M expenses claimed and approved for FY 2015-16 based on the discussions above, are given in the following Table:

Table 4.16: O&M Expenses for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order
Dhakrani	11.10	12.11	10.73
Dhalipur	16.62	17.05	16.17
Chibro	43.65	40.72	44.12
Khodri	23.33	20.31	22.27
Kulhal	9.83	10.38	9.52
Ramganga	24.61	22.97	26.72
Chilla	32.18	42.03	35.29
Maneri Bhali-I	32.97	48.30	39.45
Khatima	13.31	17.78	12.91
Total	**207.61**	**231.65**	**217.17**

B. Maneri Bhali-II

The Petitioner in its APR Petition for projecting the O&M Expenses for MB-II for FY 2014-15 has submitted that it has considered O&M expenses for FY 2013-14 as base year for projecting O&M expenses for FY 2015-16. The Petitioner further submitted that it has considered revised escalation rate of 8.36% for projecting O&M expenses.

However, the Petitioner in its format has considered actual O&M expenses of FY 2013-14 based on the audited accounts and escalated the same with 8.36% per annum to derive at the O&M expenses for FY 2014-15.

The Commission has first computed the O&M Expenses for MB-II for the base year of FY 2007-08 at 1.5% of the capital cost as approved by the Commission for the first year of operation and then suitably escalated it with escalation rate as approved by the Commission for the respective years (6.51% for FY 2008-09 and FY 2009-10, 6.29% for FY 2010-11 and 7.04% for FY 2011-12) to arrive at the O&M Expenses for FY 2011-12 (base year). For escalating the O&M Expenses in FY 2012-13 and FY 2013-14, the Commission has considered the escalation rate of 8.77% and 9.13%, respectively. 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 O&M expenses on the basis of Regulation 52 of Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011. For escalating the O&M Expenses in subsequent years, the Commission has considered the revised escalation rate of 8.36%. The summary of O&M Expenses as approved for MB-II for FY 2015-16 is as shown in the Table below:

Table 4.17: O&M Expenses for MB-II for FY 2015-16 (Rs. Crore)

Particulars	Approved in MYT Order	Revised Projections	Approved in this Order
O&M Expenses	45.73	60.65	50.98

4.1.2.8 Interest on Working Capital (IoWC)

The Petitioner has claimed that it has projected the working capital for each plant in accordance with the provisions of the Regulations on normative levels. The Petitioner for computing interest on working capital for first Control Period has considered the rate of interest as 14.75%.

The Commission has revised the IoWC on account of revision in AFC components for FY 2015-16. Further, for computing IoWC, the Commission has considered State Bank Advance Rate (SBAR) of 14.75% as prevalent on the date of filing of this Petition. The revised approved IoWC for FY 2015-16 is as shown in the Table below:

Table 4.18: Interest on working Capital for Nine LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	MYT Order	Revised Projections	Approved in this Order
Dhakrani	0.67	0.76	0.67
Dhalipur	1.01	1.09	1.01
Chibro	2.69	2.68	2.82
Khodri	1.50	1.39	1.46
Kulhal	0.61	0.66	0.60
Ramganga	1.50	1.48	1.66
Chilla	2.11	2.76	2.30
M Bhali I	2.20	3.37	2.66
Khatima	0.79	1.10	0.79
Total	**13.07**	**15.29**	**13.96**

A. *Maneri Bhali-II*

As regard the interest on working capital for MB-II, the Commission has computed the same based on the UERC Tariff Regulations, 2011 and considering the prevailing State Bank Advance Rate (SBAR) of State Bank of India of 14.75% as on the date of filing this Petition. The summary of the interest on working capital for MB-II for FY 2015-16 is shown in the Table below:

Table 4.19: Interest on working Capital for MB-II for FY 2015-16 (Rs. Crore)

Name of the Generating Station	Approved in MYT Order	Revised Projections	Approved in this Order
MB-II	6.61	10.06	7.14

4.1.2.9 *Non-Tariff Income*

The Petitioner in its Petition, while computing the AFC for hydro generating stations had projected non tariff income as approved by the Commission in its MYT Order.

The Commission for the purpose of Tariff determination for FY 2015-16 has considered the Non-Tariff Income as approved in MYT Order. The Non-Tariff income as approved by the Commission for FY 2015-16 is as shown in the Table below:

Table 4.20: Non-Tariff Income for 9 LHPs for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	Approved in MYT Order	Revised Projections	Approved in this Order
Dhakrani	0.27	0.27	0.27
Dhalipur	0.36	0.36	0.36
Chibro	1.66	1.66	1.66
Khodri	0.92	0.92	0.92
Kulhal	0.21	0.21	0.21
Ramganga	1.37	1.37	1.37
Chilla	1.21	1.21	1.21
M Bhali I	0.64	0.64	0.64
Khatima	0.35	0.35	0.35
Total	**6.99**	**6.99**	**6.99**

Table 4.21: Non-Tariff Income for MB-II for FY 2015-16 (Rs. Crore)

Name of the Generating Station	Approved in MYT Order	Revised Projections	Approved in this Order
MB-II	2.08	2.08	2.08

Further, as discussed in Truing Up section and the Commission's Order dated October 21, 2009, the provision of the Regulations permitting adjustment of non-tariff income from AFC is not in consonance with the 1972 Agreement with HP as the components of cost of generation specified in Schedule-VIII of The Electricity (Supply) Act, 1948 considers only the cost components and does not provide for adjustment of any kind of revenue. Therefore, in order to have conformity with the provisions of the said agreement, the Commission has not considered any adjustment of proportion of non-tariff income for HPSEB and has considered the entire amount of above said non-tariff income for adjustment in UPCL's share of AFC.

4.1.2.10 *Annual Fixed Charges, Capacity Charge and Energy Charge Rate (ECR) for FY 2015-16*

A. *Old Nine Generating Stations*

Based on the above analysis for all the heads of expenses of AFC, the Commission has revised the Annual Fixed Charges (AFC) of UJVN Ltd. for FY 2015-16 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 54 of UERC Tariff Regulations, 2011 specifies as under:

"54. …

(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, that is to say, 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

…

(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 (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:

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), for FY 2015-16 for 9 LHPs as approved now by the Commission is shown in the Table below:

Table 4.22: Approved AFC of UJVN Ltd. for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	AFC of UJVN Ltd. for FY 2015-16									
	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	0.18	0.06	0.67	10.73	0.70	12.33	9.25	0.27	8.98	3.08
Dhalipur	0.29	0.11	1.01	16.17	1.15	18.73	14.05	0.36	13.69	4.68
Chibro	1.29	1.32	2.82	44.12	5.14	54.70	41.02	1.66	39.36	13.67
Khodri	1.35	0.24	1.46	22.27	3.99	29.31	21.98	0.92	21.06	7.33

Table 4.22: Approved AFC of UJVN Ltd. for FY 2015-16 (Rs. Crore)

Name of the Generating Stations	AFC of UJVN Ltd. for FY 2015-16									
	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)
Kulhal	0.16	0.06	0.60	9.52	0.93	11.27	9.01	0.21	8.80	2.25
Ramganga	0.33	0.17	1.66	26.72	2.58	31.46	31.46	1.37	30.09	-
Chilla	1.14	0.00	2.30	35.29	6.46	45.19	45.19	1.21	43.98	-
Maneri Bhali-I	4.01	0.99	2.66	39.45	6.54	53.65	53.65	0.64	53.01	-
Khatima	0.11	0.05	0.79	12.91	0.42	14.27	14.27	0.35	13.92	-
Total	**8.85**	**3.01**	**13.96**	**217.17**	**27.90**	**270.90**	**239.88**	**6.99**	**232.89**	**31.02**

The Capacity Charge and Energy Charge Rate (ECR) for 9 LHPs for FY 2015-16 is to be computed as per the provisions of Regulation 54 of UERC Tariff Regulations, 2011.

B. Maneri Bhali-II

Based on the analysis for all the heads of expenses of AFC, the Commission has revised the approved the Annual Fixed Charges (AFC) of MB-II for FY 2015-16. The Commission to arrive at the Net AFC for MB-II has adjusted the Non-Tariff Income in the AFC of MB-II. The summary of Annual Fixed Charge of MB-II for FY 2015-16 is given in Table below:

Table 4.23: Approved AFC for MB-II for FY 2015-16 (Rs. Crore)

Year	Depreciation	Interest on loan	Interest on Working Capital	O&M expenses	RoE	Gross Annual Fixed Cost	Non-tariff Income	Net AFC
FY 2015-16	49.93	78.08	7.14	50.98	34.93	221.06	2.08	218.98

The Capacity Charge and Energy Charge Rate (ECR) for MB-II for FY 2015-16 is to computed as per the provisions of Regulation 54 of UERC Tariff Regulations, 2011 as referred above.

The AFC approved by the Commission for FY 2015-16 shall be deemed to be recoverable as per the mechanism specified in Regulation 54 of UERC Tariff Regulations, 2011. In accordance with the provisions of Regulations, the secondary energy rate shall be equal to the rate derived based on the original design energy and shall be applicable when the Saleable Primary Energy exceeds the Original Design Energy.

5 Directives

5.1 Compliance to the Directives Issued in Order dated April 05, 2010.

5.1.1 Performance Improvement Measures

The Commission in its Tariff Order dated October 21, 2009 and in its subsequent Orders gave directions on the performance improvement measures. In this regard, the Commission in its MYT Order dated May 06, 2013 with reference to conducting a benchmarking study of its plants with other utilities like NHPC, directed the Petitioner to explore further scope of improvement in technical losses and manpower rationalisation including incentive mechanism and stated as follows:

"In light of above the Commission directs UJVN Ltd. to complete the benchmarking study for all its stations considering few more stations and submit the report to the Commission within 3 months from the date of issue of this Order."

Further the Commission in the meeting held on September 04, 2013 directed UJVN Ltd. as follows:

"The Commission also directs UJVN Ltd. to conduct study to ascertain annual maintenance days and also furnish information by 30.11.2013 on manpower, segregating this on the basis of technical/managerial/maintenance deployed in each plant."

In this regard, the Petitioner in its APR Petition for FY 2014-15 had submitted that it would submit the report after completion of the work, i.e. after April 2014. Accordingly, the Commission in its APR Order dated April 10, 2014 had directed the Petitioner as under:

"The Commission in view of the above, directs the Petitioner to submit the said report by May 31, 2014."

In compliance to the above direction, the Petitioner has submitted that a benchmarking study Report has been submitted to the Commission vide letter no. 295 dated 31.05.2014. The recommendations of the Report were discussed during the TVS dated January 16, 2015, in which the Petitioner was asked to submit the steps taken/action plan/proposal on the recommendations contained in the report. In response, the Petitioner submitted the action taken as well as action plan on the basis of benchmarking study vide its letter no. 58/UJVNL/03/D(P)/D-5 dated 05.02.2015.

In this regard, **the Commission hereby directs the Petitioner to implement the recommendations contained in the Report specifically with regard to manpower deployment & rationalization and reduction in planned maintenance days.**

5.1.2 Depreciation:

The Commission had given various directives in its Tariff Order dated April 05, 2010 contained in Para 5.2.3, 5.2.4, 5.2.5, 5.3.4, 5.3.6 and in Chapter 6 as reproduced below:

"The Commission directs the Petitioner to claim depreciation in future filings based on the rates for various categories of assets as specified in the Tariff Regulations instead of claiming depreciation on weighted average rate for all the 10 large generating stations."

The Petitioner, during the tariff proceedings for FY 2012-13 submitted that in absence of category-wise asset classification, it had claimed depreciation against opening GFA at a weighted average rate of 2.38% and that against additional capitalization at a weighted average rate of 2.66%, in accordance with the approach of the Commission in the previous Tariff Orders. The Commission in this regard in its Tariff Order dated April 04, 2012 again directed the Petitioner as under:

"The Commission, however, directs the Petitioner to claim the depreciation on additional capitalisation from the next Tariff filing in accordance with the rates specified under the Regulations for different class of assets instead of claiming it at 2.66%."

The Petitioner in its MYT Petition had claimed depreciation as per the above directions, however, the Petitioner in its APR Petition for FY 2014-15 had switched back to its previous approach of claiming depreciation on additional capitalization at a weighted average rate of 2.66%. Accordingly, the Commission its APR Order dated April 10, 2014 had directed the Petitioner as follows:

"The Commission directs the Petitioner to, hereafter, claim depreciation on additional capitalisation from the next Tariff filing in accordance with the rates specified under the Regulations for different class of assets instead of claiming it at 2.66%.

The Petitioner in compliance to the above direction submitted that it has complied with the direction and considered only actual additional capitalization to arrive at GFA as on April 1, 2013 and has revised the estimated depreciation for FY 2014-15 and FY 2015-16 on the basis of rates specified for computation under the Tariff Regulations, 2011.

Accordingly, the Commission for reasons already discussed in Chapter 3 and 4 of this Order has computed depreciation on additional capitalization in accordance with the rates specified under the Tariff Regulations, 2011.

5.1.3 Return on Equity

The Commission in its Tariff Order dated April 05, 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 April 10, 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 compliance to the above direction, the Petitioner submitted the Quarterly Progress Report vide letter no. 455 dated 27.08. 2014. In this regard, **the Commission again directs UJVN Ltd. that till the time transfer scheme is finalised it should continue to submit the updated quarterly progress report to the Commission.**

5.2 Compliance to directives issued in Order dated May 10, 2011

5.2.1 Utilisation of Expenses approved by the Commission

The Commission in its Order dated May 10, 2011 directed the Petitioner as follows:

"The Commission directs UJVNL to prepare an annual budget for FY 2011-12 for each and every plant and submit the same to the Commission within one month of the issuance of this Order."

In compliance to the above direction, the Petitioner in its APR Petition for FY 2014-15 had submitted the copy of Annual Budget for FY 2013-14 and revised budget for FY 2012-13 through letter no. 4097/MD/ UJVNL/ UERC dated 03.07.2013. In this regard, the Commission in its APR Order dated April 10, 2014 directed the Petitioner as follows:

"The Commission directs UJVN Ltd. to submit annual budget for future financial years by 30th of April of the respective financial year."

In reply, the Petitioner submitted the Annual Budget for FY 2014-15 vide letter no. 278 dated

25.04.2014. **Accordingly, the Commission again directs UJVN Ltd. to submit annual budget for future financial years by 30th of April of the respective financial year.**

5.2.2 *Colony Consumption*

The Commission in its order dated May 10, 2011 stated as follows:

"The Commission observed that the data submitted for colony consumption was erroneous and therefore, the prudence check cannot be done on the basis of this data.

Further, it was also evident that the auxiliary consumption and transformation losses incurred on the stations were excessively high when compared to the norms specified in the Regulations. For instance in Dhakrani the auxiliary consumption is 1.49% and transformation losses is 12.17% against the norm of 0.2% and 0.5% respectively. This indicates that either the data collected is incorrect or there is some problem in the equipments installed in the stations which require immediate attention.

Therefore, the Commission directs the Petitioner to reconcile the data and submit a report on the same to the Commission within 3 months of the issuance of this Order along with the corrective steps to be taken in this regard."

The Petitioner in this regard in the tariff filing for FY 2012-13 submitted that the data has been reconciled and such reconciled data has already been submitted to the Commission.

The Commission in its Tariff Order for FY 2012-13 observed that not only the employees of UJVN Ltd. are being supplied electricity without meters but other consumers also, such as street lights, tube wells, non-residential buildings are receiving un-metered supply.

The Commission, accordingly, in its Tariff Order dated April 04, 2012 stated that there is no merit in including consumption of other employees/consumers except the departmental employees of UJVN Ltd. in colony consumption. Accordingly, the Commission directed as follows:

"The Commission directs the Petitioner to segregate the consumption of employees of other departments, offices, etc. and also install the meters in all the un-metered connections including connections given to its employees. Further, the Petitioner is also directed not to include the consumption of consumers other than its departmental employees, while claiming cost of colony consumption in future. Further, the Petitioner should submit the compliance report for the same within three months from the date of issue of this order."

The Petitioner in the MYT Petition submitted that the segregation of consumption of employees of other departments, offices etc. and meter installation is still in process. The Commission in its MYT Order, accordingly, directed the Petitioner as follows:

"The Commission hereby directs UJVN Ltd. to install the meters for all un-metered connections and submit quarterly status report for steps taken and activities completed in this regards."

In compliance to the above, the Petitioner in its APR Petition for FY 2014-15 submitted the station wise/division wise current status and action plan for metering of colonies. The Petitioner further submitted that complete metering in all the colonies of power stations of UJVN Ltd. was expected to be completed by March 31, 2014. Accordingly, the Commission in its APR Order dated April 10, 2014 directed the Petitioner as follows:

The Commission directs the Petitioner to submit the report on metering of its colonies to the Commission by May 31, 2014.

In compliance to the above, the Petitioner vide letter no. 295 dated 31.05.2014 submitted the status report on metering of its colonies to the Commission stating that in Lohiahead, MB-I, Dhakrani, Dhalipur, Kulhal all the connections have been metered whereas, in Chilla, Kalagarh, Pathri, Mohammadpur & Dakpathar meter are yet to be installed. The Petitioner in the said submission had stated that the remaining un-metered connections would be metered by 31st July, 2014, However, the Petitioner has not submitted the status in this regard.

The Commission hereby directs the Petitioner to install the meters for all un-metered connections in its colonies by June 30, 2015 and submit compliance report by July 31, 2015.

5.2.3 *Income from electricity distribution to Sundry Consumers*

The Commission in its Tariff Order dated May 10, 2011 observed that the Petitioner is maintaining distribution system in three of its Plant colonies and supplying power to sundry consumers in these colonies. Since, sale of power to other consumers by a generating company is not permissible under the Act, the Commission directed the Petitioner as follows:

"The Commission directs the Petitioner as well as UPCL to resolve this issue amongst them and report compliance to the Commission within 6 months of the date of this Order. The Commission further directs the Petitioner to transfer the net revenue realized upto 2010-11 after deducting its

costs to UPCL as revenue earned from sale of power to sundry consumers is legally not allowed to it in absence of proper licence for the same.

Further, the Commission directs the Petitioner that the electricity supplied by UJVNL to its employees staying in the colonies should also be metered and recorded separately and the same cannot be considered as auxiliary consumption. The Commission further directs the UJVNL to submit the consumption data of all the employees residing in colonies and outside based on meter readings along with the next Tariff Petition."

The Petitioner in its Tariff Petition for FY 2012-13 submitted that it has approached UPCL to take over the distribution of other consumers and further enclosed the copy of correspondence exchanged in this regard. The Petitioner further submitted that the matter shall be pursued with UPCL. Further, with respect to the consumption data, the Petitioner submitted that the consumption data of the employees residing in the colonies shall be submitted separately. However, with regard to consumption data pertaining to employees residing outside, the Petitioner submitted that the meters are installed by UPCL and, hence, if deemed appropriate, suitable directives may be given to UPCL in this regard. The Commission, accordingly, in its Tariff Order dated April 4, 2012 directed the Petitioner as:

"The Petitioner is hereby directed to follow up this matter closely to handover the distribution of other consumer to UPCL and submit quarterly progress report to the Commission."

The Commission in its MYT Order directed the Petitioner as follows:

"The Commission in this regard hereby directs the Petitioner, to hand over all of its distribution business to UPCL within 6 months of this Order. The Commission also directs UPCL to take charge of the distribution business carried out by UJVN Ltd., within 6 months of this Order. The Petitioner is further, directed to submit a detailed action plan for the same within 30 days of this Order. The Petitioner is also required to submit the bi-monthly reports for complying with the above directions of the Commission. It is further clarified that the non-compliance of the above direction of the Commission within the specified timelines would attract action under Section 142 of the Electricity Act, 2003."

In compliance to the above directions, the Petitioner in its APR for FY 2014-15 informed that it had submitted the action plan to the Commission vide letter no. 3509/MD/UJVNL/ UERC dated 05.06.2013. However, the Commission had observed that though the Petitioner had submitted the action plan, it had not submitted the bimonthly report after September, 2013 neither, it has submitted the present status in the matter. In response to this, the Petitioner had submitted that for transfer of distribution business to UPCL, UJVN Ltd. vide letter no. 1977/UJVNL/D(O)/B-6 dated 05.09.2013 had nominated its various site officers and correspondences for transfer of the distribution business was done with UPCL nodal officers. However, no appreciable progress was achieved on the issue in spite of repeated correspondence with UPCL.

Further, on request of the Petitioner, the Commission had agreed that distribution lines mainly connected with the Dam/Barrage/Power House be excluded from the purview of this direction to ensure safety of these structures. In this regard, the Commission in its APR Order dated April 10, 2014 further again directed the Petitioner as follows:

The Commission, in this regard, hereby directs the Petitioner to hand over all of its distribution business to UPCL within 6 months of this Order. The Commission also directs UPCL to take charge of the distribution business carried out by UJVN Ltd., within 6 months of this Order. The Petitioner is further, directed to submit bi-monthly status of the implementation of the aforesaid action plan. It is, further, clarified that in case the Petitioner fails to comply with the above direction of the Commission within the specified timelines, it would attract action under Section 142 of the Electricity Act, 2003.

In compliance to the above direction, the Petitioner submitted that UJVN Ltd. vide letter no. 9308 dated 07.11 2014 had submitted the Compliance report stating that UJVN Ltd. is continuously pursuing with UPCL to take over the balance distribution business/lines of UJVN Ltd., but no significant progress has been achieved.

Earlier, the matter was taken up during the 6th Co-ordination Forum Meeting held on 06.01.2015, in which the Commission directed both the Managing Directors to resolve the matter on top priority and asked Secretary, Energy, GoU to monitor the progress of the same.

In this regard, the Commission further directs the Petitioner to submit a quarterly status of the progress till the entire handing over of distribution business is completed.

5.3 Compliance to directives issued in Order dated April 4, 2012

5.3.1 Expert Committee Report on Capital Cost of Maneri Bhali-II

The Commission in its Order dated May 10, 2011 stated as follows:

".....Accordingly, for thorough prudence check of the Capital Cost of MB-II project, the Commission will constitute a High Level Expert Committee to examine in details the reasons for time and cost over-run, impact of time-over run on Capital Cost and for proper identification of various factors leading to time and cost over-runs into controllable and un-controllable factors. The Commission will take a final view with respect to actual Capital Cost and Means of Finance for MB-II Project after submission of report by the Committee. The Commission also directs the Petitioner to extend all possible help to the members of the Committee in ascertaining the final project cost of the MB-II project."

The Petitioner in its Petition for tariff determination of FY 2012-13 submitted that it shall be submitting the said report to the Commission shortly. However, the said report was not submitted during the previous filing. In this regard, the Commission in its Tariff Order dated April 4, 2012 directed the Petitioner as below:

"In this regard, the Commission directs the Petitioner to submit the report of the Expert Committee based on the views expressed by the Commission in its earlier tariff Order dated May 10, 2011 to ascertain the Capital Cost of MB-II Project within 3 months from the date of this Order."

The Commission after going through the report of High-level Committee during MYT proceedings asked additional clarifications on deficiencies observed through its letter no. UERC/6/TF/12-13/2012/606 dated 11.07.2012. Upon, non-receipt of such information, the Commission sent a reminder through its letter no. UERC/6/TF-160/11-12/2012/1143 dated 27.11. 2012 asking UJVN Ltd. to submit the replies within 10 days from receipt of the letter. On non receipt of information, the Commission had directed the Petitioner as follows:

"The Commission in this regard, directs UJVN Ltd. to submit its replies to the above mentioned letter within one month from the date of issuance of this Order."

In response to the above directions, the Petitioner in its APR Petition for FY 2014-15 had submitted its reply along with clarification to the subsequent queries.

As already discussed in Chapter 3 of this Order, the Expert consultant appointed by the

Commission has now submitted its final report on the capital cost of MB-II project. Based on the submissions made by UJVN Ltd. and the report of the expert consultant, the Commission has approved the capital cost as on CoD for MB-II Power Station.

5.3.2 GPF Trust and Interest on GPF Trust

As regard the Interest on GPF Trust, the Petitioner in its Tariff Petition for FY 2012-13, submitted that it has been consistently pursuing the matter with UPJVNL for remitting the amount to UJVN Ltd. The Commission based on the submissions of the Petitioner observed that the Petitioner's claim of consistently pursuing the matter with the concerned authorities of UPJVNL cannot be justified by the correspondence letters submitted by the Petitioner. The Commission in view of this directed the Petitioner as below:

> *"Therefore the Commission is of the view that the Petitioner has not been following up this matter seriously and regularly. Therefore, the Commission directs the Petitioner to consistently pursue this matter and report the status to the Commission on half yearly basis till the matter is resolved."*
>
> *Further, for reasons stated in Chapter 5 of the Order, the Commission observed that, out of total revenue of Rs. 16.80 Crore made available to the Petitioner till FY 2005-06 for meeting the cash shortfall, the Petitioner/Trust has utilised only Rs. 4.91 Crore till FY 2011-12 and would still be left with a cash of Rs. 11.89 Crore after FY 2011-12.*
>
> *The Petitioner is again directed to keep the funds allowed by the Commission in a separate account for utilisation in the specified manner and to settle its claims with UP and immediately intimate the same to the Commission so that the amount of Rs. 16.80 Crore may be adjusted in future ARRs."*

The Commission during MYT proceedings asked the Petitioner to submit the current status in the matter of the GPF Trust. The Petitioner in its reply submitted the letter of Govt. of Uttar Pradesh dated May 29, 2012 vide which UJVN Ltd. was informed that fund is not available with GPF trust of Uttar Pradesh, therefore, it is not possible to settle the claim of UJVN Ltd.

The Commission in its MYT Order stated that the letter from Govt. of Uttar Pradesh informing about the unavailability of the fund with GPF trust of Uttar Pradesh does not establishes that the interest paid to GPF trust can simply be passed on to the consumers of Uttarakhand. Merely stating that the funds cannot be transferred to UJVN Ltd. from the UPPSET as the Trust does not have funds does not absolve the Trust of its liability.

The Commission in its MYT order, accordingly, advised the Petitioner that the Uttarakhand Trust and the Petitioner should make concerted efforts to get their share of bonds or an equivalent sum of money from UPPSET/GoUP.

In response to above, the Petitioner in its APR Petition for FY 2014-15 submitted that it had referred the matter to Govt. of Uttarakhand along with legal opinion in the matter on June 2013. However, UJVN Ltd. was not able to submit the status of further progress to the Commission as it had not received any response from Govt. of Uttarakhand. Accordingly, the Commission in its APR Order dated April 10, 2014 directed the Petitioner as follows:

The Commission in this regard is of the view and, accordingly, directs UJVN Ltd. to follow this matter on a regular basis and submit the quarterly progress report to the Commission.

In compliance to above directive, the Petitioner vide letter no. 455 dated 27.08.2014 has submitted the Quarterly Progress Report to the Commission stating that a meeting in the matter was held with GoU under the Chairmanship of Chief Secretary, GoU wherein, the Petitioner was directed to obtain legal opinion and accordingly, legal opinion was obtained and forwarded to GoU for further directives.

The Petitioner further submitted that as per legal opinion it was opined that UJVNL Employees Trust (GPF) should file writ petition in the Hon'ble High Court, Nainital against UP Power Sector Employees Trust, Lucknow for recovery of the said GPF liabilities. The matter was subsequently placed before the UJVNL Employees Trust (GPF) for approval for filing the writ petition. The permission has been granted and drafting of the writ petition is under process.

5.4 Compliance to the Directives Issued in MYT Order dated May 06, 2013

5.4.1 Design Energy

With regard to Maneri Bhali-II (MB-II) large hydro generating station, the Petitioner in the MYT Petition submitted that due to barrage level restriction and improper evacuation of water through TRC, the capacity of the plant is restricted to 280 MW. UJVN Ltd. further submitted that due to technical reasons and availability of reduced quantity of water, which is beyond the control of the Petitioner, the net generation is less than the expected generation.

The Commission in its MYT Order stated that such reasons cannot be a ground for lowering of the design energy. The Commission in its MYT Order, accordingly, directed as follows:

"The Commission directs UJVN Ltd. to overcome this constraint at the earliest. UJVNL is directed to submit the quarterly progress report on the progress made by it to address this issue."

With respect to the 9 LHPs, the Petitioner in its MYT Order submitted that the DPRs for existing 9 LHPs was not available with it and therefore, expressed its inability to submit the same. The Commission, accordingly, directed the Petitioner as follows:

"..the Commission directs UJVN Ltd. to arrange the Detailed Project Report for each of its hydro generating stations and submit the same to the Commission along with first Annual Performance Review (APR) Petition for the Control Period."

In response, the Petitioner submitted that DPRs of the 9 LHPs was not available with UJVN Ltd. In this reference, UJVN Ltd. had requested the Head of Department, Irrigation Department-Uttarakhand vide letter no. 1240/UJVNL/D(O)/Q-5 dated 10.06.2013 and 1906/UJVNL/D(O)/Q-5 dated 26.08.2013 and Engineer-in-Chief & Head of Department, Irrigation Department–Uttar Pradesh vide letter no. 1247/UJVNL/D(O)/Q-5 dated 11.06.2013, to provide one copy of original DPRs of the Power Stations of UJVN Ltd. but no response was received in this regard. The Commission in its APR Order dated April 10, 2014, accordingly, directed as follows:

"The Commission directs the Petitioner to pursue the above matter with appropriate authorities to arrange the DPRs for each of its hydro generating stations and submit the quarterly progress report to the Commission."

In compliance to the above directive of the Commission, the Petitioner vide letter no. 455 dated 27.08.2014 has submitted the Quarterly Progress Report. As already discussed in Chapter 3, the Petitioner is pursuing with appropriate authorities to arrange DPRs of each Power Station of UJVN Ltd. and the same is under progress. In this regard, it has requested to provide the copy of original DPRs of the Power Stations of UJVN Ltd. to Engineer-in-Chief & Head of Department, Irrigation Department-Uttar Pradesh and Head of Department, Irrigation Department-Uttarakhand vide letters no. 1103/UJVNL/D(O)/Q-5 dated 15.05.2014 and 1104/UJVNL/D(O)/Q-5 dated 15.05.2014, respectively. However, no response has been received till date. In past also, during preparation of DPRs of Yamuna Valley Power Stations (Chibro, Khodri, Dhakrani, Dhalipur & Kulhal) for RMU works, UJVN Ltd. had sent an officer to offices of UPID and erstwhile UPSEB at

Lucknow for obtaining of existing DPRs of the Power Stations but no DPR could be traced out. However, efforts for searching of the DPRs are still in progress.

The Commission in this regard again directs the Petitioner to pursue the above matter with appropriate authorities to arrange the DPRs for each of its hydro generating stations and submit the quarterly progress report to the Commission.

5.4.2 *Segregation of Accounts*

The Commission in its MYT Order stated that proper prudence check of expenses for all the stations can be carried out if the accounts of expenses and revenue are maintained separately for each Station. The Commission further stated that as a first step in this direction, the Commission directs UJVN Ltd. to prepare two separate Accounts from FY 2013-14 onwards, one for its large hydro generating stations including Maneri Bhali-II and the other for its small hydro plants and submit the same along with truing up for FY 2013-14. Further, as a next step the Petitioner should further segregate the accounts and prepare separate accounts for its 9 old LHPs, Maneri Bhali-II and SHPs and submit the same along with the truing up Petition for FY 2014-15 onwards. The Commission in its MYT Order, accordingly, directed as follows:

"The Commission directs the Petitioner to submit a detailed methodology for segregation of accounts for its large hydro generating stations and small hydro plants within two months from the date of this Order for the Commission's approval."

In response to the above directive, the Petitioner has submitted the audited financial results for FY 2013-14 along with the provisional segregated Annual Accounts for SHP and LHP for FY 2013-14.

5.4.3 *Return On Power Development Fund (PDF)*

The Commission in its MYT Order stated the contention of the Petitioner that power development fund, in past, was funded through contribution from State Government vide Section 5 of the PDF Act, in addition to being funded by the Cess on Hydro Generation had not been substantiated by the Petitioner and it had failed to provide any documentary evidence by way of related Vidhan Sabha's resolution or the State Government's Orders. The Commission, accordingly, stated that would be difficult to give credence to the contention of the Petitioner. The Commission further stated that recognising that the issue had substantial financial implication mainly on the

Return on Equity of assets partly funded by this fund, decided to keep in abeyance the final view in the matter.

Keeping this in view, the Commission in its MYT Order decided to give another opportunity to the Petitioner to bring up evidence in support of its contention that this fund, also included the contributions made by the State Government and if so, the extent thereof. The Commission in its MYT Order, accordingly, directed as follows:

"The Petitioner is directed to bring up the above mentioned evidence within 6 month of the date of Order."

In response to the above directive, UJVN Ltd. in its APR Petition for FY 2014-15 had submitted that it had requested GoU vide its vide letter no. 1111/MD/UJVNL dated 02.07.2013 for the documentary evidence either by the way of Vidhan Sabha resolution or the State Government Orders. UJVN Ltd. had also submitted a copy of the said letter and further requested the Commission to consider its claim of Return on Equity on the investment made out of the PDF.

In this regard, the Commission in its APR Order dated April 10, 2014 had directed as follows:

"Therefore, at this point of time it would be difficult to give credence to the contention of the Petitioner. The Commission, recognising that this issue has substantial financial implication mainly on the Return on Equity of assets partly funded by this fund, decides to keep in abeyance the final view in the matter. For the present, practice of not permitting return on equity on the fund utilised out of PDF assistance is being continued. The Petitioner is directed to bring up the above mentioned evidence within 6 month of the date of Order. The Commission shall take a final view in the matter along with next tariff filing."

In compliance to the above directive, UJVN Ltd. has merely submitted the copy of its letter no. 1111/MD/UJVNL dated 02.07.2013 and letter no. 7938/UJVNL/MD dated 05.09.2014 vide which it has requested GoU to provide the necessary documentary evidences and information as desired by the Commission. In this regard, UJVN Ltd. further submitted that the matter was under consideration by GoU and its reply was awaited. Accordingly, as already discussed in Chapter 3 of this Order, the Commission has not allowed Return on Equity on funds deployed by the GoU out of PDF fund for various reasons recorded in the previous Tariff Orders.

5.5 Directives specifically issued in Meeting dated September 04, 2013

The Commission has given various directives in the meeting dated September 04, 2013 as reproduced below:

"The Commission directed the Petitioner to check whether RMU activity is economically viable or not. Further, the Commission directed UJVN Ltd. to calculate plant wise per MW cost of RMU works already completed, currently underway and to carry out benchmarking study with other utilities in the Country for the same.

The Commission also directed UJVN Ltd. to submit DPR of RMU for Khatima for Commission's review.

The Commission directed UJVN Ltd. to prepare and submit a quarterly progress report for RMU to the Commission. The Commission also directed UJVN Ltd. to incorporate measures in order to reduce the plant maintenance."

In response, the Petitioner in its APR Petition for FY 2014-15 submitted that the plant wise per MW cost of RMU works of the Power Stations of UJVN Ltd. as follows.

"Mohammadpur (9.3MW) (completed)	*:*	*8.230 Crore*
Pathri (20.4 MW) (underway)	*:*	*5.552 Crore*
Khatima (41.4 MW (underway)	*:*	*6.202 Crore"*

The Petitioner had also submitted the RMU report for Khatima LHP. However, the details of RMU in other utilities was not submitted as adequate data was not available by then. Further, on the basis of some data received from OHPC, the Petitioner submitted the per MW cost of RMU as follows:

"Balimala (360 MW)	*:*	*1.85 Crore*
Chiplima (24 MW)	*:*	*4.02 Crore*
Burla (75 MW)	*:*	*4.31 Crore"*

In regard to the above submissions, the Petitioner further submitted that

"…no final conclusion can be drawn from above as the scope of work of RMU governs the cost. In case of complete replacement of E&M equipment the cost shall be more than cost of refurbishment. Inclusion of civil works may further affect the final cost of RMU. The Petitioner submitted that it has

been noted that cost of RMU per MW decreases with increase in installed capacity of the power house."

The Petitioner in its APR Petition for FY 2014-15 further submitted the second quarterly progress report for quarter ending December 31, 2013.

In this regard, the Commission in its APR Order dated April 10, 2014 directed the Petitioner as follows:

"The Commission directs the Petitioner to carry out the above study and submit the report to the Commission within six months from the date of this Order."

In compliance to above directive, the Petitioner in its reply letter dated 19.12.2014 submitted that UJVN Ltd. is making all efforts to get the relevant information from other similar organizations. The desired information as per availability with other organizations shall be submitted tentatively within a period of six months, i.e. by June 2015. **The Commission further directs the Petitioner to submit the report on comparison of its RMU costs with RMU Costs of other Hydel generating stations by June 30, 2015.**

5.5.1 Status of upcoming projects

The Commission had directed the Petitioner to submit quarterly progress report on the upcoming projects. The Petitioner in its response submitted the current status of all the 13 upcoming projects. In this regard, the Commission in its APR Order dated April 10, 2014 directed the Petitioner as follows:

The Commission directs the Petitioner to submit quarterly progress report of status of all its upcoming projects.

In compliance to the above directive, the Petitioner in this Petition has submitted that UJVN Ltd. vide letter no. 455 dated 27.08. 2014 has submitted Quarterly Progress Report of status of all its upcoming projects. **The Commission directs the Petitioner to submit the quarterly progress report on status of all upcoming projects at regular intervals.**

5.6 New Directives issued

5.6.1 Details of Additional Capitalization for MB-II

As already discussed in Chapter 3 of this Order, the Commission is of the view that any additional capitalisation in MB-II project has to be examined in light of the provisions of the Regulation 16 of UERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2004. Accordingly, the works upto cut off date has to be within the original scope of work and works beyond the cut off date have to meet the requirements laid down in the Regulations. **The Commission, therefore, directs UJVN Ltd. to submit the year wise details of actual additional capitalisation carried out by it till FY 2014-15 for MB-II LHP alongwith the justification of the same within 3 months of the date of Order.** The Commission will take appropriate view on the additional capitalisation till FY 2015-16 based on the details and justification submitted by UJVN Ltd., in the next APR proceedings for FY 2015-16.

5.6.2 View of State Advisory Committee

The Commission agrees with the views of State Advisory Committee members that UJVN Ltd. has been continuously raising same issues in its ARR and Tariff Petitions on which the Commission has already taken decision and given its ruling in the previous Tariff Orders. **In this regard, the Commission directs the Petitioner not to raise such issues again in the subsequent ARR and Tariff Petitions on which the Commission has already taken the decision and given its ruling in the previous Tariff Orders, failing which, the Commission may reject the Petition upfront**.

The AFC for the control period shall be deemed to be recoverable in accordance with the mechanism specified in UERC Tariff Regulations, 2011. The tariffs approved in this Order shall be applicable from April 01, 2015 and shall continue to apply till further Orders of the Commission.

(K.P. Singh) **Member**	**(C.S. Sharma)** **Member**	**(Subhash Kumar)** **Chairman**

6 Annexure

6.1 Annexure 1: Public Notice

UJVN Limited

H.O."UJJAWAL" Maharani Bagh, GMS Road, Dehradun-248006
Phone No.: 0135-2763508, 2763808, Fax: 0135-2763507

Inviting Comments on Petition filed by UJVN Limited before the Uttarakhand Electricity Regulatory Commission for Determination of Generation Tariff for its 10 large generating stations for FY 2015-16

Salient Points of the ARR/Tariff Petition

1. UJVN Limited, a Government owned company, has filed the petitions for the determination of generation tariff for the financial year 2015-16 for its 10 large generating stations before the Hon'ble Uttarakhand Electricity Regulatory Commission (Commission). Through the above petitions, UJVN Ltd. has also proposed truing up of its expenses for FY 2013-14 for its 9 old generating stations & Maneri Bhali-II HEP based on the audited balance sheet. The salient features of the tariff petitions filed by UJVN Ltd. for FY 2015-16 for its 10 large generating stations are given in the table below:

(Rs. Crore)

Station	Installed Capacity (MW)	Particulars	Operation & Maintenance Expenses	Interest on working Capital	Interest on loan Capital	Return on Equity	Depreciation	Annual Fixed Charges	Less: Non-Tariff Income	Net Annual Fixed Charges
Dhakrani	33.75	Approved for FY 2014-15 (1st APR)	9.82	0.61	0.10	0.70	0.19	11.43	0.27	11.16
		Approved for FY 2015-16 (MYT Order)	11.10	0.67	0.03	0.67	0.14	12.62	0.27	12.35
		Projected for FY 2015-16	12.11	0.76	0.34	0.71	0.19	14.13	0.27	13.86
Dhalipur	51	Approved for FY 2014-15 (1st APR)	14.77	0.92	0.15	1.15	0.30	17.29	0.36	16.93
		Approved for FY 2015-16 (MYT Order)	16.62	1.01	0.05	1.09	0.21	18.98	0.36	18.62
		Projected for FY 2015-16	17.05	1.09	0.65	1.32	0.48	20.60	0.36	20.24
Chibro	240	Approved for FY 2014-15 (1st APR)	39.43	2.49	0.57	4.62	0.73	47.83	1.66	46.17
		Approved for FY 2015-16 (MYT Order)	43.65	2.69	0.31	4.49	0.54	51.67	1.66	50.01
		Projected for FY 2015-16	40.72	2.68	1.85	5.31	1.46	52.02	1.66	50.36
Khodri	120	Approved for FY 2014-15 (1st APR)	20.23	1.35	0.41	3.98	1.36	27.32	0.92	26.40
		Approved for FY 2015-16 (MYT Order)	23.33	1.50	0.15	3.91	1.25	30.14	0.92	29.22
		Projected for FY 2015-16	20.31	1.39	0.96	3.99	1.35	28.00	0.92	27.08
Kulhal	30	Approved for FY 2014-15 (1st APR)	8.69	0.55	0.08	0.92	0.16	10.42	0.21	10.21
		Approved for FY 2015-16 (MYT Order)	9.83	0.61	0.03	0.90	0.12	11.49	0.21	11.28
		Projected for FY 2015-16	10.38	0.66	0.11	0.93	0.16	12.23	0.21	12.02
Ramganga	198	Approved for FY 2014-15 (1st APR)	24.25	1.51	0.19	2.56	0.32	28.83	1.37	27.46
		Approved for FY 2015-16 (MYT Order)	24.61	1.50	0.06	2.49	0.22	28.88	1.37	27.51
		Projected for FY 2015-16	22.97	1.48	0.68	2.58	0.33	28.03	1.37	26.66
Chilla	144	Approved for FY 2014-15 (1st APR)	32.12	2.24	0.00	6.46	6.69	47.51	1.21	46.30
		Approved for FY 2015-16 (MYT Order)	32.18	2.11	0.00	7.17	2.02	43.48	1.21	42.27
		Projected for FY 2015-16	42.03	2.76	0.96	6.48	1.15	53.38	1.21	52.17
Maneri Bhali-I	90	Approved for FY 2014-15 (1st APR)	36.39	2.49	1.57	6.54	3.92	50.91	0.64	50.27
		Approved for FY 2015-16 (MYT Order)	32.97	2.20	0.49	6.14	3.53	45.33	0.64	44.69
		Projected for FY 2015-16	48.30	3.37	4.74	7.62	5.51	69.54	0.64	68.90
Khatima	41.4	Approved for FY 2014-15 (1st APR)	11.82	0.72	0.03	0.42	0.25	13.24	0.35	12.89
		Approved for FY 2015-16 (MYT Order)	13.31	0.79	0.02	0.38	0.06	14.57	0.35	14.22
		Projected for FY 2015-16	17.78	1.10	0.07	0.66	0.11	19.72	0.35	19.37
Maneri Bhali-II	304	Approved for FY 2014-15 (1st APR)	44.93	7.25	80.09	32.26	69.46	234.00	2.08	231.92
		Approved for FY 2015-16 (MYT Order)	45.73	6.61	61.98	31.05	66.04	211.41	2.08	209.33
		Projected for FY 2015-16	60.65	10.06	91.84	98.36	63.45	324.36	2.08	322.28
Total	1252.15	Approved for FY 2014-15 (1st APR)	242.43	20.14	83.20	59.60	83.39	488.77	9.07	479.70
		Approved for FY 2015-16 (MYT Order)	253.33	19.69	63.12	58.29	74.13	468.57	9.07	459.50
		Projected for FY 2015-16	292.30	25.35	102.20	127.96	74.19	622.01	9.07	612.94

Station-wise summary of True-up for FY 2013-14 and Revised claim for FY 2014-15 (Rs. Crore)

FY	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	MB-I	Khatima	MB-II	Total
Impact of true-up FY 2013-14 Surplus/(Gap)	(4.50)	(0.03)	1.37	2.05	(1.18)	4.30	(7.50)	(2.37)	(1.46)	(84.02)	(93.34)
Revised claim for FY 2014-15	12.53	17.62	46.17	25.03	11.16	24.24	53.94	57.97	17.87	313.71	580.24

Summary of AFC claimed by UJVN Ltd. for its 10 LHPs vis a vis AFC approved by the Commission in last Tariff Order (Rs. Crore)

Total Amount to be recovered by UJVN Ltd. during FY 2014-15 (Approved by the Commission)	True up including carrying cost of 9 LHPs for FY 2008-09 to FY 2012-13 approved alongwith Tariff Order of FY 2014-15	46.35
	True up including carrying cost of MB-II LHPs for FY 2007-08 to FY 2012-13 approved alongwith Tariff Order of FY 2014-15	117.34
	Total Amount approved for FY 2014-15 in 1st APR Order	**643.39**
Total AFC proposed to be recovered by UJVN Ltd. during FY 2015-16	Impact of True up of FY 2013-14	93.33
	Projected in Petition for FY 2015-16	612.94
	Total Claimed in FY 2015-16	**706.27**

2. UJVN Ltd. has proposed an increase of about 9.77% including the truing up for FY 2013-14 alongwith proposed AFC of FY 2015-16. In case the entire claim of UJVN Ltd. is accepted by the Commission, an additional hike of around 1.50% in consumer tariff shall be required over and above the hike proposed by UPCL, PTCUL and SLDC.
3. Detailed proposals as submitted by UJVN Ltd. can be seen free of cost on any working day in the Commission's office or at the office of UJVN Ltd., "UJJWAL", Maharani Bagh, GMS Road, Dehradun. Relevant extracts can also be obtained from the above mentioned office of UJVN Ltd.
4. The proposals filled by the UJVN Ltd. are also available at the website of the Commission (www.uerc.gov.in) and at the UJVN Ltd.'s website (www.ujvnl.com).
5. Responses/ 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 = **uttaranchalerc@rediffmail.com** as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by **31.01.2015.**

RO No.: 501/UJVN Ltd./Advt. Dated: 24.12.2014

"Avoid Wasteful use of Electricity"

6.2 Annexure 2: List of Respondents

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Munish Talwar	-	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar, Uttarakhand
2.	Sh. Ram Kumar	Sr. Vice President	Hotels Association Mussoorie	C/o Hotel Vishnu Palace, Gandhi Chowk, Mussoorie
3.	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	Mohabewala Industrial Area, Dehradun-248110

6.3 Annexure 3: List of Participants in Public Hearings

List of Participants in Hearing at Almora on 18.02.2015

Sl. No.	Name	Designation	Organization	Address
1.	Sh. N.C. Joshi	Ex. Warrant Officer	-	S/o Late Sh. T.D. Joshi, Buxi Khola, PO & Distt Almora-263601
2.	Sh. Vinod Chandra Pant	-	-	117, Kunjpur, Distt. Almora-263601
3.	Sh. P.G. Goswami	-	-	East Pokharkhali, Near Home Guard office, Distt. Almora-263601
4.	Sh. R.P. Joshi	-	-	Mohalla-Malla Joshi Khola, P.O. & Distt. Almora-263601
5.	Sh. Shyam Lal Sah	District President	Prantiya Udyog Vyapaar Pratinidhi Mandal	Kachhari Bazaar, Distt. Almora
6.	Sh. N.L. Verma	-	-	Narsingh Bari, Near Niran Kari Bhawan, Distt. Almora
7.	Sh. Prakash Chandra Joshi	Chairman	Nagar Palika	Distt. Almora
8.	Sh. H.C. Joshi	-	-	Summer House Cantt, Distt. Almora-263601
9.	Sh. Y.K. Joshi	-	-	Purnachal Niwas, Near MES, Distt. Almora
10.	Sh. M.B. Sah	-	-	Khazanchi Mohalla, Distt. Almora-263601
11.	Sh. D.C. Tiwari	-	-	Joshi Khola, Distt. Almora
12.	Sh. Rinku Bisht	SDM (Sadar)	-	Distt. Almora-263601
13.	Sh. Shiv Raj Sah	-	-	Khazanchi Mohalla, Distt. Almora-263601
14.	Sh. Rajendra Singh Sati	-	-	Chowdhury Khola, Distt. Almora-263601
15.	Sh. Puran Singh Airi	-	-	Near Indira Colony, Khatiyadi, Distt. Almora
16.	Sh. Sanjay Kumar Agrawal	Director/General Secretary	Shri Karuna Jan Kalyan Samiti	Sanjay Bhawan, Malla Joshi Khola, Distt. Almora

List of Participants in Hearing at Rudrapur on 19.02.2015

Sl. No.	Name	Designation	Organization	Address
1.	Sh. S.K. Garg	-	M/s BST Textile Mills Pvt. Ltd.	Works : Plot No. 9, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
2.	Sh. Suresh Kumar	President (Works)	M/s La Opala RG Ltd.	B-108, Eldeco Sidcul Industrial Park, Sitarganj, Distt. Udhamsingh Nagar
3.	Sh. A.K. Singh	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Fulsunga, Transit Camp, Rudrapur, Distt. Udhamsingh Nagar
4.	Sh. A.K. Jaiswal	-	M/s Perfect Dynamics Auto Pvt. Ltd.	Village – Fulsunga, Post – Transit Camp, Tehsil – Kichha, Rudrapur, Distt. Udhamsingh Nagar
5.	Sh. Manish Tanwar	-	M/s HCL Infosystems Ltd.	Plot No. 1,2, 27 & 28, Sector-5, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar, Uttarakhand
6.	Sh. Jai Bhagwal Agrawal	Director	M/s Kashi Vishwanath Steels Ltd.	Narain Nagar Industrial Estate, Nainital Road, Kashipur-244713, Distt. Udhamsingh Nagar
7.	Sh. Sushil Kumar Tulsyan	Director	M/s Umashakti Steels Pvt. Ltd.	Village-Vikrampur, PO-Bazpur, Udhamsingh Nagar
8.	Sh. Shakeel A. Siddiqui	DGM (Commercial)	M/s Kashi Vishwanath Textile Mill Ltd.	Works : 5th Km. Stone, Ramnagar Road, Kashipur-244713, Distt. Udhamsingh Nagar
9.	Sh. Sanjay Kumar Adlakha	Manager (Elect.)	M/s Pioneer Polyleather Pvt. Ltd.	Plot No.-74, Sector-4, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
10.	Sh. Rajeev Gupta	-	M/s Galwalia Ispat Udyog Ltd.	Narain Nagar Industrial Estate, Nainital Road, Kashipur-244713, Distt. Udhamsingh Nagar
11.	Mohd. Ishteyaque Ahmed	-	M/s Right Tight Fasteners Ltd.	Plot No. 70, Sector-6, IIE, Pantnagar, Distt. Udhamsingh Nagar
12.	Sh. Darbara Sinjh	-	M/s Kumaon Garhwal Chamber of Commerce & Industry	Chamber House, Industrial Estate, Bazpur Road, Kashipur, Distt.- Udhamsingh Nagar
13.	Sh. Umesh Sharma	-	M/s Voltas Ltd.	Plot No. 2-5, Sector-8, IIE, SIDCUL, Pantnagar, Distt. Udhamsingh Nagar
14.	Sh. Nitin Kaushik	-	AICA Laminates	Sector-5, Pantnagar, Distt. Udhamsingh Nagar
15.	Sh. Vijay Pal Yadav	-	M/s Yadav Food Ltd.	Rudrapur Road, Kichha, Distt. Udhamsingh Nagar
16.	Sh. Vinod Vyas	-	M/s Varroc Engg.	Sector-9, Plot No. 20, SIDCUL, Patnagar, Distt. Udhamsingh Nagar
17.	Sh. Hem Chandra Tiwari	-	M/s Videocon Industry Ltd.	5 Km. Stone, Moradabad Road, Kashipur, Distt. Udhamsingh

List of Participants in Hearing at Rudrapur on 19.02.2015

Sl. No.	Name	Designation	Organization	Address
				Nagar
18.	Sh. S.K. Mittal	-	M/s Shivalik Industries	Malsa Road, Shimla Pistaur, Lalpur, Rudrapur, Distt. Udhamsingh Nagar
19.	Sh. Ashok Bansal	Director	M/s. Rudrapur Solvents Pvt. Ltd.	Lalpur, Kichha, Rudrapur, Distt.-Udhamsingh Nagar
20.	Sh. Balkar Singh Fozi	-	-	Village-Raipur Khurd, Kashipur, Distt. Udhamsingh Nagar
21.	Sh. Harlok Singh Naamdhari	-	-	Village-Gadarpur, Rudrapur, Distt. Udhamsingh Nagar
22.	Sh. H.D. Arora	-	-	D1, D2, 27/1, Civil Lines, Rudrapur, Distt. Udhamsingh Nagar
23.	Sh. Kuldeep Singh	-	Bhartiya Kisan Union	Village-Dhakia Kalan, PO-Dhakia No. 1, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
24.	Sh. Jeet Singh	-	-	Village-Dhakia Kalan, PO-Dhakia No. 2, Tehsil-Kashipur, Distt. Udhamsingh Nagar-244713
25.	Sh. Puran Singh	-	-	Baanskheda Kalan, Fauzio Ka Dera, Raipur, Civil Lines, Rudrapur, Distt. Udham Singh Nagar
26.	Sh. Kulwant Singh	-	-	Baanskheda Kalan, Fauzio Ka Dera, Raipur, Civil Lines, Rudrapur, Distt. Udham Singh Nagar
27.	Sh. Thakur Jagjeet Singh	-	-	Village-Dharampur, PO-Chatarpur, Tehsil-Rudrapur, Distt. Udhamsingh Nagar
28.	Sh. Yashwant Mishra	-	-	Village & PO-Pratappur, Tehsil-Rudrapur, Distt. Udhamsingh Nagar

List of Participants in Hearing at Pauri on 24.02.2015

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Vipin Chandra Maithani	Chairman	Nagar Palika Parishad	Srinagar, Distt. Pauri Garhwal, Uttarakhand
2.	Sh. Devanand Nautiyal	-	-	Dipty Dhara, Thana Mohalla, Distt. Pauri Garhwal
3.	Sh. Maneesh Rawat	-	-	S/o Sh. Rajendra Singh, Village-Lasera, PO- Seelsu, Patti-Banailsyun, Distt. Pauri Garhwal-249301
4.	Sh. D.N. Shaha	-	-	Village-Bhattegaon, Distt. Pauri Garhwal
5.	Sh. Rambhagti Lal	-	-	Uppar Bazaar, Distt. Pauri Garhwal
6.	Sh. R.P. Bhatt	-	M/s Himalaya Bakers	Agency Chowk, Distt. Pauri Garhwal
7.	Sh. Shiv Prasad Raturi	-	-	Near Krishi Bhawan, Srinagar Road, Distt. Pauri Garhwal
8.	Sh. Padvendra Bisht	-	-	Bisht Niwas, 16-Vikas Marg, Distt. Pauri Garhwal
9.	Sh. Harish Chandra	-	-	Maithana Village, Post-Choura, Distt. Pauri Garhwal
10.	Sh. Virendra Singh Rawat	Chairman	Vyapaar Sangh	Rawat Taint & Bartan Bhandar, Chowdhury Bhawan, Uppar Bazaar, Distt. Pauri Garhwal, Uttarakhand
11.	Sh. Brijendra Singh Rawat	Ex. Chairman	Vyapaar Sangh	Brij Vastra Bhandar, Uppar Bazaar, Distt. Pauri Garhwal
12.	Sh. Anil Bahuguna	-	-	Dobhal Road, Distt. Pauri Garhwal
13.	Sh. Omprakash Jugran	-	-	Uma Niwas, Power House Mohalla, Distt. Pauri Garhwal
14.	Sh. Sanjay Baluni	-	-	Village-Kanda, PO-Buransi, Block-Kot, Distt. Pauri Garhwal
15.	Sh. Rajendra Singh Rawat	-	-	Near Prathana Bhawan, Kotdwar Road, Distt. Pauri Garhwal
16.	Sh. Rajendra Prasad Tamta	Ex. Chairman	Nagar Palika	New Vikas Colony, Srinagar Road, Distt. Pauri Garhwal, Uttarakhand, Uttarakhand
17.	Sh. Khushal Singh Negi	-	-	Near Petrol Pump, Kodtwar Road, Distt. Pauri Garhwal
18.	Sh. Priyank Dobhal	-	M/s Dobhal Electricals	Uma Niwas, Near Laxmi Narayan Mandir, Kotdwar Road, Distt. Pauri Garhwal
19.	Smt. Neelam Rawat	Ward Member-5 & DPC Member	-	Village-Pauri, Distt. Pauri Garhwal
20.	Sh. Manoj Negi	Ward Member-9	-	Village-Pauri, Distt. Pauri Garhwal
21.	Sh. Jagdesh Rawat	-	-	Vikas Marg, Near Bus Station, Distt. Pauri Garhwal
22.	Sh. Kameshwar Rana	-	-	Rana Bhawan, Vikas Marg, Near Bus Station,Distt. Pauri Garhwal
23.	Sh. Govind Singh Rawat	-	-	Vikas Marg, Near Bus Station, Distt. Pauri

List of Participants in Hearing at Pauri on 24.02.2015

Sl. No.	Name	Designation	Organization	Address
				Garhwal
24.	Sh. Sitab Singh Bisht	-	-	Village-Marora, Paabau, Distt. Pauri Garhwal
25.	Ms. Kamla Rawat	-	-	Ward No. 07, Near Power House, Distt. Pauri Garhwal
26.	Ms. Sangeeta Dobhal	-	-	Srinagar Road, Near Krishi Vibhag, Distt. Pauri Garhwal
27.	Sh. Vijendra Pokhriyal	-	-	Buwakhal, Post Off.-Pauri, Near Power House, Distt. Pauri Garhwal
28.	Sh. Raghuveer Singh	-	-	Thana Mohalla, Dobhal Road, Distt. Pauri Garhwal
29.	Sh. Uma Charan	-	-	Power House Mohalla, Distt. Pauri Garhwal
30.	Sh. Jagdish Singh Bisht	-	-	Bisht Kuteer, Uppar Chopra, Kotdwar Road, Distt. Pauri Garhwal
31.	Sh. Jagmohan Singh Negi	-	-	House No. 61, Uppar Petrol Pump, Distt. Pauri Garhwal
32.	Sh. Sukhdev	-	-	Laxmi Narayan Road, Distt. Pauri Garhwal
33.	Sh. Jaspal Singh Negi	-	-	Village-Dungri, Patti - Paidul Syun, Distt. Pauri Garhwal
34.	Sh. Sunil Mamgain	-	-	Village-Baingwari, Post Off.-Chandola Rainn, Distt. Pauri Garhwal
35.	Sh. Kesar Singh Negi	-	-	Village-Srikot, PO-Gadwagad, Distt. Pauri Garhwal
36.	Sh. Mukesh Joshi	-	-	Village-Joshiyana, PO-Persundakhal, Patti Paidul Syun, Distt. Pauri Garhwal
37.	Sh. Ghanshyam Singh	-	-	Village-Thaili, PO-Chandola Rainn, Distt. Pauri Garhwal

List of Participants in Hearing at Dehradun on 27.02.2015

Sl. No.	Name	Designation	Organization	Address
1	Sh. D.K. Shukla	-	-	29, Inder Road, Dehradun
2	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
3	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. R.N. Mathur	President	M/s Mussoorie Hotel Association	Prince Hotel, Mussoorie, Dehradun
5	Sh. Ram Kumar	-	M/s Mussoorie Hotel Association	Prince Hotel, Mussoorie, Dehradun
6	Sh. G.S. Manchanda	Proprietor	M/s Hotel India	Gandhi Chowk, Mussoorie, Dehradun
7	Sh. Dalip Dua	Vice President (Publications)	M/s Himalaya Power Producers Association	Dehradun Chapter, 12-D, Race Course, Dehradun.
8	Sh. Dinesh Mugdal	-	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
9	Sh. Shivam Rohila	-	M/s Bhilangana Hydro Power Ltd.	B-37, Sector-1, Noida-201301, Uttar Pradesh.
10	Sh. Harpal Singh Sethi	-	-	21, Rajpur Road, Dehradun
11	Sh. Rakesh Bhatia	President	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
12	Sh. P.K. Rajput	Executive Director	M/s Alps Industries Ltd.	1-A, Sector-10, SIDCUL, Haridwar
13	Sh. Man Singh	General Manager (Engg.)	M/s Alps Industries Ltd.	1-A, Sector-10, SIDCUL, Haridwar
14	Sh. Vijay Singh Verma	-	-	Village-Delna, Post-Jhabreda, Roorkee, Haridwar-247665
15	Sh. K.L. Sundriyal	-	-	4(4/3), New Road (Amrit Kaur Road), Near Hotel Relax, Dehradun
16	Sh. Vishwamitra	-	-	36-Panchsheel Park, Chakrata Road, P.O.-New Forest, Dehradun
17	Sh. Biru Bisht		-	Mohanpur,Post Off.-Premnagar, Dehradun
18	Sh. Deepak Thapliyal	-	-	Pattiyon wala, PO-Mohabbewala, Chanderbani, Dehradun-248110
19	Sh. V.S. Bhatnagar	-	-	98/3, Bell Road, Clementown, Dehradun