

**Order on Generation Tariff
for
Uttaranchal Jal Vidyut Nigam Ltd.
for
2006-07**

12th July 2006

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

80, Vasant Vihar, Phase-I, Dehradun – 248006

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Before
UTTARANCHAL ELECTRICITY REGULATORY COMMISSION

In the Matter of:

Suo-moto proceedings for determination of tariffs of nine generating stations initiated by the Commission on 07.12.2005 and subsequent Petitions dated 20.12.2005, 22.12.2005 and 28.12.2005 filed by UJVNL.

AND

In the Matter of:

Tariffs for sale of electricity generated in nine hydro generating stations of Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL).

AND

In the Matter of:

Uttaranchal Jal Vidyut Nigam Ltd.

Ujjwal, Maharani Bagh, G.M.S. Road, Dehradun

.....Petitioner

Coram

Sh. Divakar Dev	Chairman
Sh. V.K. Khanna	Member
Sh. V.J. Talwar	Member

Date of Order: 12th July, 2006

This Order relates to the *suo-moto* proceedings for determination of tariff of Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL)'s nine generating stations for the year 2006-07 initiated by the Commission on 07.12.2005, and the responses thereto filed by UJVNL through Petitions dated 20.12.2005, 22.12.2005 and 28.12.2005. Since the present exercise is limited to tariffs for the year 2006-07, the Commission has admitted UJVNL's Petitions only for that year and, accordingly, the submissions relating to tariffs for 2006-07 only have been dealt with in this Order. Since the issues involved in these Petitions are similar, all the Petitions have been clubbed together and are being considered in the *suo-moto* proceedings started by the Commission. For convenience, this Order is divided into 4 parts.

1. Procedural History

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

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

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

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

Notwithstanding the above statutory requirements, UJVNL failed to approach the Commission for determination of tariffs for the above generating stations. Thereupon, on 31.08.2004 the Commission took cognizance of the issue and started *suo-moto* proceedings for determination of generation tariffs for these stations. UJVNL then filed its tariff proposals before the Commission. UJVNL’s petitions given in this connection were admitted, considered and disposed

off as per Commission's Order dated 16.12.2004 passed in the *suo-moto* proceedings. The generation tariffs for the above mentioned nine stations so determined became effective from 01.04.2004.

Next year, that is 2005-06, UJVNL once again failed to file its estimates of expected Aggregate Revenue and Cost of Services, which should have been filed by 30.11.2004. Further, Tariff Petitions for the year 2006-07 also became due on 30.11.2005 but that was also not filed. Therefore, on 07.12.2005, the Commission, taking cognizance, once again initiated *suo-moto* proceedings for determining tariffs for electricity generated at these nine generating stations. While doing so, the Commission gave UJVNL yet another opportunity to file its proposals, if any, within 15 days. Opportunity was also given to other stakeholders through a public notice for presenting their views, if any (Annexure 1(a)). UJVNL finally filed its proposals through Petitions dated 20.12.2005, 22.12.2005 and 28.12.2005.

The responses filed by UJVNL contain projections and proposals not only for the year 2006-07 but also for 2005-06 and claims for 2004-05. The claims for 2004-05 and the proposals pertaining to the year 2005-06 have been delayed by more than 13 months and no explanation has been offered for it, nor has any request been made for condoning this abnormal delay. In view of the fact that the year 2005-06 was already coming to end, the Commission has admitted all the abovementioned Petitions only to the extent they relate to the Tariffs for the year 2006-07. Other submissions contained in these Petitions being not relevant to the subject under consideration in these proceedings, have not been dealt with in these proceedings. The proposals so received were notified for information of all stakeholders on 01.01.2006, for filing their responses, if any (Annexure 1(b)). For this time was allowed upto 10.01.2006, which was later extended to 31.01.2006 by another notification (Annexure 1(c)). Looking at the fact that UJVNL's Petitions have been filed in response to the notice issued in these proceeding and the subject matter of these proceedings and that of the Petitions of UJVNL is same, the Commission decided to club them all together for examination and disposal. Accordingly, this Order disposes off not only the present *suo-moto* proceedings but also UJVNL's Petitions referred to above.

After publication of the notice, responses received by the Commission were sent to the Petitioner for comments. The proposals were also considered by the Advisory Committee in its meeting held on 3.02.2006. The Commission also held public hearings at Dehradun and Rudrapur on 13.02.2006 and 28.02.2006, respectively to seek further responses on the tariff proposals.

In the meantime, the State Government reconstituted the Commission. The process of tariff determination was thus started afresh from 03.04.2006, when the reconstituted Commission became functional. Accordingly, further public hearings were held at Srinagar and Almora on 03.05.2006 and 16.05.2006 respectively.

A total of 10 responses have been received and a list of respondents is placed at Annexure-2 of this Order. All issues so raised and the Petitioner's comments on the same have been kept in mind by the Commission while examining the proposals.

2. Petitioner's Submissions and Proposals

2.1 General Submissions

In response to the *suo-moto* action started by the Commission, between 20.12.05 and 30.12.2005, number of Petitions were filed by UJVNL proposing tariffs for its generating stations, viz. Chilla, Ramganga, Maneri Bhali-I, Khatima, Dhalipur, Dhakrani, Chibro, Khodri and Kulhal. At the same time, the Petitioner also approached Central Electricity Regulatory Commission (CERC) for determining tariffs for electricity generated at five of these generating stations and seeking stay of the proceedings of this Commission. Petitioner's contention in this regard was subsequently rejected by the Central Commission.

2.2 Petitioner's Submissions

As stated earlier, in these Petitions the Petitioner has made some submissions which are not relevant to the matter under consideration in these proceeding and such submissions have not been considered. The Petitioner, if it so desires, can file separate Petitions concerning such issues and the same will be dealt with on merit and in accordance with relevant provisions of law. Proposals pertaining to the present proceedings made by the Petitioner are enumerated hereafter:

2.2.1 Design Energy and the Projected Generation

The Petitioner has stated that it has adopted the same principle given by the Commission in its Tariff Order for 2004-05 of adopting the minimum of the following (i) average of 15 year generation of the station and (ii) The design energy as per UPJVNL in its PPA with Uttar Pradesh Power Corporation Limited (UPPCL). The station wise position is given in the Table below:

Table 2.1: Expected Generation proposed by the Petitioner (MU)

Particulars	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Maneri Bhali I	Khatima
15 year average of generation	156.88	192.00	750.00	345.00	164.00	314.90	671.29	400.87	194.05
Design Energy as per UPJVNL PPA	169.00	244.80	893.63	416.85	153.91	311.00	725.00	395.00	208.00
Expected generation	156.88	192.00	750.00	345.00	153.91	311.00	671.29	395.00	194.05

2.2.2 Auxiliary Energy Consumption & Transformation Losses

The Petitioner has claimed that it has computed transformation losses and auxiliary consumption at the normative levels specified by the Commission. However, the Petitioner has stated that the switchyards of most power houses of the Petitioner also act as nodes for transmission and distribution of energy wherein additional losses occur due to imports from other stations, and due to stepping down of voltage from Bus Bar voltage of 132kV/220 kV to 11 kV, 33 KV and 66 kV. While it is incurring the losses and the costs of manning the sub-stations, the same should be borne by UPCL. Directions were issued by the Government of Uttaranchal in this regard vide letter no 1733/9-3-Urja/2002 dated 13.11.2002. However, the directions are yet to be implemented and as on date the Petitioner continues to bear the costs and transformation losses.

The Petitioner has further stated that it has included the additional consumption for barrages/colonies/dams/lighting as a cost element instead of accounting them along with the auxiliary consumption. After having so stated, while calculating the saleable energy, the Petitioner has also reduced this additional consumption.

The station-wise position of the Auxiliary Consumption, Transformation Losses and consumption in colonies etc. is given in the Table below:

Table 2.2: Auxiliary Consumption, Transformation Losses & Consumption in colonies, dams, barrages etc. as proposed by the Petitioner (MUs)

Plant	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Maneri Bhal I	Khatima	Total
Auxiliary Consumption	0.31	0.38	3.00	0.69	0.31	0.62	1.35	0.79	0.39	7.84
Transformation loss	0.78	0.96	3.74	1.72	0.77	1.55	3.36	1.97	0.97	15.82
Consumption in Colonies etc.	1.18	0.49	7.40	3.71	1.08	4.23	4.64	4.23	1.47	28.43

2.2.3 Total Saleable Units

After deducting from the expected generation, the above mentioned figures of Auxiliary Consumption, Transformation Losses and Consumption in colonies etc., the Petitioner has computed total saleable units to be 3,117.06 MUs as shown in the following Table.

Table 2.3: Energy Generation and Saleable Energy proposed by the Petitioner (MUs)

Plant	Energy Generated	Auxiliary Consumption		Transformation loss		Consumption in Colonies/barrages/dams etc.		Saleable Energy
		Absolute	%	Absolute	%	Absolute	%	
Dhakrani	156.88	0.31	0.20%	0.78	0.50%	1.18	0.75%	154.60
Dhalipur	192.00	0.38	0.20%	0.96	0.50%	0.49	0.26%	190.17
Chibro	750.00	3.00	0.40%	3.74	0.50%	7.40	0.99%	735.86
Khodri	345.00	0.69	0.20%	1.72	0.50%	3.71	1.08%	338.89
Kulhal	153.91	0.31	0.20%	0.77	0.50%	1.08	0.70%	151.75
Ramganga	311.00	0.62	0.20%	1.55	0.50%	4.23	1.36%	304.60
Chilla	671.29	1.35	0.20%	3.36	0.50%	4.64	0.69%	661.96
Maneri Bhali I	395.00	0.79	0.20%	1.97	0.50%	4.23	1.07%	388.01
Khatima	194.05	0.39	0.20%	0.97	0.50%	1.47	0.76%	191.22
Total	3169.13	7.84		15.82		28.43		3,117.06

Further, the saleable generation of five stations viz. Chibro, Khodri, Dhakrani, Dhalipur, Kulhal in the Yamuna Valley has been allocated between Himachal Pradesh (25% for 4 and 20% for Kulhal) and Uttaranchal (75% for 4 and 80% for Kulhal), the two beneficiaries.

2.2.4 Capital Cost

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

The Petitioner has once again calculated the Gross Fixed Assets of Rs. 608.21 Crore as on 31.3.2002 as was done in the filing for 2004-05, but rejected by the Commission. The Petitioner has further submitted that the approach adopted by the Commission in its Tariff Order dated 16.12.2004 for determining the capital costs of these stations is not in line with the Regulations, which do not cover situations as currently encountered in case of the Petitioner, where the assets have been transferred consequent to creation of the State and the statutory re-organisation that has taken place. The Petitioner has claimed that it is statutorily bound by the value of fixed assets transferred through the statutory transfer scheme and the values utilised by UPERC for determining UPJVNL

tariffs have no relevance, whatsoever, for the computation of UJVNL's tariffs. Hence, deviations from pre-set norms and existing practices may be necessary. The Capital costs of these projects, as claimed by the Petitioner, are as given in the Table below:

Table 2.4: Proposed Capital Cost as on 31.03.2002 (Rs. Crore)

Plant	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Maneri Bhali I	Khatima	Total
Capital Cost	17.22	26.02	146.19	92.60	17.74	124.23	98.72	71.53	13.96	608.21

2.2.5 Additional Capitalisation

To the value of GFA of Rs. 608.21 Crore as on 31.03.2002, additions of Rs. 13.25 Crore made in from 2002-03 till 2004-05 and those proposed for 2005-06 and 2006-07 have been added to arrive at the updated value of fixed assets as on 31.03.07. Petitioner has stated that the additions in 2005-06 have been projected at the level of 2004-05. The plant-wise values of additions so claimed by the Petitioner, is given in the Table below:

Table 2.5: Proposed Additional Capitalisation till 31.03.2007 (Rs. Crore)

Plant	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Maneri Bhali I	Khatima	Total
Till 31.03.2005	0.40	0.14	2.98	3.26	0.09	0.18	5.87	0.18	0.15	13.25
2005-06	0.03	0.03	0.66	0.22	0.02	(0.02)	0.51	0.05	0.11	1.61
2006-07	0.15	0.31	2.44	2.69	0.24	0.81	2.60	0.45	0.28	9.97
Total	0.58	0.48	6.08	6.17	0.35	0.97	8.98	0.68	0.54	24.83

2.2.6 Interest on loans

The Petitioner has claimed 70% of the Capital Cost to be the normative loan and has claimed on it interest at 10.25% per annum. Repayment on this normative loan has been assumed to be equal to the accumulated depreciation and on the balance normative loan so worked out an amount of Rs. 3.29 Crore has been claimed by way of interest. The plant-wise interest cost so claimed by the Petitioner is as given in Table 2.7 given below.

2.2.7 Return on Equity

The Petitioner has claimed that the denial of the Return on Equity tantamounts to infringement of Section 61 (a) of the Electricity Act, 2003 along with the Central Electricity

Regulatory Commission (Terms and Condition of Tariff) Regulations, 2004. From the review of practices followed in other States, it is evident that tariff Orders have consistently observed this established principle. Two out of the three re-organised States, namely, Jharkhand and Chhattisgarh, have conformed to the said principle in their respective tariff Orders. The Petitioner has, accordingly, claimed 30% of the entire capital cost as equity on which return @ 14% per annum has been sought. The amount so claimed by the Petitioner works out to Rs. 26.70 Crore. The Petitioner has advanced following arguments support of this claim rejected by the Commission in the last Tariff Order:

- Even considering 100% equity financing for the insignificant Capital Cost of Rs. 0.64 Crore per MW of the Petitioner's plants, the Return on equity would be much lower than that of comparable Central Public Sector Units
- Lack of investible surplus has resulted in protracted delays in completion of Maneri Bhali-II, Lakhwar Vyasi, Vishnu Prayag and Srinagar projects resulting in loss of about 10000 MUs per year.
- Since UJVNL is developing about 2332 MW of new projects in the State, lack of counterpart funding could lead to loss of generation, thus affecting public interest.

The plant-wise position of return on equity claimed by the Petitioner is as given in Table 2.7 below.

2.2.8 Depreciation

The Petitioner has claimed that there is no occasion to deny it depreciation or to credit the same to "Renovation & Modernisation" fund. This should accrue to the Petitioner in the normal course of operation through the tariffs determined as per Regulations. The Petitioner has estimated the depreciation expense for 2006-07 based on the asset values and classification given by it in the Petition and applying the depreciation rates given in the Regulations. Since the requisite details on the year of acquisition of the assets is not available with the Petitioner, all assets attributed to the individual plants have been assumed to be created on the COD of the project. The depreciation has been calculated separately for the asset values till 31.03.2002 and the assets added thereafter and as per the Regulations cumulative depreciation has been limited to a maximum of 90% of the asset value. The Petitioner has stated that no advance against depreciation is necessary and, hence, has

not been provided. The Petitioner, has thus, claimed Rs. 15.26 Crore by way of depreciation. Plant-wise breakup of depreciation so claimed is given in Table 2.7 below.

2.2.9 Operation and Maintenance (O&M) expenses

The Petitioner has stated that it has been in operation for only about 4 years as a commercial entity, although most of its generating stations have been in operation for over 25 years. It has inherited a regime fraught with data inadequacies. The condition of the generating stations also leaves much to be desired. Over the past few years, it has made significant efforts in improving the plant availability and efficiency, and has also been concentrating on improving the skills, capabilities and working conditions of its employees. UJVNL after taking over the assets has been taking up systematic maintenance of the works in the power plants which were long overdue and had accumulated over a period of time. Priority is being given to the works for it has a direct bearing on the safety of the plant, employees and the generation. Machine-wise maintenance plan for the year 2005-06 has been attached.

The Petitioner states that it is also required to incur expenditure towards the difference of the amounts collected from employees' contribution to the GPF Trust and the actual payouts of the Trust. The amount involved is of the order of Rs. 3.83 Crore per annum. It further states that besides some other additional expenses that were not being provided for previously will be incurred on account of providing electricity facilities for Irrigation Department personnel posted at UJVNL's hydro electric power plants in operation, at par with UJVNL employees and expenses on account of distribution of electricity to various colonies occupied by employees of various departments and organisations, including UPCL, Irrigation Department, Forest Department and the Government of Uttaranchal and regulatory expenses for development and filing of the tariff Petitions.

Departing from the Regulations, the Petitioner has claimed Rs. 113.34 Crore towards O&M expenses for the tariff year 2006-2007. This value has been arrived at by assuming an escalation of 4% p.a. on average of 2002-03, 2003-04 & 2004-05 expenses for heads other than employee costs and expenses not hitherto incurred. Employee cost for 2005-06 has been estimated and assumed to be the base figure, which has then been escalated by 10% p.a. thereafter. Expenses not hitherto incurred have been requested to be allowed as per previous Order. The plant-wise and component-wise O&M expenses so claimed by the Petitioner are given in Table 2.6 below.

Table 2.6: Proposed O&M Expenses for 2006-07 (Rs. Crore)

Plant	Consumption of Stores & Spares	R& M Expenses	Employee Costs	A&G Expenses	Other Corporate Expenses Allocated to Plant	Total
Dhakrani	0.03	3.56	3.49	0.24	0.37	7.69
Dhalipur	0.04	5.38	5.27	0.36	0.44	11.50
Chibro	0.07	7.12	13.62	1.77	1.58	24.15
Khodri	0.01	1.55	6.72	0.81	0.83	9.93
Kulhal	0.03	3.16	3.1	0.21	0.34	6.84
Ramganga	0.03	1.34	10.02	1.21	1.28	13.88
Chilla	0.22	5.58	8.75	1.06	1.07	16.68
Maneri Bhali-I	0.03	6.24	7.96	0.73	0.95	15.92
Khatima	0.19	1.45	4.31	0.33	0.48	6.75
Total	0.65	35.38	63.24	6.72	7.34	113.34

2.2.10 Interest on Working Capital

Petitioner has stated that in the tariff Petition for 2004-05, it had submitted to treat stores at par with other generators as per the Regulations by escalating the base level at the time of commissioning (1% of Gross Fixed Assets) at a rate of 6% per annum. The Petitioner has submitted that the actual consumption of stores and spares are progressively increasing as the Petitioner improves its maintenance practices. In any event, the value of spares cannot be computed based on the value of the projects as on the date of unbundling of UPSEB. Apart from artificially depressing the value of stores and spares by denying escalation from date of commercial operations, the unbundling of UPSEB cannot be of relevance to the Petitioner, which has been created through a separate statute that is not related to the unbundling of UPSEB.

The Petitioner has assumed financing of working capital for the utility. Thus, Petitioner has claimed Rs. 7.39 Crore towards the cost of working capital financing at 10.25% per annum, which is in line with the current cost of interest on working capital. To substantiate this claim, the Petitioner had attached a list, in its Petition, of no. of items and their value in the inventory held by its officials. Plant-wise position of interest on working capital claimed by the Petitioner is given in the Table 2.7 given below.

2.2.11 Annual Fixed Charges (AFC) and Tariff

Based on the above claims, the Petitioner has claimed Rs. 165.97 Crore as the Annual Fixed Charge for the tariff year 2006-2007. Plant-wise breakup of the same is given in Table 2.7 below.

Since as per the agreement between the Governments of Himachal Pradesh and Uttar Pradesh, part of UJVNL's generation is supplied to Himachal Pradesh at costs (i.e. excluding

returns) the return on equity and interest on normative debt has not been allocated to HPSEB by the Petitioner. The Petitioner has calculated the per unit rates payable by UPCL by dividing the Annual Fixed Charges it has attributed to UPCL by energy proposed to be sold to it. The plant-wise breakup of the Annual Fixed Charges for the tariff year 2006-07 allocated to UPCL and rates so proposed by the Petitioner are given in Table 2.7 below.

Table 2.7: Proposed Annual Fixed Charges and Tariff for 2006-07

Plant	For Gross Generation								For UPCL's Share		
	Interest on Loan (Rs. in Crore)	Return of Equity (Rs. in Crore)	Depreciation (Rs. Crore)	O & M Expenses (Rs. Crore)	Interest on Working Capital (Rs. Crore)	Annual Fixed Charges (Rs. Crore)	Total Saleable units (MU)	Average per unit tariff (Rs./kWh)	Saleable units to UPCL (MU)	Annual Fixed Charges allocated to UPCL (Rs. Crore)	Average per unit tariff (Rs./kWh)
Dhakrani	0.02	0.75	0.05	7.69	0.37	8.89	154.60	0.5747	115.95	6.86	0.5913
Dhalipur	0.01	1.12	0.06	11.50	0.55	13.24	190.17	0.6963	142.63	10.21	0.7161
Chibro	0.27	6.42	4.02	24.15	1.76	36.62	735.86	0.4977	551.89	29.14	0.5280
Khodri	1.35	4.17	2.62	9.93	0.78	18.84	338.89	0.5561	254.16	15.51	0.6103
Kulhal	0.01	0.76	0.40	6.84	0.32	8.33	151.75	0.5490	121.40	6.82	0.5617
Ramganga	0.01	5.28	3.29	13.88	1.25	23.72	304.60	0.7787	304.60	23.72	0.7787
Chilla	0.58	4.54	2.86	16.68	1.10	25.75	661.96	0.3890	661.96	25.75	0.3890
Maneri Bhali-I	1.02	3.05	1.91	15.92	0.78	22.68	388.01	0.5844	388.01	22.68	0.5844
Khatima	0.02	0.61	0.05	6.75	0.48	7.90	191.22	0.4134	191.22	7.90	0.4134
Total	3.29	26.70	15.26	113.34	7.39	165.97	3,117.06		2,731.82	148.59	

3. Responses from Stakeholders

Various issues raised by the stakeholders in response to the public notices issued by the Commission, are enumerated hereafter. Since many issues are common and have been raised by more than one respondent, these have been clubbed together subject-wise and dealt with accordingly.

3.1 Petition filed by UJVNL before CERC

UJVNL has approached CERC to fix tariff in respect of Yamuna valley plants u/s 79 of the Electricity Act, 2003. The Yamuna valley plants are not under any composite schemes of generating company. Further, the agreement is between the two States, i.e. undivided UP and HP and not between generating companies. Himachal Pradesh has not shared the capital cost of the said schemes. The cost of generation to be paid by HP shall only be the pooled cost of generation at the bus bar. Such cost shall not include any other return. Obviously, these plants do not belong to the category of composite scheme based on the facts given above and, therefore, the exclusive jurisdiction of fixing the generation tariff should be only that of the Uttaranchal Commission.

3.1.1 Petitioner's Comments

The Petitioner is of the view that plants under Yamuna Valley were set up under a scheme that involved generation and sale of electricity to more than one State and, hence, CERC has the exclusive jurisdiction and power to regulate and determine the tariffs for the said plants. The Petition has been filed before CERC seeking clarification on the jurisdiction regarding determination of tariff for Dhalipur, Dhakrani, Chibro, Khodri and Kulhal stations of UJVNL. This was necessitated to avoid any Regulatory controversy regarding determination of tariff.

3.2 Comparison of tariffs of UJVNL vis-à-vis UPJVNL

At the time of unbundling of erstwhile UPSEB on 14.01.2000, the rate of electricity being supplied by UPJVNL to UPPCL was determined at 35 paise per unit. UPERC determined the rate of electricity being supplied by UPJVNL to UPPCL during the financial year 2001-02 at 37 paise per unit. Consequent to formation of Uttaranchal, the rate of electricity being supplied by UJVNL to

UPCL was arbitrarily fixed at 55 paise per unit plus 10% royalty payable to GoU. However, UERC vide its first Order in fixing the retail tariff of UPCL restored the rate of 37 paise per unit but at the same time made a provision of 10 paise as cess and a separate fund was created with a provision of 33 paise per unit for development of power generation in hydro electric sector. Thus, a total rate of 80 paise per unit was fixed for years to come. When the rate of electricity supplied by UJVNL to UPCL was fixed by the Commission at 29.68 paise per unit, the contribution to the PDF was increased so that the over all rate borne by UPCL could remain at 80 paise per unit. It is fortunate that this time UJVNL has claimed the rate at 53.23 paise per unit against the earlier claim of 76 paise per unit, still it is far in excess of the rate of electricity being supplied by UPJVNL to UPPCL despite the fact that the costlier Khara hydro electric project was retained in UPJVNL. The rate of electricity being supplied by UPJVNL to UPPCL is around 40 paise per unit and, therefore, any increase in the rates of electricity being supplied by UJVNL to UPCL beyond 40 paise per unit shall be unjustifiable.

3.2.1 Petitioner's Comments

The generation tariff does not affect the consumer tariff as the Commission has already insulated the consumers from any fluctuation in generation tariff, by advising the GoU to levy cess, the quantum of which can be adjusted to insulate the consumer from any tariff hike. The increase proposed in tariff is required mainly to pay for "Return on equity" and for extensive operation and maintenance of the plants as the plants are very old, which would enable UJVNL to supply electricity to the consumers of the State at these tariff levels for a longer period. The benchmarking of UJVNL with UP tariff glosses out the tariff deterrent principles and tends to pass a judgment on tariff which is regulated and guided by the Electricity Act, 2003, GoI policies and CERC guidelines.

3.3 Proposed Tariff

The proposals suggest that UJVNL is not acting in the interests of the people. It should accept the fact that it is a public utility and discipline in all respects is expected from them. It has unnecessarily projected negative indices in order to jack up per unit cost. The tariff hike demanded by UJVNL is very high ranging from 49.90% to 125.84% which should not be accepted. Since, Uttaranchal Power Corporation Limited has also proposed an increase in tariffs, the additional proposal for increase of UJVNL's tariff should not be accepted. UJVNL has been operating since last

4 years and should have improved the efficiency of its power stations by now which would have resulted in reduction in cost of production. Hence, the Commission should reduce the generation tariff instead of accepting any increase.

3.3.1 *Petitioner's Comments*

UJVNL does not agree with certain provisions of the Tariff Order dated 16.12.2004 and had filed a petition before Hon'ble High Court challenging the said Order which has been transferred to Hon'ble Appellate Tribunal and is sub-judice. Further, the generation tariff does not affect the consumer tariff as the Commission has already insulated the consumers from any fluctuation in generation tariff, by advising the GoU to levy cess, the quantum of which can be adjusted to insulate the consumer from any tariff hike. The increase proposed in tariff is required mainly to pay for "Return on equity" and for extensive operation and maintenance of the plants as the plants are very old, which would enable UJVNL to supply electricity to the consumers of the State at these tariff levels for a longer period.

3.4 Return on Equity

The view regarding return on equity taken by the Commission in its Order dated 16.12.2004 has been fully endorsed by the respondents. The Commission has acted in the interests of all concerned to have created a Power Development Fund, so that funds from this PDF may be used for creation of future assets. Any such return will allow undue benefit to the generating company.

3.4.1 *Petitioner's Comments*

The Commission, in its Order dated 16.12.2004, has denied any return to UJVNL on the premise that the assets were not created by UJVNL. UJVNL does not agree with certain provisions of the said Order and had filed a petition with Hon'ble High Court challenging the said Order, which has been transferred to Hon'ble Appellate Tribunal and is sub-judice. Further, the Petitioner states that there is no dispute that the generating assets belong to UJVNL, even then it has been denied its right to recover reasonable profits from its business assets inherited or created by it. It has been decapitated from building up/gathering any investible surplus because all other components of administered tariffs are cost reimbursements leaving no margin or surplus to

UJVNL. It is also contrary to the practice in other States that have restructured their State Electricity Boards, namely Jharkhand and Chhattisgarh.

3.5 Depreciation

The respondents have supported the position taken by the Commission in its Order dated 16.12.2004 regarding depreciation. They have also supported the Commission's approach of creating the Renovation and Modernisation Fund to allow UJVNL to take up the renovation and modernisation. This approach also gets strength from the recent Tariff Policy of Government of India.

3.5.1 Petitioner's Comments

The Commission, in its Order dated 16.12.2004, has denied any depreciation to UJVNL on the premise that the assets were not created by UJVNL. UJVNL does not agree with certain provisions of the said Order and had filed a petition with Hon'ble High Court challenging the said Order, which has been transferred to Hon'ble Appellate Tribunal and is sub-judice. Further, the Petitioner states that there is no dispute that the generating assets belong to UJVNL, even then it has been denied its right to recover reasonable profits from its business assets inherited or created by it.

3.6 Operation & Maintenance Expenses

There is no reason for any change in the reasoning adopted by the Commission in its Order dated 16.12.2004 with regard to the operation and maintenance expenses. Tariff fixation should be guided by the factors, which would encourage competition, efficiency, economical use of resources and safeguarding of consumer interest. In the current Petition, no such factors have been considered. Proposed increase in the O&M expenses without any increase in generation defies logic. Though the respondents have supported the Petitioner contemplating expenditure on repairs and maintenance on the plea that not enough was done in the past and, therefore, the plants are not in a good health as it would help the plants in a long run. However, it has been stated that any such expenditure, which is not of a regular nature should be taken as abnormal expense and should not be considered for tariff fixation to avoid tariff shocks. Instead, the Petitioner can be allowed the use of funds from Power Development Fund for such abnormal repairs and maintenance if the

Petitioner so proposes. Hence, the Commission should derive the O&M expenses only as per the Regulations.

3.6.1 Petitioner's Comments

Increase projected by UJVNL is mainly on account of major Civil Works. UJVNL has been in operation for only about 4 years as a commercial entity, although most of its generating stations have been in operation for over 25 years. It should be appreciated that the repairs and maintenance expenses have been high in the current years because of overdue repairs. Moreover, current staff levels and skills available are inadequate for projects and are much less than the sanctioned strength as approved by GoU. Thus, the projected increase is also in the anticipation of increase in the employee strength in the coming months. Further, in addition to these, there has been increase in DA levels resulting in higher O&M expenses.

3.7 Renovation and Modernisation Fund (RMF)

In the Order dated 16.12.2004, the Commission had given UJVNL the option to create a "Renovation and Modernisation Fund (RMF)" and deposit the excess amount charged from UPCL in it or to refund this amount with interest to the consumers through UPCL. The view of UJVNL gets negated by the Tariff Policy of GoI where proper methodology is given for such renovation and modernisation expenses. Creation of RMF was the foresighted step of the Commission. The Petitioner has failed to create such fund and, therefore, this excess amount realized in the past has to be refunded to consumers along with interest thereon. Therefore, the excess amount of Rs. 86.78 Crore should be treated as income and the generation tariff should be reduced to that extent.

3.7.1 Petitioner's Comments

The renovation and modernisation efforts of UJVNL for rejuvenating its plants are underway and consumers will be able to get the complete benefits of the same, few years down the line. Since the present tariff does not provide adequate funding/leveraging of modernisation and upgradation expenses, UJVNL has made alternative arrangements to modernize these plants in the long term interest of the consumers of the State.

3.8 Extra expenses for bringing the plants to name plate levels

Although, the respondents supported Petitioner's claims that it has to incur extra expenses to bring up the plants to their name plate levels, yet, they have supported the view of the Commission as spelt in the Order dated 16.12.2004 that all such expenses should be capitalized and projects should be conceived and taken up for implementation with clear objectives. To account for all such expenses in one year will certainly be irrational.

3.8.1 Petitioner's Comments

The Repairs and Maintenance expenses are only to retain the existing capacity and efficiency. Such expenses can only be allowed as O&M expenses within the meaning and parameters provided under the Electricity Act, 2003 and the said Regulations, 2004 and cannot be justified as capital expenses.

3.9 Auxiliary Consumption

The figures of auxiliary consumption claimed are very high in comparison to those approved by the Commission.

3.9.1 Petitioner's Comments

The auxiliary consumption proposed by UJVNL is in line with the Regulations.

3.10 Design Energy / Saleable Energy

The approach of the Commission given in its Order dated 16.12.2004 in fixing the primary energy generation should not hold good for future years. The same was acceptable as far as sufficient data was not available and the Petitioner's plea that the plants were not kept in good condition. Now, although the Petitioner is claiming that they have done a lot in setting right their stations by taking appropriate steps and, as a result, there has been substantial improvement in availability, yet it is not intending to pass these improvements by projecting higher energy generation. The proposed saleable energy during 2006-07 of only 2731.86 MU is very low compared to that of 3145.44 MU approved by the Commission for 2004-05, and works out to mere 86.85% of

the approved level. The Commission should revisit the design energy and allow the benefit of better generation to the consumers. This would also be in line with the Tariff Policy which states that operating norms should be at normative levels only and not at lower of normative and actuals. This is essential to encourage better operating performance.

3.10.1 Petitioner's Comments

As per the Regulations, Annual Fixed Charges have to be divided over the projected energy generation. As the Petition is filed in the beginning of the year and the hydrology figures are not available while preparing the Petitions, generation figures have been considered based on principles specified in the last Order dated 16.12.2004. Any extra generation, over and above the projected data, will be available to the Uttaranchal State only, since UJVNL is solely supplying electricity to Uttaranchal consumers and the entire benefit will be passed to them only.

3.10.2 Annual Fixed Charges

The proposed increase in expenditures in 2006-07 to the extent of 49% to 122% as compared to expenditures approved by Commission in 2004-05 should not be approved.

3.10.3 Petitioner's Comments

The increase is mainly due to "Return on equity" demanded legitimately by UJVNL, which was not granted in the last Order dated 16.12.2004.

3.11 Clarity on certain issues

UPCL has submitted that the Tariff Order should clearly specify the applicability of Annual Fixed Charges and methodology of its monthly payment, applicability of capacity index incentive and methodology of its monthly payment, verification and computation of capacity index and the applicability of deemed generation charges and its payment.

3.11.1 Petitioner's Comments

The Petitioner agrees with the contention of UPCL and has already filed a petition dated 25.10.2005 with the Commission seeking clarification regarding applicability and computation of

capacity charges, capacity index incentive and deemed generation charges.

3.12 Payment mechanism and rebate on timely payment of bills

UPCL has stated that Central Power Sector Undertaking extends a rebate as laid down by the CERC Regulations. However, Uttaranchal Electricity Regulatory Commission's Regulations do not deal with the payment mechanism. Hence, this should be incorporated.

3.12.1 Petitioner's Comments

UJVNL agrees with the view that UERC should elaborate the payment mechanism.

3.13 Tariffs of Pathri and Mohd'Pur

UPCL has submitted that the tariff was determined by this Commission for Pathri and Mohd'Pur and, hence, UPCL is releasing the payment at an adhoc rate of 37 paise per unit as energy charges and cess and royalty at the rate of 33 paise and 10 paise per unit respectively. Besides, this the Petitioner is also claiming deemed generation on these plants.

3.13.1 Petitioner's Comments

The bills for deemed generation charges as well as Capacity index incentive and capacity charges are being raised for all the plants of UJVNL and not only for these two plants, but no payments are being made by UPCL to UJVNL in this regard and unilateral deductions are continued to be made by UPCL from UJVNL bills.

3.14 Tariffs of Small HEP's

UPCL states that the Tariff of small hydro electric plants have not been determined by the Commission and it is making payment @ Rs. 1.70 per unit as energy charges. Besides this, the Petitioner is also claiming deemed generation on these plants. UPCL has submitted that the tariff was determined by this Commission for Pathri and Mohd'Pur and, hence, UPCL is releasing the payment at an adhoc rate of 37 paise per unit as energy charges and cess and royalty at the rate of 33 paise and 10 paise per unit respectively. Besides, this the Petitioner is also claiming deemed generation on these plants.

3.14.1 Petitioner's Comments

The bills for the SHPs were being raised @ 170 paise per unit only till September 30, 2005 and after that UJVNL has not raised any bill of SHP @ 170 paise per unit and shall raise bills after the Commission reviews its Order dated 25.04.2005.

3.15 Power Development Cess/Tax/Royalty

The Petitioner should be allowed funds from PDF or RMF to be used in incurring expenditure for bringing the plants to their name plate capacity and availability. To bring in more responsibility, the Petitioner should bring before the Commission all such projects and the Commission should allow 30% contribution from PDF or RMF and the rest money should be taken as loan from appropriate sources which would monitor the project against the projections. The same is also envisaged in the Tariff Policy.

While deciding the tariff order, the amount of 40 paisa cess should also be reviewed if there is an upward revision in per unit cost of UJVNL. This would keep the cost to consumers under control.

The Commission should also review the levy of royalty of 10 paisa imposed by the State Government as to whether such levy can be levied to any level by the State Government or there are some norms for this.

3.15.1 Petitioner's Comments

No response has been received from the Petitioner on this issue.

3.16 Response from Government of Uttaranchal

In their letter no. 531/I/2006-02(3)/1/06 dated 05.04.2006, the State Government have conveyed their views on the tariff proposals including Petitioner's proposal. The State Government has specifically recommended the following:

- i) There should be no increase in the effective tariff presently payable by consumers and the financial health of the company should also be protected based on commercial principles;

- ii) Government has not agreed to give its consent to subsidize any category of consumers.

Interestingly, while the State Government which is the sole proprietor of the Petitioner Company has opposed any increase in tariffs, the company's management has sought increase in tariffs ranging from 49.90% to 125.84%. The Commission, therefore, gave the Petitioner an opportunity to reconcile these conflicting positions. Whereupon following view of Petitioner Company's Board of Directors has been communicated:

"The Board considered the agenda and discussed in details the various issues therein. Upon careful consideration, the Board unanimously re-approved and reconfirmed the Tariff Petitions filed by UJVNL to UERC during December 2005. The Board specifically observed that there is no conflict and that the State Government has quiet unambiguously laid stress on financial health of the Generation Company. "

It is clear from above that the obvious contradiction in the substance of the Government's recommendations and the Petitioner's proposals has escaped notice of the company's Board of Directors. Instead of addressing the core issue, the Board has confined itself to faulty misinterpretation of Government's recommendations, which is indeed unfortunate. Nevertheless, the Commission proposes to deal with above the contradictory positions appropriately later in this Order.

The Commission has considered other issues raised by the stakeholders and Petitioner's reply to the same during scrutiny and analysis of the proposals. All such issues have been dealt with at appropriate places in the Order.

4. Commission's Approach, Scrutiny and Conclusions

4.1 Statutory Requirements

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

Accordingly, the Commission's approach for this exercise is already defined in the Uttaranchal Electricity Regulatory Commission (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2004 (Regulations), notified by the Commission, which are based on similar Regulations issued by CERC and are in line with the principles recently enunciated in the Tariff Policy issued by the Central Government on 06.01.2006. In the present exercise, the Commission is legally required to and will abide by these statutory requirements. During the last tariff determination exercise, which was the very first such exercise for the Petitioner Company, some relaxations in these requirements were allowed for reasons spelt out in the Commission's Order dated 16.12.2004. The Commission proposes to continue with the same approach, unless it comes across convincing reasons for doing otherwise.

While these generating plants have been in operation for quite sometime, their transfer from Uttar Pradesh State Electricity Board (UPSEB) to Uttar Pradesh Jal Vidyut Nigam Ltd. (UPJVNL) first and then from UPJVNL to the Petitioner threw up issues like capital cost of assets of these stations, Petitioner's investment in these assets etc. Different claims and views pertaining to such issues were considered in depth and decided by the Commission in the Order dated 16.12.2004 spelling out the rationale behind these findings. There is, therefore, no need for the Commission to revisit such issues in the present proceedings, unless some new facts are now brought out in these proceedings.

By and large the Commission so far has been following the Cost Plus approach under which expenses incurred by the Petitioner, after prudence check, have been allowed to be recovered through tariffs. Trends in expenditure and the projections for the year 2006-07 suggest that the

above approach is resulting in complacency and consequential inefficiencies. There are no signs, whatsoever, of any meaningful effort to control expenses. On the contrary, the emerging trends in Petitioner's expenses reflect an attitude symptomatic of the belief that whatever expenditure is incurred by the Petitioner, the same should and will be passed through in the tariff. Any such belief is irrational and would only hurt interests of the Petitioner as well as of other stakeholders. Promoting competition and efficiency in operations is an important objective of the reforms in the power sector and the same has indeed been clearly spelt out in the Tariff Policy announced recently by Government of India under section 3 of the Electricity Act, 2003. The Commission is, therefore, obliged to and will take steps to check such complacency and inefficiencies in Petitioner's operations. Therefore, while determining the Petitioner's tariff, the Commission does not propose to be confined only to the Cost Plus approach and will not hesitate to adopt normative approach wherever required.

4.2 Physical Parameters

4.2.1 Energy Generation and Saleable Primary Energy

In absence of reliable information on Design Energy of these nine plants, the Commission had, in its Order dated 16.12.2004, considered lower of 15 years' average annual generation and the plant-wise Design Energy mutually agreed between UPJVNL & UPPCL and for the purpose of working out the Primary Energy Rate had deducted from it auxiliary consumption and transformation losses admissible as per the Regulations. This issue has already been considered in depth and decided in the Commission's Order dated 16.12.2004. The relevant extract of the same is reproduced below:

“For computing the Primary Energy Rates for these nine plants, their average annual generation over 15 years presents a more reliable basis than the Petitioner's projections which are totally out of step both with last year's generation as well as with the average annual generation. Commission has, therefore, assumed this average annual generation as projected generation for 2004-05. Lower of this projected generation and the plant wise design energy mutually agreed between UPJVNL and UPPCL, has been taken for the purpose of working out the Primary Energy Rate.....”

The Petitioner while assuming the figure so worked out, has subtracted 28.43 MUs from this

value on account of expected consumption in colonies/barrages/dams etc in excess of deductions for auxiliary consumption permissible under the Regulations. Thus, against the normative saleable primary energy of 3145.44 MUs worked out by the Commission, the Petitioner has proposed a figure of 3117.06 MUs as has been depicted in Table 2.3. The issue of consumption in colonies has also been dealt with in the Order dated 16.12.2004. The Commission does not see any reason to revisit this issue. Relevant extract of the said Order is reproduced below:

“The Petitioner has wrongly shown consumption of 28.38 MUs in colonies etc. as Auxiliary Consumption. Cost of this energy is actually the cost incurred by the Petitioner in operating certain related works and for providing a facility/perquisite to the employees and should, therefore, be shown as such. Camouflaging such expenditure in Auxiliary Consumption is neither permissible as per Regulations nor desirable. This cost has, therefore, been taken out from Auxiliary Consumption and has been dealt with as part of expenses later in this Order.”

It may be recalled that in the Order dated 16.12.2004, the Commission had recognized the need for supply of electricity to colonies located at the generation sites and allowed the cost of the same to the Petitioner. The Petitioner has now claimed not only the cost of this supply in its expenses, but has also reduced this quantity of energy from the total energy generated and is, thus, claiming this cost twice. Further Government of India's Order dated 08.06.05 which deals with the issue of licensing requirements for supply to colonies, has been blatantly misrepresented in the Petition to justify deduction of this quantity from the total generation. The Commission sees no reason for reopening the above issue in these proceedings. Petitioner's claim that it is incurring expenditure and losses in its switchyards on behalf of UPCL has no bearing on its own acceptable prudent costs. If for any reason, whatsoever, the Petitioner is incurring costs on behalf of a third party, the same should be recovered from the party concerned and not from consumers through tariff.

The Commission is, therefore, adhering to the approach already defined in the Order dated 16.12.2004 and is not deviating from the figures of primary energy generation and saleable primary energy arrived at in the said Order. Accordingly, the Primary Energy Generation and Saleable Primary Energy for these plants are fixed at 3169.13 MUs and 3145.44 MUs respectively as shown in the following Table.

Table 4.1: Energy Generation and Saleable Energy Approved by Commission (MUs)

Plant	Energy Generated	Auxiliary Consumption		Transformation loss		Saleable Energy
		Absolute	%	Absolute	%	
Dhakrani	156.88	0.31	0.20%	0.78	0.50%	155.78
Dhalipur	192.00	0.38	0.20%	0.96	0.50%	190.66
Chibro	750.00	3.00	0.40%	3.75	0.50%	743.25
Khodri	345.00	0.69	0.20%	1.73	0.50%	342.58
Kulhal	153.91	0.31	0.20%	0.77	0.50%	152.83
Ramganga	311.00	0.62	0.20%	1.56	0.50%	308.82
Chilla	671.29	1.34	0.20%	3.36	0.50%	666.59
Maneri Bhali-I	395.00	0.79	0.20%	1.98	0.50%	392.24
Khatima	194.05	0.39	0.20%	0.97	0.50%	192.69
Total	3,169.13	7.83		15.86		3,145.44

4.3 Financial Parameters

4.3.1 Capital Cost

The Petitioner has again claimed that the data relating to capital cost of these plants on the date of their commercial operation is not available. As in the petition for the year 2004-05, the Petitioner has claimed its assets as on 31.03.2002 to be Rs. 608.21 Crore, and this has been apportioned between these nine plants and Petitioner's other plants on the basis of capacity and age of each plant as given in Table 2.4 above.

This is again an issue which has already been dealt with in the Commission's Order dated 16.12.04. In para 5.3.1 of the said Order, the Commission had observed that:

“The approach for division of GFA between UPIVNL and UJVNL on the basis of installed capacity is seriously flawed at least for following two reasons:

- (i) It is not in conformity with Government of India's Order dated 05.11.2001, which stipulates that assets located in Uttaranchal shall stand transferred to Uttaranchal and hence book value of these assets only should have been transferred.*
- (ii) Per MW cost of all the plants of UJVNL has been assumed to be the same. However, these plants have been commissioned on different dates spread over a long period of time. Therefore, per MW capital cost would vary considerably from plant to plant and*

cannot be assumed to be uniform. To illustrate, Khara power station which has gone to UP was only 9 years old, while Khatima power station which has come to Uttaranchal was 45 years old in 2001. Assuming per MW costs of both these plants to be the same will severely distort this value for both these plants.

The basis for estimating capital costs of these plants proposed by the Petitioner is, therefore, seriously flawed and wrongly allocated higher GFA values to the comparatively older plants of Uttaranchal and hence cannot be accepted.

A better approach would be to go back to the date of unbundling of UPSEB. At the time of unbundling of UPSEB, the total GFA for all the stations of erstwhile UPJVNL was fixed at Rs. 927.42 Crore in the Provisional Transfer Scheme notified by UP Government. Plant-wise breakup of this value was subsequently worked out and given in the PPA dated 18.12.2000 signed for purchase of power by UPPCL from erstwhile UPJVNL, which was also approved by the UP Commission. This GFA value of Rs. 927.42 Crore given in the Provisional Transfer Scheme dated 14.01.2000 was subsequently raised to Rs. 943.38 Crore in the Final Transfer Scheme notified on 25.01.2001. This value of GFA is also shown in UPJVNL's Balance Sheet for 2000-01. To incorporate this marginal increase in total value in the Final Transfer Scheme, for want of a better alternative, the breakup of the provisional value of Rs. 927.42 Crore already approved by UPERC can be increased proportionately. This approach presents a fairer and more realistic picture for these nine stations. Further, since this increase is of only a small amount of about Rs. 16 Crore, its impact in any case would only be marginal."

The value of GFA for these nine stations so worked out in the said Order is given in Table 4.2 below:

Table 4.2 : GFA of 9 main plants transferred to Uttaranchal (Rs. in Crore)

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

It is significant that the value of GFA being claimed by the Petitioner has been questioned by no less an authority than the Comptroller & Auditor General of India (CAG), who have observed that the accounts of UJVNL for the year 2001-02 do not show a true and fair value as the opening values of assets and liabilities as on 09.11.2001 have not been derived according to the Transfer Scheme notified by GoI. This is exactly what was done by the Commission and CAG's objections in this regard are in tune with Commission's conclusions quoted above. The Petitioner has ignored not only Commission's detailed reasoning for rejecting the Petitioner's claim and working out the value of GFA based on the transfer scheme notified at the time of unbundling of UPSEB, but even CAG's observations in this regard and continues to harp on a value of Rs. 608.21 Crore claimed in the Petition for 2004-05 and rejected by the Commission then and subsequently even by the CAG. The Commission, therefore, does not see any justification or reason for revising the figure of capital assets as on 09.11.2001 arrived at in the Order dated 16.12.2004.

4.3.2 Additional Capitalization

An addition of Rs. 13.25 Crore in the GFA as on 31.03.02 has been claimed by way of capitalization till 31.03.2005. Capitalisation claimed for 2005-06 is Rs. 1.61 Crore and for 2006-07 has been projected at Rs. 9.97 Crore. Plant-wise break-up of this is given in Table 4.3 below.

Table 4.3: Additional Capitalization claimed after 31.03.2002 (Rs. Crore)

Plant	Dhakrani	Dhalipur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Maneri Bhali I	Khatima	Total
Till 31.03.2005	0.40	0.14	2.98	3.26	0.09	0.18	5.87	0.18	0.15	13.25
2005-06	0.03	0.03	0.66	0.22	0.02	(0.02)	0.51	0.05	0.11	1.61
2006-07	0.15	0.31	2.44	2.69	0.24	0.81	2.60	0.45	0.28	9.97
Total	0.58	0.48	6.08	6.17	0.35	0.97	8.98	0.68	0.54	24.83

Any addition to the total GFA of these plants as on 14.01.2000, as approved above, can be allowed but only after due validation. For this, the Petitioner was required to furnish details pertaining to additional capitalisation claimed and even the formats for this purpose were given to the Petitioner in the previous tariff proceedings. The Commission had then observed that:

“The Petitioner was, therefore, specifically asked to furnish details pertaining to additional capitalization claimed till 31.03.2004, but has not done, so. In absence of proper scrutiny of these claims, Commission is not allowing any additions on account of capitalization in GFA values of these nine plants after 14.01.2000”.

Notwithstanding the above observation, the Petitioner has once again not provided details of the works proposed to be capitalized. Instead of providing details required by the Commission, the Petitioner has produced vouchers and bills for some works which are not relevant to the issue under consideration and, therefore, are of no help. The details of the works done, their approvals, financing etc. have again not been furnished. These details are required to enable the Commission to make a proper assessment of the prudently incurred cost on such works and relating the same to their predetermined efficiency gains. The Tariff Policy, announced by Government of India on 06.01.2006, while dealing with capital investments for renovation and modernization categorically says that;

“Appropriate capital costs required for pre-determined efficiency gains and/or for sustenance of high level performance would need to be assessed by the Appropriate Commission.”

In view of Petitioner's continued failure to provide relevant information, proper scrutiny of these claimed expenses has not been possible. The Commission, therefore, has no choice but to disallow claimed capitalisation after 14.01.2000, in these nine plants, for the time being. In future, if such details are presented to the Commission, appropriate view on such capital expenses will be taken in terms of the Regulations and the Tariff Policy referred to above.

4.3.3 Depreciation

The Petitioner has claimed a sum of Rs. 15.26 Crore by way of depreciation in these nine stations. While dealing with the depreciation claimed for 2004-05, the Commission had pointed out that of these nine stations, in four stations namely Khatima, Dhakrani, Dhalipur and Chibro the accumulated depreciation was 96.50%, 98.32%, 99.23% and 90% respectively. The maximum depreciation that can be allowed on any asset is 90% of the historical cost. Hence, question of allowing further depreciation in these four stations does not arise, though the Petitioner has claimed a sum of Rs. 4.18 Crore by way of depreciation for these plants.

This leaves the question of depreciation in the remaining five plants namely Khodri, Kulhal, Ramganga, Chilla and Maneri Bhali-I. The depreciation claimed for these plants is of Rs. 11.08 Crore. This issue was addressed in the Order dated 16.12.2004 and in para 5.3.3 the Commission had observed that:

“In this connection, section 43 of the Income Tax Act is being reproduced below:

“Actual Cost means the actual cost of the assets to the assessee, reduced by that portion of the cost, thereof, if any, as has been met directly or indirectly by any other person or authority.”

It may be recalled that assets of these generating stations have been vested in the Petitioner Company through an Act of Parliament without the Petitioner having to pay cost of these assets. Accordingly, as spelt out unambiguously in section 43 of the Income Tax Act, no depreciation is permissible to the Petitioner Company on these assets. Commission sees no reason for adopting a different approach for cost determination.

While no depreciation is admissible as seen above, prudence demands that the company builds up some reserve for replacement of these assets as and when they wear off. The Commission is directing the Petitioner company to create a fund for this purpose, which may be called “Renovation & Modernisation Fund (RMF)” and to open a separate bank account for this. This fund should be used only for leveraging investments required for replacement, renovation and modernization of existing assets, and should not be used up in Petitioner’s operations or put to any other use. Since this Fund has been created without any contribution from the Petitioner, any investment in fixed assets from this Fund shall not be eligible for return or normative interest. The Commission as a special case is allowing depreciation on these assets, which normally is not permissible, on the condition that this entire amount is credited to the bank account for RMF fund. Any interest earned on this account shall be credited to RMF only. It would be advisable for the Petitioner to credit to this fund the depreciation already taken by it prior to the tariff year so that adequate funds are available to it for Renovation and Modernization of these plants on which so much concern has rightly been shown.”

Instead of creating the RMF and keeping in it the depreciation allowed by the Commission, the Petitioner has again claimed this as expenditure. Explanation 10 of Section 43(1) of the Income Tax Act, 1961 explains in no uncertain terms how the actual cost of assets is to be determined when even a portion of the same has been met with by a third party. The said explanation is reproduced below:

“Where a portion of the cost of an asset acquired by the assessee has been met directly or indirectly by the Central Government or a State Government or any authority established under any law or by any other person, in the form of a subsidy or grant or reimbursement (by whatever name called), then, so much of the cost as is relatable to such subsidy or grant or reimbursement shall not be included in the actual cost of the asset to the assessee.”

In spite of the above unambiguous position and categorical direction, the Petitioner has not deposited in the RMF the amount of Rs. 8.95 Crore allowed by way of depreciation during 2004-05. Petitioner's failure to comply with the above directions leaves the Commission with no choice but to withdraw this concession shown in allowing depreciation, which was otherwise inadmissible. The Petitioner has stated in the Petition that the Commission had disallowed depreciation on the ground that the assets had not been created by the Petitioner. This contention is factually incorrect as admissibility of depreciation cost does not depend on whether the assets had been created by the Petitioner or by UPJVNL/UPSEB. As stated above, the issue that is relevant is whether the cost of these assets has been met out of subsidy or grant, etc. or by the Petitioner or its predecessors. For reasons detailed above, the Petitioner's claim for depreciation continues to be inadmissible and cannot be accepted, and the depreciation allowed conditionally needs to be written back. This will be done while computing the Petitioner's AFC and in turn the Tariff for these stations. However, the Commission is anxious that Petitioner's inexplicable conduct pertaining to this issue should not hurt long term interest of these plants. Accordingly the commission is willing to allow recovery of depreciation of Rs. 7.76 Crore for 2006-07 but only when the RMF fund is created and made operational as per Commission's directions in its Order dated 16.12.2004 and the depreciation amounts already realized through tariffs during 2004-05 and 2005-06 are deposited in the account of RMF fund. Creation of a separate RMF fund is essential to eliminate the possibility of the depreciation amount getting frittered away and, therefore, not being available for replacement of the existing assets as and when the same is required. Since the RMF fund has so far not been created, the Commission is determining the tariff payable to the Petitioner without any depreciation for the year 2006-07 but without writing back for the present, the depreciation of Rs. 8.95 Crore allowed in 2004-05 and of Rs. 8.23 Crore accrued in 2005-06. As and when, the "Renovation and Modernisation Fund" has been created as per the Commission's directions given in the Order dated 16.12.2004 and compliance of these directions has been verified and accepted by the Commission, this tariff will be revised by allowing the depreciation of Rs. 7.76 Crore for 2006-07. This revision in tariff will be carried out on the Petitioner approaching the Commission with compliance of the directions relating to the creation of RMF fund.

4.3.4 O&M Expenses

Regulation 26 stipulates that O&M expenses for plants in operation for more than 5 years

have to be based on the actual expenses for the 5 year period 1998-99 to 2002-03. The average of these expenses, excluding abnormal expenses, represents mid year expenses which is 2000-01. These are then to be escalated at compound rate of 4% p.a. to arrive at the allowable O&M expenses for the tariff year. During the tariff proceeding for the year 2004-05 the Petitioner had claimed that O&M expenses should not be computed as per the above requirement as these plants had been neglected while under UP's control. The Commission had examined this claim in details in para 5.3.4 of the Order dated 16.12.2004. The relevant extract of the same is reproduced below:

“The historical trend of these expenses and those proposed by Petitioner for tariff year is presented in Graph 5.4 above. While the actual expense for the years that plants were with UP have gone up gradually, there is spurt in the same after their transfer to UJVNL and the trend continues unabated. Intriguingly, this jump in expenditure does not seem to have resulted in any worthwhile step up of the output of these plants. Notwithstanding all this, the Commission can at the best allow limited relaxation in the laid down Regulations to the extent that for working out the base, actual expenses for only past three years are considered against five years provided in the Regulations. During these three years, these plants were managed by the Petitioner, barring few months in 2001-02, and presumably would not have suffered the neglect alleged for earlier periods and should, therefore, reflect a fairly realistic position”.

The Commission had, accordingly, fixed the base level of total O&M expenses of Rs. 66.99 Crore for 2002-03. As per Regulations, annual increment of 4% on this base figure is permissible and based on that the projected expenditure under this head for the year 2006-07 works out to Rs. 78.36 Crore. To this, another Rs. 0.73 Crore have been added to meet the cost of free supply to colonies etc. and another Rs. 1.00 Crore for the Regulatory Expenses making a total of Rs. 80.09 Crore. This has been apportioned plant-wise in the same proportion as last year. It may be pointed out here that this expenditure would have worked out to only Rs. 65.06 Crore, if the Commission had determined this expenditure strictly as per the Regulations and not relaxed the same.

The Commission is determining the total value of O&M expenses for the year but is refraining from sub-dividing this amount amongst individual expenditure heads that constitute the O&M expenses. UJVNL's Board of Directors should do so. The Board of Directors involvement in this exercise has become necessary in view of some disturbing trends that are creeping in these expenses. **For instance UJVNL's annual legal expenses pertaining only to these nine generating stations were Rs. 4.00 lakh and Rs 3.00 lakh during 2002-03 and 2003-04 respectively. In 2004-05,**

this expenditure shot up to as much as Rs. 196.00 lakh. In 2005-06, this expenditure has been stated to be Rs. 73.00 lakh and for 2005-06 it is projected at Rs. 76.00 lakh. Similarly, under the head Employee Cost, after providing for the basic salary, DA, retirement benefits and even cost for free power supply, another 40% of the basic wage is proposed to be spent by way of other allowances. A closer scrutiny and control of such expenses is clearly called for and the Petitioner Company's Board of Director is in position, and is indeed expected, to do so. While doing so following issues need to be suitably factored.

Repair and Maintenance Expenditure being an important constituent of O&M Expenses, the Commission would like to reiterate its directions given in para 5.3.4.2 of the Order dated 16.12.2004. The relevant extract of that Order is reproduced below;

"The Petitioner should adopt a similar approach and separate the works pertaining to Renovation & Modernisation from the routine Repair & Maintenance works, and submit the same for Commission's scrutiny and approval after proper financial tie up. On their validation the Commission shall recognize such expenditure as additional capitalisation as per terms of the Regulations. Thereupon, annual costs on such capital investments incurred by way of interest and depreciation etc. should be claimed and the same will be allowed subject to prudence check."

The above position has been reiterated in the GoI's recent Tariff Policy which states clearly that Renovation & Modernisation shall not include even periodic overhauls.

Another important and sensitive element of O&M Expenses claimed in the Petitions relates to unfunded liabilities of the Provident Fund Trust. This issue was dealt with in detail in the Commission's Order dated 16.12.2004. Relevant extract of the same is reproduced below;

"During the UPSEB days, deductions on account of provident fund etc. were not regularly credited to the provident fund and diverted to meet the Board's expenses on other accounts. This resulted in UPSEB owing a sum of Rs. 1634.49 Crore to the PF trust. On unbundling of UPSEB, UP Government took over all assets and liabilities of the erstwhile UPSEB. This particular liability of Rs. 1634.49 Crore towards PF Trust as on 14.01.2000 was taken over in entirety by the UP Government vide their Order no. 1555/ih-1/2003-24-114 ih/2002-VI/01/10 dated 16.07.2003, a copy of which is at Annexure IV of this Order. Some of the employees of erstwhile UPSEB having been transferred first to UPJVNL and then to UJVNL, the above amount of Rs. 1634.49 Crore taken over by UP Government includes share of such employees whose provident fund deductions were diverted

elsewhere. UP Government having issued bonds for the entire missing amount, proportionate share of the same needs to be got transferred to the Petitioner from UPJVNL. The State Government who is also the sole owner of the Petitioner Company should use its good offices and have the matter sorted out. Alternatively, as has been done by UP Government, liability on this account should be taken over by the State Government."

The Petitioner was directed to sort out this issue with the UP Trust and the State Government without further delay.

4.3.5 Return on Equity (RoE)

The issue of return on equity admissible to the Petitioner in these nine generating stations has been dealt with in considerable details in para 5.3.5 of the Commission's Order dated 16.12.2004. Commission's reasons for disallowing the Petitioner's claim in this regard have also been clearly spelt out in the said Order. Relevant portion of the said Order is given below:

"Normally, funding of an asset is done through a mix of company's own funds and loans taken from financial institutions. Recognising interest payable on such loans as an element of cost ensures servicing of the loan component. The question that remained was that of compensating the investor for his own funds invested in the asset. For this, the Regulation provides that, subject to the conditions given therein, return on such investments made by the generating company would be admissible at 14%. For allowing this attractive return, the necessary conditions are;

- (i) The funds invested in the asset should be company's own funds.*
- (ii) The funds should have actually been invested in creating/acquiring the asset.*

Therefore, before admitting the claimed return on equity one has to satisfy oneself that the claimed investment has actually been made by the Petitioner. It is a well recognised fact that company's own funds are its paid-up capital including premium on shares, if any, and the undistributed profits retained in the company. While the above Regulation strives to generously compensate the genuine investor, the same cannot be misused for making unearned profits. While Government as owner of the Petitioner company can afford to be indulgent and endorse the Petitioner's claim, the Commission has to examine it objectively in terms of the Regulations quoted above, and in a manner which is logical and fair not only to the Petitioner but also to other stakeholders. The Commission has to remember that the view that the Commission takes on

Petitioner's claim, could become a precedent for similar claims from other utilities. In this context, it may be recalled that Uttaranchal being a special category State, Plan Assistance for number of investments in the Power sector is being received in form of 90% grant and 10% loan. As per Accounting Standards issued by Institute of Chartered Accountants of India on Accounting for Government Grants, the value of the assets created out of such plan assistance is to be reduced to the extent of the grant portion, unless the recipient declares the grant portion as income. If the Petitioner is allowed return on such non-existent investments, Utilities receiving such grant assistance are likely to claim similar treatment of their grant portions.

Coming to facts of the Petitioner's case, it is not disputed that the paid up capital of the Petitioner company which was incorporated on 12.02.2001 is only Rs. 5 Crore. During first year of its operation, i.e. 2001-02, the company incurred a loss of Rs. 3.65 Crore. Hence, question of the company having with it any retained profits that year does not arise. These assets, whose value the Petitioner is estimating as Rs. 608 Crore, were transferred from UPJVNL in terms of Uttar Pradesh Re-organization Act, 2000 and Government of India's statutory order dated 05.11.2001 issued in exercise of powers under the said Act. On the date of transfer, there were no liabilities pertaining to these assets and, therefore, no such liability was vested in the Petitioner.

Petitioner's claim of return on equity has to be dealt with keeping in mind the above facts. These generating stations having been commissioned more than 20 years before the Petitioner company was registered, question of Petitioner having invested in creation of these assets simply does not arise. That being so, Petitioner's investment in these assets could have been made only at the time of their transfer from UPJVNL on 09.11.2001. As stated earlier, on that date the Petitioner company's own funds comprised of only the paid up capital of Rs. 5 Crore. Even this modest amount does not seem to have been paid by the Petitioner for acquiring these assets. In other words;

(i) On the date of transfer of these assets UJVNL's own funds were merely Rs. 5 Crore.

(ii) No amount whatsoever was paid by UJVNL for acquiring these assets.

To balance its accounts, in the balance sheet for the year 2001-02, the Petitioner has created a capital reserve on the liabilities side. It is now being argued that this capital reserve created to balance the value of these assets vested in the company should be treated as company's own funds invested for acquiring these assets. This argument cannot be accepted for the simple reason that creation of this capital reserve became necessary only on these assets getting transferred to UJVNL, which is quite different from UJVNL earning profits, creating reserves and then investing them in acquiring assets.

This sequence of events cannot be reversed for supporting an illusionary belief that the Petitioner had own funds in this non-existent reserve and has utilised them in acquiring these assets.

Any amount of accounting jugglery or semantic acrobatics cannot change the basic fact that on the date of transfer of these assets UJVNL's own funds were only Rs. 5 Crore and that UJVNL has not invested even a single paisa in acquiring these assets. Accepting such unfounded claims and allowing the Petitioner return on imaginary investments would amount to giving undue benefit to the Petitioner company at the cost of other stakeholders and would be an unhealthy precedent for future.

For reasons given above, the Commission finding no merit in the Petitioner's claimed return on its non-existent investment of equity in these assets disallows the same. Since the claim itself is rejected there is no need to go into the issue whether equity should be restricted to 30% or allowed upto 100% as claimed.

While not allowing any undue benefit to the generating company, the Commission has taken care that consumers also do not get any undue benefit. While Petitioner's funds have clearly not been invested in these assets, their funding would have been done out of Public Funds. Any legitimate expectation of return on such investment can at the best be that of the Government as custodian of Public Funds and the Government is being handsomely compensated through a dedicated Cess of 33 paise/unit on generation of these stations, increase in the royalty rates by 4.5 p/unit to 10 p/unit and also increase in electricity duty of 6 to 16 p/unit which in turn are passed on to consumers."

In the present Petitions, a claim of Rs. 26.70 Crore has again been made on this account. The Petitioner has repeated the claim that has already been considered and rejected. It has been argued that the Petitioner is in the process of developing new projects and to ensure availability of counterpart funds for them the claimed RoE may be allowed. In the Order dated 16.12.2004, the rationale behind allowing RoE as a cost was explained in detail. Notwithstanding it, RoE is now being claimed not by way of return on investments made but on the ground of requirements of equity to be invested in new projects in future. This rationale of allowing RoE on non-existent investments for raising resources for new projects may be ingenuous but does not find support in law. Investments for new projects are normally funded out of loans from financial institutions and promoters' corresponding investment which could come out of the existing internal resources of the company or by induction of additional equity from shareholders. Raising funds for this purpose from consumers as proposed by the Petitioner is unacceptable as it would result in artificially

inflating the tariff. The Petitioner's claim in this regard has to be viewed against Government of India's Tariff Policy announced on 06.01.2006, CERC's relevant Regulations and indeed Commission's own Regulations on the subject. Relevant extracts of each of these are reproduced below:

GoI's Tariff Policy stipulates that:

*"For the purposes of return on equity, any cash resources available to the company from its share premium account or from its internal resources **that are used to fund the equity commitments of the project** under consideration should be treated as equity subject to limitations contained in (b) below."* *

The CERC's relevant Regulations stipulate that:

*"The premium raised by the generating company while issuing share capital and investment of internal resources created out of free reserve of the existing generating station, if any, **for the funding of the project**, shall also be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are **actually utilised for meeting the capital expenditure of the generating station and forms part of the approved financial package.**"* *

Commission's own Regulations stipulate that:

*"The premium raised by the generating company while issuing share capital and investment of internal resources created out of free reserve of the existing generating station, if any, **for the funding of the project**, shall also be reckoned as paid up capital for the purpose of computing return on equity, provided such share capital, premium amount and internal resources **are actually utilised for meeting the capital expenditure of the generating station and forms part of the approved financial package.**"* *

**emphasis added*

Further, the equity amount to be taken into consideration for calculating the return on equity has also been dealt with in the GoI Tariff Policy, CERC's Regulations and the Commission's own Regulations. Relevant extracts of the same are given below:

GoI Tariff Policy

".....In case of equity below the normative level, the actual equity would be used for determination of Return of Equity in tariff computations."

The CERC's Regulations

"Provided that in case actual equity employed is less than 30%, the actual debt and

equity shall be considered for determination of tariff.

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

Commission’s Regulations

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

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

All three stipulations given above restrict the return to the equity amount actually invested. For example, if a promoter invests his own funds (equity) to the extent of 10% of the project cost, he will be entitled to earn return only on this amount actually invested by him and not on 30% of the project cost, which is the normative ceiling on his own investment in the project. If a promoter has not invested his own money in the project and the entire project cost has been met from loans, grants etc., no return on equity will be admissible to such promoter as no investment has been made by him in the project. Petitioner’s case is similar and no investment has been made by it in these assets. Ignoring this factual position and allowing return on 30% of the capital cost claimed in the Petitions would amount to blatant violations of not only Commission’s own Regulations but also of CERC’s Regulations and even of Government of India’s Tariff Policy. Petitioner’s claim for RoE on non-existent investments for meeting investment requirements of new projects in future is ingenuous but does not find support from any of the above stipulations, which have statutory status and are binding on all concerned.

Commission’s conclusions on the issue of RoE spelt out in the Order dated 16.12.04 are in full conformity with the stipulations listed above. Accordingly, there appears no need to, and the Commission does not propose to, revisit this issue in the present proceedings and, as in 2004-05, is again disallowing Petitioner’s claims in this regard.

4.3.6 Interest on Loans

The Petitioner has not claimed any interest on outstanding loans. However, it has claimed

interest on normative loans worked out as balance outstanding out of equity in excess of 30% by assuming the entire cost of assets as equity and this assumption has been discussed and rejected in the preceding paragraphs. Hence, question of any portion of non-existent equity investment being treated as normative loan and allowing interest on the same does not arise.

In its previous Order dated 16.12.2004, the Commission had allowed the Petitioner interest on two accounts:

- i) The Commission had treated Rs. 29.81 Crore, the excess expenditure over the allowable level under Repair and Maintenance head, for want of details, to be of a capital nature. In absence of such details, it was not known whether these works had even been started. However, to ensure that these works do not get delayed for want of funds, the Commission allowed interest of Rs. 1.53 Crore.
- ii) Further, the Commission had allowed an interest of Rs. 0.43 Crore towards financing of projected payments to retiring employees.

Thus, the total interest expense allowed by the Commission was Rs. 1.95 Crore.

The Petitioner was specifically asked to furnish details pertaining to additional capitalisation claimed. The Petitioner, instead of providing details on works done and their corresponding funding, has produced vouchers and bills for some works. The details and corresponding approvals have again not been provided to the Commission. The Commission is, therefore, not allowing any interest against the capital works as it had done in its previous Order.

With regard to payments to retiring employees pending transfer of money from UP trust, the Commission is not allowing any interest for such liability as the Commission had already directed the Petitioner to sort this issue out with concerned authorities and get its share from the UP Trust.

4.3.7 Interest on Working Capital

The Petitioner has claimed that it has projected the working capital for each plant based on :

- i) O&M expense at one month of projected expenses;
- ii) Maintenance spares @ 1% of project cost escalated @ 6% per annum from the date of

commercial operation; and

- iii) Receivables at two months of revenue from sale of electricity.

Cost of financing has been taken as 10.25%, the short term prime lending rate of SBI as on 01.04.2004. Petitioner's claims with respect to each of the above cost elements are examined hereafter:

4.3.7.1. One month O&M expenses

The annual O&M expenses admitted by the Commission are Rs. 80.09 Crore. Based on this one month's O&M expense, which works out to Rs. 6.67 Crore, has been allowed by the Commission. Plant-wise position of the same is presented in Table 4.4 below.

4.3.7.2. Maintenance spares

Regulation 27 stipulates that for calculating the working capital requirement, the value of maintenance spares should be worked out at 1% of the historical cost and the same should be escalated @6% per annum from the date of commercial operation. In view of uncertainty about the original capital cost of the hydro generating stations transferred to UJVNL, the Regulations provide that their cost, as on the date of unbundling, will be deemed to be the historical cost and the same shall then be escalated @6% per annum.

Notwithstanding the above clear provisions, the Petitioner has claimed the value of maintenance spares on another and highly exaggerated basis. The Petitioner has claimed the original capital cost of these generating stations to be Rs. 608.21 Crore which is even higher than the capital cost on the date of unbundling of UPSEB. This inflated value has been assumed to be the capital cost on the dates of commercial operation of these plants, which are 15-20 years prior to the date of unbundling, and then escalated @6% per annum from that date. Such calculation is not only illogical but also a blatant attempt for inflating the Petitioner's cost. Irrationality of such an exercise is amazing and the Commission sees no reason whatsoever to deviate from the Regulations and accept such blatantly inflated claim. Calculated on the basis of the relevant Regulations, working capital required for maintenance spares for all the nine plants comes to only Rs. 7.58 Crore and plant-wise break up of the same is given in Table 4.4 below.

4.3.7.3. Receivables

Regulations envisage receivables equivalent to two months of fixed charges for sale of electricity as an allowable component of working capital. Annual Fixed Charges (AFC) for the Petitioner includes O&M expenses, depreciation, interest on loan, return on equity and interest on working capital. The Commission has approved an AFC of Rs. 82.96 Crore in Table 4.5 below and on this, the receivables for two months work out to Rs. 13.83 Crore. Plant-wise position of the same is given in Table 4.4 below:

Total working capital allowed by the Commission under the three components discussed above works out to Rs. 28.08 Crore. The Commission has, thus, allowed Rs. 2.88 Crore as interest on working capital against Rs. 7.39 Crore claimed by the Petitioner @ 10.25%. The plant-wise details of working capital and interest thereon is given hereunder in Table 4.4

Table 4.4: Working Capital Requirement for 2006-07 (Rs. Crore)

Plant	1 month O&M Expenses	1% Maintenance Spares	2 months Receivables	Total Working Capital claimed by the Petitioner	Total Working Capital Approved by the Commission	Interest on Working Capital claimed by the Petitioner	Interest on Working Capital approved by the Commission
Dhakrani	0.43	0.19	0.90	3.63	1.52	0.37	0.16
Dhalipur	0.47	0.31	0.98	5.41	1.76	0.55	0.18
Chibro	1.49	1.32	3.08	17.18	5.89	1.76	0.60
Khodri	0.70	1.11	1.46	7.61	3.27	0.78	0.34
Kulhal	0.32	0.26	0.67	3.10	1.25	0.32	0.13
Ramganga	0.75	0.75	1.55	12.22	3.05	1.25	0.31
Chilla	1.15	1.88	2.37	10.72	5.40	1.10	0.55
Maneri Bhali-I	1.00	1.65	2.07	7.65	4.72	0.78	0.48
Khatima	0.36	0.11	0.74	4.64	1.21	0.48	0.12
Total	6.67	7.58	13.83	72.16	28.08	7.39	2.88

4.3.8 Primary Energy Rates

Based on the above analysis, the Commission has approved a sum of Rs. 82.96 Crore as the Total Annual Fixed Charges of the Petitioner. Plant-wise and component-wise break up of this is given in Table below. As stated earlier in this Order, for working out the Primary Energy rates for these plants, the Commission has considered lesser of the Design Energy mutually agreed between UPJVNL and UPPCL and the average annual generation of these plants for last 15 years. Saleable Primary Energy has then been derived from this value by deducting the normative Auxiliary

consumption and the same is given in Table 4.5 below. Since as per Regulation 20(1) recovery through Primary Energy Charges cannot exceed the Annual Fixed Charges, Secondary Energy will be computed only when the actual generation exceeds the actual Design Energy of these plants. Based on these values of the annual fixed charges and saleable primary energy, primary energy rate has been worked out for each of these nine generating stations and the same is given in the last column of Table below. The Commission hereby approves these rates as the primary energy rates for these nine generating stations with effect from 01.04.2006. These rates will continue to be the approved rates for sales to UPCL till revised by the Commission.

Table 4.5: Total Annual Fixed Charges and Primary Energy Rate

Plant	Interest on Working Capital (Rs. Cr.)	O&M expenses (Rs. Cr.)	Total Annual Fixed Costs (Rs. Cr.)	Saleable Primary Energy (MUs)	Primary Energy Rate (p/u)
Dhakrani	0.16	5.19	5.35	155.78	34.34
Dhalipur	0.18	5.72	5.90	190.66	30.95
Chibro	0.60	17.94	18.54	743.25	24.95
Khodri	0.34	8.40	8.74	342.58	25.49
Kulhal	0.13	3.86	3.99	152.83	26.13
Ramganga	0.31	9.00	9.31	308.82	30.15
Chilla	0.55	13.76	14.31	666.59	21.47
M Bhali I	0.48	11.96	12.44	392.24	31.71
Khatima	0.12	4.26	4.38	192.69	22.76
Total	2.88	80.09	82.96	3,145.44	

The total AFC of the Petitioner stands reduced by Rs. 10.39 Crore from that allowed for the year 2004-05. This is mainly on account of reduction by Rs. 8.95 Crore under depreciation for reasons explained above and interest charges.

The *suo-moto* proceedings and the Petitions subsequently filed by UJVNL stand disposed off accordingly.

Sd/-
(V.J. Talwar)
Member

Sd/-
(V.K. Khanna)
Member

Sd/-
(Divakar Dev)
Chairman

Date: 12th July, 2006

5.1 Annexure 1(a): Public Notice for suo-moto proceedings

**UTTARANCHAL ELECTRICITY
REGULATORY COMMISSION**
80/1, VASANT VIHAR, DEHRADUN
Phone: 0135-2764440 Fax.: 2763442
Email : uttaranchalerc@rediffmail.com Website: www.uerc.org

PUBLIC NOTICE
SUGGESTIONS WITH REGARD TO
UJVNL'S GENERATION TARIFF

About 60% of electricity consumed in the State is supplied from Dhakrani, Dhalipur, Chibro, Khodri, Kulhal, Ramganga, Chilla, Maneri Bhali-I and Khatima generating stations of Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL). Tariff for sale of electricity generated in these stations was fixed by the Commission on 16.12.2004. No further revision of this tariff has been done as no tariff petition has been filed before the Commission. As per law such petition is required to be filed before 30th November each year. Tariff petition for the year 2005-06 is delayed by more than one year and now that for 2006-07 is also overdue. Regular review and scrutiny of UJVNL's performance, including expenses, is essential as it impacts the retail tariffs payable by the consumers.

In view of the above, the Commission has initiated suomoto proceedings for determining generation tariff of the above mentioned generating stations. Through this Public Notice the Commission invites such suggestions that any stakeholder may like to offer in this regard. In absence of any specific proposals before the Commission, stakeholder responses may be based on the position reflected in Commission's order dated 16.12.2004. Copies of this order can be obtained from Commission's office or downloaded from Commission's website www.uerc.org. Responses received by the Commission by 31.12.2005 will be considered and taken into account before passing the final order.

Secretary

5.2 Annexure 1(b): Public Notice on UJVNL's Proposals

UTTARANCHAL ELECTRICITY REGULATORY COMMISSION									
80 Vasant Vihar, Phase-I, Dehradun Fax: 0135-2763442, Ph. : 2763444 Website www.uerc.org									
PUBLIC NOTICE									
GENERATION TARIFF FOR 2006-07 AS PROPOSED BY UJVNL									
<p>In response to the suo moto proceedings initiated by the Commission on 07.12.2005 for determining generation tariffs for UJVNL's (Uttaranchal Jal Vidyut Nigam Ltd.), nine hydro generating stations in the State, UJVNL has now filed its proposals and the same have been taken on record on 30.12.2005 for 2006-07. The increase in tariff proposed by UJVNL is likely to push up the consumer tariff by about 20 to 25 paise per unit over and above the increase proposed by UPCL for all categories of consumers, i.e. industrial, commercial, agriculture and domestic including lifeline consumers. Brief details of the tariffs proposed by UJVNL are given in the table below:</p>									
Stations	Installed Capacity (MW)	Year of Commissioning	Existing Tariff (Paise/unit)	Tariff proposed for 2006-2007 (paise/unit)		% Increase in Tariff sought for UPCL			
				UPCL's Share	H.P.s share				
Dhakrati	33.75	1965-70	37.19	69.13	62.52	58.99%			
Dhailpur	51.00	1965-70	32.42	71.61	63.74	120.79%			
Chibro	240.00	1974-76	25.15	52.80	40.66	109.94%			
Khodri	120.00	1983-84	31.10	61.03	39.30	96.21%			
Kulhal	30.00	1974-76	29.03	56.17	49.75	93.49%			
Ramganga	198.00	1975-76	34.48	77.87	-	125.84%			
Chilla	144.00	1980-81	25.95	38.90	-	49.90%			
Tiloth	90.00	1984-85	38.69	58.44	-	51.05%			
Khatima	41.40	1955-56	23.21	41.34	-	78.11%			
<p>*Derived for recovery of proposed AFC from UPCL and H.P. at projected generation.</p>									
<p>2. Above increases in tariffs have been proposed on the basis of projected increase in expenditure of the petitioner company as outlined in the table below:</p>									
(Rs. in crore)									
Station	Dhakrati	Dhailpur	Chibro	Khodri	Kulhal	Ramganga	Chilla	Tiloth	Khatima
Approved by Commission for 2004-05	5.79	6.18	18.69	10.66	4.44	10.65	17.29	15.17	4.47
Proposed for 2006-07	8.89	13.24	36.62	18.84	8.33	23.72	25.75	22.68	7.90
<p>3. Detailed proposals as submitted by UJVNL can be seen free of cost on any working day at the Commission's office or at the office of Uttaranchal Jal Vidyut Nigam Ltd. at UJWAL, Maharani Bagh, G.M.S. Road, Dehradun. Relevant extracts can also be obtained from the above mentioned office of the Petitioner.</p> <p>4. The proposals filed by the Petitioner are also available at the Website of the Commission (www.uerc.org) and at the Petitioner's website (www.uttaranchaljalvidyut.com).</p> <p>5. Responses/suggestions, if any, are sought from all consumers and other stakeholders on the above proposals. Responses may be sent to the Secretary, Uttaranchal Electricity Regulatory Commission either in person, or by post or through e-mail to uttaranchalerc@rediffmail.com as statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 10th January 2006.</p>									
Advt No. : 15/05									Secretary

5.3 Annexure 1(c): Combined Public Notice

 UTTARANCHAL ELECTRICITY REGULATORY COMMISSION						
PROPOSED ELECTRICITY TARIFFS FOR 2006-07						
<p>Uttaranchal Power Corporation Ltd. (UPCL)'s tariff proposals for 2006-07 were notified by the Commission for information of all stakeholders on 27.12.2005 & 28.12.2005. Power Transmission Corporation of Uttaranchal Ltd. (PTCUL)'s proposals for determination of transmission tariff were notified on 28.12.2005 & 29.12.2005. Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL)'s proposals for determination of its tariff for nine main generating stations were notified on 01.01.2006.</p> <p>2. Proposals for increase in generation tariffs and transmission tariffs were received after UPCL's proposals pertaining to consumer tariffs. Each of the above proposals impacts the retail charges realisable from consumers of electricity in the State. For full awareness and due appreciation of these proposals, impact of these individual proposals, alongwith their combined effect on tariffs of all consumer categories are given below.</p>						
Proposed Tariffs (Rs./unit)						
Category	Increase in Consumer Tariffs due to proposed increase in				Retail Tariffs	
	Generation Tariff	Transmission Tariff	Distribution Tariff	Total Increase	Existing	Proposed
1. Domestic						
1.1) Life line consumers						
a) Below Poverty Line including Kutir Jyoti with load upto 1 kW (consumption upto 30 units)	0.22	0.13	0.15	0.50	1.50	2.00
b) Consumers in snow bound areas	0.22	0.13	0.15	0.50	1.50	2.00
1.2) Other Domestic consumers						
a) Upto 1 kW	0.22	0.13	0.20	0.55	2.00	2.55
b) >1 & upto 4 kW	0.22	0.13	0.20	0.55	2.00	2.55
c) Above 4 kW	0.22	0.13	0.20	0.55	2.00	2.55
1.3) Single Point Bulk Supply	0.22	0.13	0.20	0.55	1.95	2.50
2. Non-Domestic						
2.1) Education Institutions, Hospitals & Charitable institutions.						
a) Upto 4 kW	0.22	0.13	0.75	1.10	3.00	4.10
b) 5 to 25 kW with ToD Meter	0.22	0.13	0.75	1.10	3.00	4.10
c) 5 to 25 kW without ToD Meter	0.22	0.13	0.25	0.60	3.50	4.10
d) Above 25 kW with ToD Meter	0.22	0.13	0.20	0.55	3.00	3.55
e) Above 25 kW without ToD Meter	0.22	0.13	0.25	0.60	3.50	4.10
2.2) Non Domestic Commercial users						
a) Upto 1 kW	0.22	0.13	0.25	0.60	3.50	4.10
b) 2 to 25 kW	0.22	0.13	0.25	0.60	3.50	4.10
d) Above 25 kW with ToD Meter	0.22	0.13	0.20	0.55	3.00	3.55
e) Above 25 kW without ToD Meter	0.22	0.13	0.25	0.60	3.50	4.10
2.3) Consumers upto 1 kW in snow bound areas	0.22	0.13	0.05	0.40	1.50	1.90
3. Public Lamps	0.22	0.13	0.25	0.60	2.50	3.10
4. Private Tube wells / Pumping Sets	0.22	0.13	0.10	0.45	0.70	1.15
5. Govt. irrigation system						
a) Upto 100 BHP	0.22	0.13	0.25	0.60	2.50	3.10
b) Above 100 BHP	0.21/kVAh	0.12/kVAh	0.25/kVAh	0.58/kVAh	2.15/kVAh	2.73/kVAh
6. Public Water Works	0.22	0.13	0.25	0.60	2.25	2.85
7. Industries						
7.1) LT Industries upto 100BHP/ 75 kW/ 88 kVA	0.22	0.13	0.19	0.54	3.15	3.69
7.2) HT Industries above 100BHP/ 75 kW/ 88 kVA excluding Power Intensive Industries						
a) Load Factor upto 50%	0.22	0.13	0.67	1.02	2.61	3.63
b) Load Factor above 50%	0.22	0.13	0.29	0.64	2.61	3.25
7.3) HT Power Intensive Industries (induction/ arc furnaces, mini steel plants, rolling/re-rolling mills and others)						
a) Load Factor upto 33%	0.22	0.13	-1.05	-0.70	4.33	3.63
b) Load Factor > 33% & upto 50%	0.22	0.13	-0.83	-0.48	3.42	2.94
c) Load Factor > 50%	0.22	0.13	-0.48	-0.13	3.38	3.25
8. Mixed Load (domestic load > 60%)						
a) > 60% & =< 70%	0.22	0.13	0.30	0.65	2.50	3.15
b) > 70% & =< 80	0.22	0.13	0.45	0.80	2.35	3.15
c) > 80% & =< 90	0.22	0.13	0.60	0.95	2.20	3.15
d) > 90% & <100%	0.22	0.13	0.75	1.10	2.05	3.15
9. Railway Traction(For supply at & above 132 kV)	0.22	0.13	-	0.35	-	3.25
10. Captive Generating Plants	0.21/kVAh	0.12/kVAh	-	0.33/kVAh	-	*5.52/kVAh
*Calculated at 10% load factor.						
<p>3. Even after the above increase in tariffs, another increase of Rs. 0.66 per unit is required in the tariffs shown above for all the categories of consumers, so as to cover the uncovered deficit of Rs. 233 crore projected by UPCL.</p> <p>4. Details of each of the above proposals are available at Commission's website (www.uerc.org) and at the Petitioners' websites, i.e. www.uttaranchaljalvidyut.com, www.uttaranchalpower.com and www.upcl.org. Responses to each of the above proposals, if any, may be filed separately in the concerned proceedings so as to reach the Commission's Secretary latest by 31.01.2006 at 80, Vasant Vihar, Phase-I, Dehradun - 248006 or through fax at 0135- 2763442 or e-mail at uttaranchalerc@rediffmail.com.</p> <p>5. The proposals received from the utilities and indicated above will be scrutinized and considered along with responses received from various stakeholders, if any, whereafter final tariffs will be determined by the Commission on merits and in accordance with the provisions of the Electricity Act, 2003 and the Regulations framed therein.</p>						
Advt. No.16/05						Secretary

5.4 Annexure 2(a): List of Respondents

SL. No.	Name	Designation	Organization	Address
1	Sri Y. K. Jindal	President	Kumaun Garhwal Chamber of Commerce and Industry	Chamber House Industrial Estate, Bazpur, Road Kashipur-244713, Distt. U.S. Nagar (Uttaranchal)
2	Sri P.K. Pant	Chief General Manager	Uttaranchal Power Corporation Ltd	Urja Bhawan Kanwali Road, Dehradun. 248001
3	Sri Ram Kumar	Vice President	Mussoorie Hotel Association	Hotel Vishnu Palace Library Mussoorie
4	Sri J.B Agrawal	Director	Kashi Vishwanath Steels Ltd	Narain Nagar Industrial Estate Bazpur Road Kashipur--244713, U.S. Nagar
5	Sri. Y. K. Jindal	President	Kumaun Garhwal Chamber of commerce and industry	Chamber House Industrial Estate, Bazpur, Road Kashipur-244713, Distt. U.S. Nagar (Uttaranchal)
6	Sri Pankaj Gupta	President	Indian Industries Association	C/o Satya Industries, Mohabbewala Industrial Area Dehradun
7	Sri. Devendra Kumar Agrawal	Managing Director	Kashi Vishwanath Steels Ltd.	Narain Nagar Bazpur Road, Kashipur 244713, Distt U.S Nagar
8	Shri S.S. Pangthi	President	Uttarakhand Jan Vikas Party	25-F, Nibuwala, Garhi Cantt. Dehradun.
9	Shri Lakhi Ram Sajwan	Kendriya Saghrakshak	Uttarakhand Kranti Dal	Vill-Veerpur, PO-Dunda, Uttarakashi.
10	Shri N. Ravishankar	Principal Secretary (E&I)	On behalf of Uttaranchal Government	Uttaranchal Secretariat, Subhash Road, Dehradun

5.5 Annexure 2(b): List of Participants in the Public Hearings

List of Participants in Hearing at Dehradun on 13.02.2006

SL. No.	Name	Designation	Organization	Address
1	Shri. M.S.Tariyal			Green Park Ballupur Chowk, Dehradun
2	Shri. Rajeev Kumar Agarwal	Vice President	Indian Industries Association	Mohabewala Industrial Area, Dehradun.
3	Shri Pankaj Gupta	President	Indian Industries Association	Mohabewala Industrial Area, Dehradun.
4	Lt. Col Badoni		MES	Dehradun
5	Shri Rajeev Gupta	President	Rastriya Jan Sahay Dal	112, New Cannaught Palace, Dehradun
6	Shri Devesh Pant			24, Vasant Vihar, Phase-2, Dehradun.
7	Mohd. Latif			B-I, UPSIDE, Industrial Area, Selaqui, Dehradun.
8	Shri S.S. Rawat			Akata Vihar, Shastradhara Road, Dehradun.
9	Brig. K.G.Behl			8-A, Nemi Road, Dehradun.
10	Shri. M.K. Tyagi	General Manager	Flex Foods Ltd.	Lal tapper, Haridwar Road, Dehradun.
11	En. Manvender Garola	Maha Sachiv	Parvatiya Takniki Uthan Avam Anusandhan Vikas Sansthan	167 Vasant Vihar, Phase-II, Dehradun.
12	Shri M.C Bansal	Advocate	Uttaranchal Steels Manufactures Association	Kotdwar
13	Mr. Amir Ahmad			Vill & PO- Serichandi, Hardwar
14	Shri Pawan Agarwal		Shree Sidhabali Steels Ltd.	Jashodharpur, Kotdwar
15	Mohd. Anis Ashif			Vill & PO-Shreechandi, Hardwar
16	Shri Mukesh Goyal		Uttarayan Steel,	Roorkee Distt. Hardwar
17	Shri Karam Chand			Doiwala, Dehradun
18	Shri Jai Prakash		Jan Jagriti Manch	Hardwar
19	Shri Akash Kashyap		Pestlewood College	Dehradun
20	Shri Chand Prakash Sharma	President	Rastriya Dharamshala Suraksha Samiti (Regd.)	Hardwar
21	Shri Harinder Mann	Director	Doon International School	32, Gurzon Road, Dehradun

List of Participants in Hearing at Rudrapur on 28.02.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Sharat Goyal	Secretary General	KGCCI	Kashipur
2	Shri Jitendra Kumar		KGCCI, Paper Unit Chapter	Kashipur
3	Shri R.K. Sharma		Century Pulp & Paper Mill	Lalkuan, Nainital
4	Ch. Rai Singh	State President	Bhartiya Kishan Union, Uttaranchal	Kashipur, US. Nagar
5	Shri Darbara Singh		Sam Cables	106 AVC Rudrapur
6	Col. P.S. Rautela		Mahendra & Mahendra Ltd.	Lalpur, Rudrapur

SL. No.	Name	Designation	Organization	Address
7	Shri Pawan Kumar	Managing Director	S.P. Solvent (P) Ltd.	Kashipur Road, Rudrapur
8	Shri Shiv Kumar		Lalkuan Stone Creaser (P) Ltd.	Lalkua, Nainital
9	Shri Balkar Singh		Kishan Union Bazar Adyaksh	Kashipur
10	Shri R.S. Sethi		Nainital Hotel & Restaurant Association	Nainital
11	Shri U.C. Tiwari		Honda Sail Power Product Ltd.	Rudrapur
12	Shri Kuldeep Singh Cheema			Dhakiya No-3, Kashipur
13	Shri Jeet Singh Cheema			Dhakiya No.-2, Kashipur
14	Shri Satveer Sharma			Noorpur, Kashipur
15	Shri Sohan Singh	President	Ganna Parishad	Kashipur
16	Shri Veer Kothari		Polyplex Corporation Ltd.	Khatima
17	Shri Laxmi Dutt Pathak			Haripura Harshan, Bazpur, Kashipur
18	Shri Navneet Agarwal		BTC Industry	Kichha
19	Shri Rajeev Gupta			C/o- Kumaon Steel Manufactures Asso. Nariyan Nagar, Kashipur
20	Shri J.B. Agarwal		Kashi Vishwath Steel Ltd.	Kashipur
21	Shri Ashok Bansal		Rudrapur Solvents Pvt. Ltd.	Vill & PO- Lalpur, Rudrapur
22	Shri Ajay Agarwal		Ram Kumar Industries (P) Ltd.	Vill & PO-Lalpur, Rudrapur
23	Shri Bhupendra Singh Sarra	President	Bhartiya Kishan Union	Jaspur, US Nagar.
24	Shri Jagdish Singh		Bhartiya Kishan Union	U.S. Nagar
25	Shri Harlok Singh			Rajpura No.-1, PO-Gadarpur, U.S. Nagar
26	Shri Rajesh Shukla	Ziladhyaksh	Samajwadi Party	Rudrapur
27	Mr. Akil Ahmad			Jagjor Farm, Rudrapur
28	Shri Om Prakash Arora	District President	Vyapar Mandal	Udhan Singh Nagar
29	Shri. R.S.Vadav		KGCCI	Kashipur

List of Participants in Hearing at Srinagar (Garhwal) on 03.05.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Naveen Naithani	President	Gramodhaan Avam Rojzar Vikas Samiti	Akalnada Colony, Kotdwar, Pauri Garhwal
2	Ms. Geeta morya	Sanyojika	Swam Sahayata Samuh Avam Sanshathan Samiti	Kotdwar, Pauri
3	Shri S.P. Ghildiyal	Ex. Member	Uttaranchal Hotel Association	C/o- Hotel Prachi, Srinagar (Garhwal)
4	Shri Ummed Singh Mehra			Ganesh Bazar, Srinagar (Garhwal)
5	Shri S.S. Pangathi	President	Uttaranchal Jan Vikas Party	25 F, Nibuwala, Dehradun
6	Shri Krishna Nand Naithani	Chairman	Nagar Palika Parishad	Srinagar (Garhwal)
7	Shri K.N. Joshi	Sr. Manager	THDC	Tehri Garhwal

List of Participants in Hearing at Almora on 16.05.2006

SL. No.	Name	Designation	Organization	Address
1	Shri Bhola Dutt Kandpal			Chokutia, Ganai, Distt. Almora
2	Shri Jai Bhagwan Aggarwal	Director	Kashi Vishwanath Steels Ltd	Kashipur, U.S. Nagar
3	Shri Yeshvardhan		Kumaon Steel Manufactures Association	Kashipur, U.S. Nagar
4	Shri Kaushal Saxena		Media Action Group	Ranidhara, Almora
5	Shri Bhuwan Chandra Joshi		Aroma Automobiles	Almora
6	Shri J.S. Mahta			East Pokharkhali, Almora
7	Dr. Samsher Singh Bisht	President	Uttarakhand Lok Vahini	Mitra Bhawan, Gandhi Marg, Almora
8.	Shri J.P. Thapa			Thapa Bhawan, Almora
9.	Shri Prakash Chandra Pant	Sampadak	Almora Times	Mohalla- Pandeykhola, (Talli Badi) Almora
10	Shri Prakash Chandra Joshi	Ex. Chairman	Nagar Palika, Almora	Malla Joshikhola, Almora
11	Shri Anand Singh	Chairman	Urban Corporative Bank	Lala Bazar, Almora
12	Shri Syam Lal Sah	District President	Vyapar Mandal Almora	Kathari Bazar, Almora
13	Shri Sankar Dutt Pandey	Member	Raj Stariya Besh Sutriya Karyakaram	Almora
14	Shri Sanjay Kumar Agarwal	Advocate	S.K. Group of Services	Chaughanpata, Almora
15	Shri Hem Chandra Sah	Ex. President	BJP, Almora Town	Lala Bazar, Almora
16	Shri G.K. Joshi			Cheenakhan, Almora
17	Shri Sher Singh Dhaoni			Dharanaula, Almora
18	Shri Naveen Chandra Pant			Devi Niwas, Almora
19	Shri Subash Goyal			Lala Bazar, Almora
20	Shri Naveen chandra Pandey			New Colony, Dharanaula, Almora
21	Shri Deep Lal Sah			Lala Bazar, Almora
22	Shri S.S. Pangthi	President	Uttaranchal Jan Vikas Party	25 F, Nimbuwala, Gahri Cantt. Dehradun.

5.6 Annexure VII: List of Abbreviations

Sl. No.	Abbreviation/Acronym	Meaning
1.	Act	Electricity Act, 2003
2.	AFC	Annual Fixed Charges
3.	ARR	Annual Revenue Requirement
4.	CAG	Comptroller & Auditor General of India
5.	CEA	Central Electricity Authority
6.	CERC	Central Electricity Regulatory Commission
7.	CoD	Date of Commercial Operation
8.	DA	Dearness Allowance
9.	DGM	Deputy General Manager
10.	FY	Financial Year
11.	GFA	Gross Fixed Asset
12.	GoI	Government of India
13.	GoU	Government of Uttaranchal
14.	GoUP	Government of Uttar Pradesh
15.	GPF	General Provident Fund
16.	HEP	Hydro Electric Plant
17.	HP	Himachal Pradesh
18.	HPSEB	Himachal Pradesh State Electricity Board
19.	MU	Million Units
20.	MW	Mega Watt
21.	NHPC	National Hydroelectric Power Corporation Ltd.
22.	O&M	Operation & Maintenance
23.	p/u, p/unit	paisa/unit
24.	PDF	Power Development Fund
25.	PF	Provident Fund
26.	PFC	Power Finance Corporation Limited
27.	PLR	Prime Leading Rate
28.	PPA	Power Purchase Agreement
29.	R&M	Repair & Maintenance
30.	Regulation(s)	Uttaranchal Electricity Regulatory Commission (Terms & Conditions for Determination of Generation Tariff) Regulations, 2004
31.	Re-organisation Act	UP Re-organisation Act, 2000 UP Electricity Reforms Act, 1999
32.	RLA	Residual Life Assessment
33.	RMF	Renovation & Modernization Fund
34.	RoE	Return on Equity
35.	SBI	State Bank of India
36.	SHP	Small Hydro Plants
37.	Tariff Year	Financial Year 2006-07
38.	TEC	Techno Economic Clearance
39.	UERC, Commission	Uttaranchal Electricity Regulatory Commission
40.	UJVNL	Uttaranchal Jal Vidyut Nigam Ltd.

Sl. No.	Abbreviation/Acronym	Meaning
41.	unit	kWh (kilowatt hour)
42.	UP	Uttar Pradesh
43.	UPCL	Uttaranchal Power Corporation Limited
44.	UPERC	Uttar Pradesh Electricity Regulatory Commission
45.	UPJVNL	Uttar Pradesh Jal Vidyut Nigam Ltd.
46.	UPPCL	Uttar Pradesh Power Corporation Limited
47.	UPPSET	Uttar Pradesh Power Sector Employees Trust
48.	UPRVUNL	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited
49.	UPSEB	Uttar Pradesh State Electricity Board