

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAWAN, UNIT – VIII, BHUBANESWAR – 751012**

Filing No. : 3  
Case No. : 65/2014

IN THE MATTER OF REJOINDER TO APPLICATION FOR APPROVAL OF ANNUAL REVENUE REQUIREMENT AND TARIFF OF INDIVIDUAL POWER STATIONS OF OHPC FOR THE FINANCIAL YEAR 2015-16 IN TERMS OF SECTION 61 & 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT, 2003 & IN ACCORDANCE WITH THE TERMS & CONDITIONS OF THE APPROVED PPA BETWEEN OHPC & GRIDCO.

AND  
IN THE MATTER OF ODISHA HYDRO POWER CORPORATION LTD., REGD. OFFICE: JANPATH, BHUBANESWAR-751022.

AND  
IN THE MATTER OF The Suggestions/Objections filed by .....Applicant

1) Shri A. K. Bohra, Chief Executive Officer (Comm), NESCO, WESCO & SOUTHCO, Regd. Office- Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar-15.

.....Respondent

2) M/s GRIDCO Limited, Regd. Office: Janpath, Bhubaneswar,751022

.....Respondent

3) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen. OSEB), Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-751013.

.....Respondent

4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, BBSR - 751012.

.....Respondent

5) Sri G.N. Agrawal, Convener-cum-General Secretary, Sambalpur District Consumers Federation, Balajee Mandir Bhawan, Khetrajpur, Dist-Sambalpur-768003, Mob No. 9438334049.

.....Respondent

6) Shri. Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartments, Telenga Bazar, Cuttack-753009

.....Respondent

7) M/s Swain & Sons Power Tech Private Limited, Swati Villa, Surya Vihar, Link Road, Cuttack-753012.

... Respondent

**AFFIDAVIT VERIFYING THE APPLICATION**

I, Shri Aswini Kumar Mishra, Son of Late Durga Prasad Mishra , aged 58 years residing at Bhubaneswar do solemnly affirm and say as follows:

- (1) I am the Director (Operation) of Odisha Hydro Power Corporation Ltd., the applicant in the above matter and am duly authorized to make this affidavit on its behalf.
- (2) The statements made in this petition are true to my knowledge and the statements made in paragraphs are based on information and I believe them to be true.

**DEPONENT**

**Verification:**

I, the deponent above named do hereby verify that the contents of my affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at \_\_\_\_\_ on the day of \_\_\_\_\_

**DEPONENT**

**BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAWAN, UNIT – VIII, BHUBANESWAR – 751012**

Filing No. : 3  
Case No. : 65/2014

IN THE MATTER OF REJOINDER TO APPLICATION FOR APPROVAL OF ANNUAL REVENUE REQUIREMENT AND TARIFF OF INDIVIDUAL POWER STATIONS OF OHPC FOR THE FINANCIAL YEAR 2015-16 IN TERMS OF SECTION 61 & 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT, 2003 & IN ACCORDANCE WITH THE TERMS & CONDITIONS OF THE APPROVED PPA BETWEEN OHPC & GRIDCO.

AND  
IN THE MATTER OF ODISHA HYDRO POWER CORPORATION LTD., REGD. OFFICE: JANPATH, BHUBANESWAR-751022.

AND  
IN THE MATTER OF The Suggestions/Objections filed by .....Applicant

The Suggestions/Objections filed by

- 1) Shri A. K. Bohra, Chief Executive Officer (Comm), NESCO, WESCO & SOUTHCO, Regd. Office- Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar-15. ....Respondent
- 2) M/s GRIDCO Limited, Regd. Office: Janpath, Bhubaneswar,751022 .....Respondent
- 3) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen. OSEB), Plot No. 775(Pt.), Lane-3, Jayadev Vihar, BBSR-751013. ....Respondent
- 4) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, BBSR - 751012. ....Respondent
- 5) Sri G.N. Agrawal, Convener-cum-General Secretary, Sambalpur District Consumers Federation, Balajee Mandir Bhawan, Khetrampur, Dist-Sambalpur-768003, Mob No. 9438334049. ....Respondent
- 6) Shri. Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Appartments, Telenga Bazar, Cuttack-753009 .....Respondent
- 7) M/s Swain & Sons Power Tech Private Limited, Swati Villa, Surya Vihar, Link Road, Cuttack-753012. ... Respondent

**THE HUMBLE PETITIONER ABOVE NAMED MOST RESPECTFULLY SHOWETH THAT:**

- 1) The application for approval of Annual Revenue Requirement (ARR) and Tariff for the financial year 2015-16 in respect of individual power stations of OHPC was filed before the Hon'ble Commission on 29.11.14. As directed by the Hon'ble Commission, Public Notice was published on 12.12.14 in English text in the local English & Odia daily news papers The Samaj & The Times of India and in Odia text in Odia Daily The Dharitri. The above mentioned respondents from Sl. No. 1 to 7 have raised objections and given suggestions on the ARR and Tariff application of OHPC for the FY 2015-16.

The compliance to the objections/suggestions raised by aforesaid respondents are furnished herewith.

- 2) Besides this OHPC vide Lr. No. 109, Dtd. 06.01.2015 has submitted before the Hon'ble Commission, the replies to the Queries vide Lr. No. 1735 Dtd. 20.12.2014 of the Director (Tariff), OERC. The copy of the same was supplied to all the individuals/Organizations who had purchased Application of ARR for the FY 2015-16 from OHPC within scheduled date.
- 3) Again vide Lr. No. 11 Dtd. 02.01.2015 the Secretary, OERC had made a query that the Annual Revenue Requirement of OHPC for FY 2015-16 is not submitted as per OERC (Terms & Conditions for Determination of Generation Tariff), Regulation 2014 notified in Odisha Gazette on Dtd. 10.10.2014. OHPC vide Lr. No. 340 Dtd. 12.01.2015 through affidavit had justified that Original ARR & Tariff application for FY 2015-16 was made in line with clause no. 1.4 of OERC (Terms and Conditions for Determination of Generation Tariff), Regulation 2014 & Terms and Conditions of mutually agreed long term PPA between OHPC & GRIDCO which has been approved by Hon'ble OERC vide Order Dtd 21.11.2011. The said rejoinder was supplied to the individuals/Organizations who had purchased the same Application of ARR for the FY 2015-16 from OHPC and also uploaded the same in OHPC website as per the direction of Hon'ble OERC in the above said letter.
- 4) In the Original ARR & Tariff Application of OHPC for the FY 2015-16 some inadvertent errors have been noticed by OHPC, and accordingly rectified as under which may kindly be reconsidered by the Hon'ble Commission.

**(a) Inadvertent error in Reduction in Design Energy of HHEP, Burla & CHEP, Chiplima due to restriction in Generation beyond 595Ft in Hirakud Reservoir by DoWR:-**

- Hon'ble Commission in the Tariff Order of OHPC for FY 2014-15 at clause no. 143 has observed that, "Regarding compensation claimed due to restriction in generation, the Commission will consider the issue of raising MDDL from 590ft. to 595ft. by Water Resources Dept. to support irrigation once the resolution taken in this regard is implemented through a formal notification of the Revised Rule curve to be followed for this purpose."
- In response to this, OHPC had requested to Dept. of Water Resources vide Ir. No.8515 Dtd. 17.07.2014; vide Ir. No.9298 Dtd. 19.08.2014 & vide Ir. No.10748 Dtd. 10.10.2014(with its copies submitted to Hon'ble Commission) to consider the above matter and issue the revised rule curve raising MDDL from 590ft to 595ft. **Accordingly the Engineer-in-Chief, Water Resources, Odisha, Bhubaneswar vide his office**

**letter dtd 25.11.2014 has intimated OHPC as quoted below:** “ It is intimated that the Maximum Draw Down Level (MDDL) of Hirakud reservoir has been fixed at RL 590 ft during the design stage of the project basing on various engineering parameters including water uses for different purposes. More so, the rule curve is an operation schedule for filling the reservoir and as such does not need any revision for depletion of water level due to different uses beyond filling period. This matter has been discussed at length in coordination committee meeting held on 04.12.2013, wherein it was unanimously agreed and decided to maintain the reservoir at RL 595 ft on 25<sup>th</sup> June.”

- The copy of the letter dtd 25.11.2014 of the Engineer-in-Chief, Water Resources, Odisha, Bhubaneswar is enclosed as **Annexure- 8 (iv) of the original ARR & Tariff application of OHPC for FY 2015-16.**
- OHPC in its above mentioned Original Application had considered that, the generation of HHEP will fall short by 32 MU from its design energy of 684 MU. Similarly, CHEP will loose the proportionate generation of about 24 MU approximately on account of non-availability of water from Burla Power House corresponding to 32 MU.
- However, after filing of the above ARR & Tariff application, OHPC has received clarification of revision of rule curve of Hirakud Reservoir vide Lr No. 277 Dtd. 18.11.2014 from Chief Engineer & Basin Manager, Upper Mahanadi Basin, Burla for generation of electricity below 595ft which had actually been endorsed by EIC, DoWR, Odisha vide letter Dtd. 25.11.2014. The copies of these letters are enclosed herewith as **Annexure-I.**

According to DoWR 0.233M.Ac.ft. of water between RL 595ft to RL 590ft can be utilized for power generation, which can generate only 31 MU. In HHEP, Burla there will be 14.81MU and for CHEP, Chiplima can generate 15.95MU.

- **In view of the above, 14.81MU shall be reduced from the D.E of HHEP, Burla instead of 32MU considered earlier and 15.95MU from D.E of CHEP, Chiplima instead of 24MU considered earlier due to restriction of generation below 595ft RL of Hirakud Reservoir. Accordingly the Design Energy proposed for HHEP, Burla shall be 669.19MU and saleable D.E shall be 662.50MU. For CHEP, Chiplima the corresponding figures shall be 317.05MU & 313.88MU respectively.**
- **The Design Energy Proposed by OHPC for the FY 2015-16 will accordingly be revised. Therefore, the Table-5 of the original application may be considered as modified here below in Table-1:**

**Table-1 (Replaces Table-5, Page No. 08 of the Original Application):****Revised Design Energy of OHPC Power Stations for the FY 2015-16:**

(in MU)

Sl. No.	Name of the Power Station	Design Energy approved for FY2014-15	Design Energy for sale for FY 2014-15	Design Energy proposed for FY 2015-16	Design Energy for sale for FY 2015-16
1	RHEP	525.00	519.75	525.00	519.75
2	UKHEP	832.00	823.68	832.00	823.68
3	BHEP	1183.00	1171.17	1183.00	1171.17
4	HHEP	684.00	<b>677.16</b>	<b>669.19</b>	<b>662.50</b>
5	CHEP	490.00	<b>485.10</b>	<b>317.05</b>	<b>313.88</b>
<b>Sub Total of Old Power Stations</b>		3714.00	3676.86	3526.24	3490.98
6	UIHEP	1962.00	1942.38	1962.00	1942.38
<b>Total</b>		<b>5676.00</b>	<b>5619.24</b>	<b>5488.24</b>	<b>5433.36</b>

**(b) Inadvertent error in Reduction in Depreciation claim of OHPC without Govt. Support:-**

OHPC has committed an inadvertent error in computation of its Depreciation claim without Govt. Support, in page No. 225 of the Original Tariff application where the Revalued cost as on 01.04.1996 has been erroneously taken inclusive of new addition upto FY 2015-16. As a result, while computing the Total Base Value the cost for new capital addition from 1996 onward has been added twice. Accordingly the Table No.24 and Table No.25(A) in Page No. 32 and the Table at PageNo.225 of Original application are rectified after incorporating the corrected value for depreciation claim and placed below in Table-2,3 & 4 respectively for kind consideration.

**Table-2 (Replaces Table-24, Page No. 32 of the Original Application):**

(Rs in Crs.)

Sl. No.	Power Stations	Loan Repayment Amount	Depreciation @ 2.57% (With Govt. Support)	Depreciation @ 5.28% (Without Govt. Support)
1.	RHEP	4.68	4.00	17.09
2.	UKHEP	6.39	4.05	18.86
3.	BHEP	15.62	8.48	29.00
4.	HHEP	12.75	8.04	19.56
5.	CHEP	3.48	3.67	11.38
6.	UIHEP	64.17	Up to Loan Repayment	Up to Loan Repayment

Thus the Depreciation without Govt. Support as indicated in the Original application at Table No 25-(A), Page No. 32 of the Original Application shall be modified as furnished below at Table-3:

**Table-3 (Replaces Table-25(A), Page No. 32 of the Original Application):**

**Depreciation without Govt. Support:**

(Rs. in Crs.)

Sl. No.	Name of the power station	Depreciation Claimed	Remark
1	RHEP	17.09	5.28%
2	UKHEP	18.86	5.28%
3	BHEP	29.00	5.28%
4	HHEP	19.56	5.28%
5	CHEP	11.38	5.28%
	Sub Total	95.89	
6	UIHEP	64.17	Equal to loan repayment
Grand Total		160.06	

**Table-4: (Replaces Page No. 225 of the Original Application):**

**(Change of Total Base Value after Rectification & Revised Depreciation)**

**Depreciation for the FY 2015-16(without Govt. support)**

(Rs. in Crs.)

Sl. No.	Name of the power station	Revalued cost	Capital addition from 01.04.1996 to FY 2015-16	Total Base Value	Depreciation @ 5.28%	Loan Re-payment	Depreciation Claimed
1	2	3	4	5 = 3+4	6 = 5*5.28%	7	8
1	RHEP	259.01	64.63	323.64	17.09	4.68	17.09
2	UKHEP	307.87	49.39	357.26	18.86	6.39	18.86
3	BHEP	334.40	214.88	549.28	29.00	15.62	29.00
4	HHEP	124.09	246.28	370.37	19.56	12.75	19.56
5	CHEP	164.31	51.26	215.57	11.38	3.48	11.38
	<b>Sub Total</b>	<b>1189.68</b>	<b>626.44</b>	<b>1816.12</b>	<b>95.89</b>	<b>42.92</b>	<b>95.89</b>
6	UIHEP	1194.79 (Approved project cost)	1242.91	1242.91		64.17	64.17
	<b>Total</b>	<b>2384.47</b>	<b>1869.35</b>	<b>3059.03</b>	<b>95.89</b>	<b>107.08</b>	<b>160.06</b>

Considering the corrections made in the Design Energy, and Depreciation mentioned above, OHPC has recalculated the Annual Revenue Requirement of OHPC without the Govt. Support and with Govt. support which has been furnished at table-5 and table-6 below for kind consideration.

**Annual Revenue Requirement (ARR) & Tariff (without Govt. Support)for the FY 2015-16:**

Based on the parameters mentioned in the original application & inadvertent errors mentioned above the station wise ARR and tariff with revised saleable Design Energy of HHEP and CHEP have been recalculated for the FY 2015-16 is as follows:

The values of ARR along with its different components without considering the Govt. support in the form of up valuation of assets and proposed Saleable Design Energy of 5433.36MU is shown in the table below. This shall be considered as revised Table of Table No-37 of the Original Application.

**Station wise ARR and Tariff for the FY 2015-16 with revised Saleable Design Energy of HHEP, Burla & CHEP, Chiplima and without Govt . Support:-**

**Table-5 :(Replaces Table No.37 of Page 44 and Table at Page 208 of Original Application)**

Parameters	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Saleable Design Energy (MU)	519.75	823.68	1171.17	662.50	313.88	3490.98	1942.38	<b>5433.36</b>
(Rs. in Crs.)								
Return on Equity	24.270	26.790	41.190	23.144	13.659	129.054	78.597	207.651
Interest on Loan	8.11	8.62	13.53	7.41	2.40	40.08	31.28	71.36
Depreciation	17.09	18.86	29.00	19.56	11.38	95.89	64.17	160.06
O&M Expenses	48.53	38.25	73.79	71.95	16.98	249.50	72.54	322.04
Interest on working capital	3.82	3.36	6.00	5.13	1.57	19.88	8.01	27.90
Total ARR	<b>101.83</b>	<b>95.88</b>	<b>163.52</b>	<b>127.19</b>	<b>45.99</b>	<b>534.41</b>	<b>254.60</b>	<b>789.01</b>
Average Tariff (p/u)	<b>195.92</b>	<b>116.40</b>	<b>139.62</b>	<b>191.99</b>	<b>146.53</b>	<b>153.08</b>	<b>131.08</b>	<b>145.22</b>

**Station wise ARR and Tariff for the FY 2015-16 considering revised saleable D.E. of HHEP, Burla & CHEP, Chiplima and with Govt . Support:-**

The values of ARR along with its different components with Govt. support and proposed Saleable Design Energy of 5433.36MU is shown in the table below. The detail calculation is enclosed at Annexure- (II).

**Table – 6:(Replaces Table No. 38, Page 45 and Table at Page No. 209 of the Original Application)**

Parameters	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Saleable Design Energy (MU)	519.75	823.68	1171.17	662.50	313.88	3490.98	1942.38	<b>5433.36</b>
(Rs. in Crs.)								
Return on Equity	4.847	3.703	16.113	15.390	3.392	43.445	78.597	<b>122.04</b>
Interest on Loan	3.23	2.37	3.57	3.10	0.99	13.26	31.28	<b>44.54</b>
Depreciation	4.68	6.39	15.62	12.75	3.67	43.11	64.17	<b>107.27</b>
O&M Expenses	48.53	38.25	73.79	71.95	16.98	249.50	72.54	<b>322.04</b>
Interest on working capital	2.97	2.40	4.89	4.69	1.12	16.08	8.01	<b>24.09</b>
Total ARR	<b>64.27</b>	<b>53.10</b>	<b>113.98</b>	<b>107.89</b>	<b>26.16</b>	<b>365.39</b>	<b>254.60</b>	<b>620.00</b>
Average Tariff (p/u) with Govt. support.	<b>123.65</b>	<b>64.47</b>	<b>97.32</b>	<b>162.85</b>	<b>83.35</b>	<b>104.67</b>	<b>131.08</b>	<b>114.11</b>

**Summary of Tariff Proposals:**

OHPC has recomputed the Tariff for its different power stations after necessary corrections of the inadvertent error in the original application as placed above in two manners i.e. considering Govt. Support and without Govt. Support:

A comparative statement of Average Tariff Rate (p/u) considering above two manners is given in the Table below:

**Table – 7( Replaces Table No. 39, Page 46 of Original Application)**  
(in p/u)

	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Without Govt. Support	<b>195.92</b>	<b>116.41</b>	<b>139.62</b>	<b>191.98</b>	<b>146.54</b>	<b>153.08</b>	<b>131.08</b>	<b>145.22</b>
With Govt. Support	<b>123.65</b>	<b>64.47</b>	<b>97.32</b>	<b>162.85</b>	<b>83.35</b>	<b>104.67</b>	<b>131.08</b>	<b>114.11</b>

Accordingly, OHPC has recomputed the Capacity charge and energy charge of power stations without considering Govt Support & also with considering the Govt. Support.

**Capacity charge and energy charge of power stations (without considering Govt Support)**

**Table-8 (Replaces Table No. 47, Page 56 of the Original Application)**

Name of the power stations	Annual Fixed Cost (Rs. in Crs)	Capacity Charge (Rs. in Crs)	Energy Charge (Rs. in Crs)	Salable design energy ( MU )	Energy Charge Rate(p/u)
RHEP	101.83	50.915	50.915	519.75	97.961
UKHEP	95.88	47.94	47.94	823.68	58.202
BHEP	163.52	81.76	81.76	1171.17	69.811
HHEP	127.19	63.595	63.595	662.50	95.993
CHEP	45.99	22.995	22.995	313.88	73.261
UIHEP	254.60	127.30	127.30	1942.38	65.538

**Capacity charge and energy charge of power stations (considering the Govt support)**

**Table-9 (Replaces Table No-48, Page 56 of Original Application)**

Name of the Power Stations	Annual Fixed Cost (Rs. in Crs)	Capacity Charge (Rs. in Crs)	Energy Charge (Rs. in Crs)	Salable design energy ( MU )	Energy Charge Rate in Revised D.E (p/u)
RHEP	64.27	32.135	32.135	519.75	61.828
UKHEP	53.10	26.55	26.55	823.68	32.233
BHEP	113.98	56.99	56.99	1171.17	48.661
HHEP	107.89	53.945	53.945	662.50	81.426
CHEP	26.16	13.08	13.08	313.88	41.672
UIHEP	254.60	127.30	127.30	1942.38	65.538

**Inadvertent error for Claim of NAPAF of different Power Stations of OHPC:**

OHPC during its filing of its original Tariff application for the FY 2015-16 has inadvertently proposed the NAPAF of BHEP as 87% instead of actual proposal of 83 % and that of UKHEP as 83% instead of actual proposal of 87%. Hence OHPC proposes that table no 49 may be rectified as follows.

**Table-10 (Replaces Table No-49, Page 57 of Original Application)**

<b>Name of Power Stations</b>	<b>HHEP</b>	<b>CHEP</b>	<b>BHEP</b>	<b>RHEP</b>	<b>UKHEP</b>	<b>UIHEP</b>
NAPAF (%)	78	75	83	75	87	88

So, OHPC prays before the Commission for kind consideration of NAPAF of different power stations of OHPC as per the approval of FY 2014-15.

**Compliance to the Objections/Suggestions raised by Sri R. P. Mohapatra, Retd. Chief Engineer & Member (Gen.) OSEB, Jayadev Vihar, Bhubaneswar on the ARR application of OHPC for the FY 2014-15**

**Para 1:-** Recorded fact- No comment.

**Para 2:-** Recorded fact- No comment.

**Para 3 & 4:-** The Secretary, OERC vide Lr. No. 11 Dtd. 02.01.2015 had made a query that the Annual Revenue Requirement of OHPC for FY 2015-16 is not submitted as per OERC (Terms & Conditions for Determination of Generation Tariff), Regulation 2014 notified in Odisha Gazette on Dtd. 10.10.2014. OHPC vide Lr. No. 340 Dtd. 12.01.2015 through affidavit had justified that Original ARR & Tariff application for FY 2015-16 was made in line with clause no. 1.4 of OERC (Terms and Conditions for Determination of Generation Tariff), Regulation 2014 & Terms and Conditions of mutually agreed long term PPA between OHPC & GRIDCO which has been approved by Hon'ble OERC vide Order Dtd 21.11.2011. The said rejoinder was supplied to the individuals/ Organizations who had purchased Application of ARR for the FY 2015-16 from OHPC and had been uploaded in OHPC website as per the direction of Hon'ble OERC in the above said letter.

**Compliance to the Objections/Suggestions raised by C.E.O., NESCO, WESCO & SOUTHCO on the ARR application of OHPC for the FY 2015-16**

**Para 1:-** OHPC has computed its tariff and ARR for the FY 2015-16 considering the audited expenditure for the FY 2013-14 and expenditure made during the FY2014-15 and balance projected expenditure during the FY 2014-15 & FY 2015-16 under CWIP(Capital Works in progress) as per Clause No. 14(1) of the CERC tariff regulations 2014 which stipulates as follows.

*“Clause 14. Additional Capitalisation and De-capitalisation:*

*(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:”*

Also Hon'ble OERC has allowed the projected additional capitalization at Clause No.3.4 of the OERC (Terms and conditions for determination of the Generation Tariff) Regulations, 2014 which stipulates as follows.

*“Clause 3.4 The capital expenditure incurred or projected to be incurred, on the following count after the cut-off date may, in its discretion, be admitted by the Commission, subject to prudence check:*

- (a) Liabilities to meet award of arbitration or for compliance of the order or decree of a court.*
- (b) Change in law.*
- (c) Deferred works relating to ash pond or ash handling system in the original scope of work.*
- (d) Any additional works/services, which have become necessary for efficient and successful operation of a generating station but not included in the original capital cost*
- (e) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation.”*

So OHPC has rightly considered the projected additional capitalization under CWIP for the FY 2014-15 and 2015-16 as per the above provisions of the CERC/OERC Tariff Regulations,2014. Other components of the tariff computation (without Govt. Support) such as O&M, RoE, IoWC, Depreciation etc. are also in line with the CERC Tariff Regulations, 2014. OHPC has computed its tariff for the FY 2015-16 in two ways i.e. with Govt. Support and without Govt. support. The State Govt. and Hon'ble OERC may take suitable decision in this regard.

**Para 2:-DESIGN ENERGY Vrs ACTUAL GENERATION OF OHPC STATIONS:**

The drawal of water from different hydro power reservoirs for the remaining period of the FY 2014-15 and from 1<sup>st</sup> April' 2015 to 30<sup>th</sup> June 2015 during the FY 2015-16 have been finalized by the Dept. of Water Resources, Govt. of Odisha in co-ordination committee meeting of Hydro Electric Projects held at Rajiv Bhawan on 25.11.2014. Accordingly the generation from different power stations of OHPC are decided.

However the total anticipated generation for the FY 2014-15 shall be around 6368.95MU as per the Table shown below.

**Table-11**

Sl. No.	Name of the power stations	Actual generation from 01.04.14 up to 21.01.15 (MU)	Anticipated generation from 22.01.15 to 31.03.15 based on DoWR & DoE Schedule (MU)	Total Anticipated generation for the FY 2014-15 based on DoWR & DoE Schedule (MU)
1.	RHEP	714.54	57.12	771.66
2.	UKHEP	568.7	132.48	701.18
3.	BHEP	1157.7	132.48	1290.18
4.	HHEP	525.88	66.24	592.12
5.	CHEP	245.41	49.68	295.09
6.	UIHEP	2288.16	430.56	2718.72
Total		5500.39	868.56	6368.95

Thus Energy Generation of OHPC Power Stations except Machhkund would be 6368.95 MU as against the proposal of the objector for generation of 7200 MU during the FY 2014-15.

**The extra generation beyond the design energy of the respective Power Stations shall be accounted towards the secondary energy fund as per Order of the Hon'ble Commission. The present deficit of the secondary energy fund of OHPC as a whole is about Rs 169.074 Crs. The details of the same have been provided at Annexure-8(iii) at page No. 122 of the Original ARR and Tariff Application of OHPC for the FY 2015-16.**

The Generation estimation of 7200MU made by the DISCOM is not at all realistic and has no merit due to the fact that the rainfall during FY2015-16 cannot be predicted and in the past, Generation beyond the Design Energy never happened in consecutive for a period of 3 years due to lean period of hydrology. Therefore OHPC estimated during 2015-16 there will be a Normal hydrology condition, thus approved Design Energy considered except HHEP and CHEP where OHPC proposed to revise the Design Energy. Thus, OHPC have judiciously considered and submitted the Saleable Design Energy of 5433.36MU for calculation of Tariff for the FY 2015-16.

**Para 3.1:- RETURN ON EQUITY:**

In case of UIHEP an Additional Capitalization of Rs 2.57Cr (Audited) has been considered for the FY 2013-14 and Additional Capitalization of Rs 45.55 Crs has been considered as CWIP for the FY 2014-15 and 2015-16. Accordingly the Equity Capital of UIHEP comes to Rs 314.436 Cr and RoE @24.9962% as per pre-tax rate of return amounting to Rs 64.17 Crs has been considered in the tariff computation of OHPC. The consideration of the CWIP for the FY 2014-15 and 2015-16 is the submission before the Hon'ble Commission for prior approval for inclusion of additional capital expenditure.

The projected additional expenses in shape of CWIP for the FY 2014-15 & FY 2015-16 has been considered as per the CERC & OERC Tariff Regulations, 2014. Accordingly, without Govt. support, the total capital cost of OHPC comes to Rs 3059.02 Crs and corresponding equity capital comes to Rs 830.729 Crs. Similarly with Govt. support, the total capital cost comes to Rs 1869.34 Crs and corresponding equity capital comes to Rs 488.244 Crs.

As per the provision of the CERC Regulation,2014, the pre-tax rate of return @ 24.9962 % has been considered for computation of the RoE, which comes to Rs 207.651 Crs without the Govt. support and Rs 122.042 Crs with the Govt. support. **In case this is not capitalized then the expenses to be charged upfront to O&M expenses by which the tariff of OHPC shall go up substantially. Therefore to reduce the upfront tariff impact, OHPC preferred to capitalize the CWIP capital expences as per the provisions of the CERC/OERC Tariff Regulations,2014.**

In view of the above the objection of the DISCOM is not justified. Therefore OHPC prays before the Hon'ble Commission to approve the details of the additional capitalization including the CWIP for the FY 2014-15 and 2015-16 and accordingly approve the RoE of OHPC amounting to Rs 207.651 Crs for the FY 2015-16,without considering the Govt. support.

**Para 3.2:-(O&M EXPENSES)**

OHPC has reset the approval figure of O&M Expense for the FY 2014-15 as per the clause no. 29(3)(b)(ii) of CERC Tariff regulation 2014 based on audited O&M Expenses of OHPC from FY 2008-09 to FY 2012-13. The O&M Expenses so derived for FY 2014-15 is escalated @6.64% to arrive at the proposed O&M Expenses of FY 2015-16. In addition to this OHPC has considered the arrear terminal liability of Rs 11.15Crs for the FY 2015-16.

For compliance for OHPC claim on Differential O&M Expenses for FY 2014-15 & Revised O&M Expenses for FY 2015-16, OHPC at page 36 of Original application had proposed Rs 8.22Cr as Differential claim of O&M Expenses for FY 2014-15. OHPC has applied the O&M Expenses as per the clause no. 29(3)(b)(ii) of CERC Tariff regulation 2014. The **escalation rate** which was considered earlier for calculation of O&M Expense of OHPC for FY 2014-15 was **@5.17% & 5.72%** based on CERC Tariff norms for block period 2009-14 in the absence of new CERC Tariff Regulation 2014. These escalation rate was changed to **6.04% and 6.64%** respectively for block period 2014-19 in the CERC (Terms & Conditions of Tariff) Regulations,2014. Accordingly, OHPC proposed to reset the approved O&M expenses of OHPC for FY 2014-15 at this escalated rate of 6.04% and 6.64% in line with the CERC Tariff regulation, 2014. So, OHPC has claimed for Differential Claim of Rs8.22Crs as the revised rate of escalation.

A comparative statement on Actual O&M Expenses of OHPC against the Approved O&M Expense is shown in the Table below:

**Table-12:**

Sl. No.	Financial Year	O&M approved in ARR (Rs. in Crs.)	Actual Expenditure of OHPC (Rs. in Crs.)
1	2008-09	143.43	244.02
2	2009-10	168.23	194.81
3	2010-11	208.92	212.07
4	2011-12	210.97	227.56
5	2012-13	221.18	233.85
6	2013-14	216.67	233.35
7	Total	1169.43	1345.66

So, Approval of O&M Expense for OHPC power stations are always less as compared to actual O&M Expense. OHPC has always maintained the availability of power station at par with National standard. Hence, with low O&M expense OHPC had provided the cheapest power in the country. Since, in the past years OHPC could not spend more on Machine Maintenance, as out of the total O&M expenses, the salary and Administrative expenses portion constitute about 80% of the O&M and only 20% is remaining for maintenance & repair of machines. Most of the machines and its auxiliary system are quite old which requires huge investment to maintain a sustainable generation. It is further to stress upon that OHPC has always incurred more than the approved O&M expenses in order to keep the old Machines in operative condition and provide peaking support to the State Grid in the adverse situations. So, OHPC claim of Differential O&M Expenses for FY 2014-15 & Revised O&M Expenses for FY 2015-16 in the Original application is quite justified & Hon'ble Commission may approve the same.

**Para 3.3:- (INTEREST ON LOAN)**

**Interest on Govt. Loan & Normative Loan of UIHEP:-**

(i) "In response to Hon'ble Commission Lr. No. 907 Dtd. 31.01.2014 regarding suggestions/ view/ comments of the State Govt. on various issue involving tariff setting for the year FY 2014-15, the State Govt. has clarified the issue of State Govt. Loan to Upper Indravati Hydro Electric Project vide Lr. No. 4323 Dtd. 31.05.2014, which is reproduced as follow:

*"The UIHEP Debt and Equity position is given below for kind consideration of Hon'ble Commission.*

- a) *Rs 132.14 Cr shall be interest free perpetual loan on account of 50% dam sharing of UIHEP as on 01.04.1996.*

- b) *Rs.497.86 Cr shall be interest bearing loan @13% during the commissioning period and shall be capitalized. After capitalization the Govt. loan stands at Rs.821.47 Cr as on 31.03.2001.*
- c) *Rs.821.47Cr shall be treated as Govt. investment. Rs.300.00Cr shall be treated as Normative Equity w.e.f 2001-02 and RoE to be extended as applicable from time to time. However the balance Govt investment of Rs.521.47Cr shall not carry any return during 2001-02 to 2005-06.*
- d) *Rs.521.47Cr shall be treated as loan to UIHEP and shall carry interest @7% p.a w.e.f 2006-07 onwards.*
- e) *The loan of Rs.521.47Cr shall be repaid by OHPC with 15 equal Annual instalments w.e.f 2010-11.*

*Hon'ble Commission has suggested allowing repayment of principal through tariff and interest after recovery of principal. However the interest accrued on reducing balance is proposed to be allowed in Tariff in suitable manner as per usual practice of recovery of Govt. loan.*

*The above suggestion contradicts the normal principle of debt servicing which includes both interest and repayment of principal. Govt. desires that the interest on UIHEP Govt. loan of Rs.521.47 Cr @ 7% may be allowed w.e.f 2006-07 along with the repayment of principal in 15 equal instalments w.e.f 2010-11.*

*The Commission may include both interest and loan in the ARR of UIHEP.*

*The Commission may follow the normal principles of debt servicing. However Commission may give concrete suggestion to Government towards avoiding tariff shocks without harming the growth of OHPC and interest of Government in medium term. A specific time frame may be worked out and the proposed road map may be submitted to Government to take a final view on the matter.”*

Accordingly, Rs 521.47Cr has been considered as the Govt. Loan which shall carry interest @7% per annum w.e.f FY 2006-07 onwards and the loan amount shall be repaid by OHPC with 15 equal annual installments w.e.f FY 2010-11.

In view of the above decision of the Govt. the interest @ 7% amounting to Rs 23.91Cr for the FY 2015-16 on reducing balance has been considered in the tariff. Similarly the Principal repayment for the FY 2015-16 has been computed as Rs 34.76Cr (i.e. 521.47/ 15) alongwith differential repayment of Rs 22.65Cr (i.e.Rs 4.53Cr x 5), thus totaling to Rs 57.41Cr.

The accumulated interest on Govt. Loan of Rs 521.47Cr and normative loan of Rs 53.22Cr are day by day pounding up, whose impact may be around Rs 576.46Cr by the time the Govt. Loan is fully repaid by the end of FY 2026-27 as spelt out by Hon'ble OERC in its Tariff Order of OHPC for the FY 2013-14. Therefore OHPC has considered the 7% interest on Normative Loan of Rs 53.32Cr and 12% interest on Debt portion of Additional Capitalisation as it is proposed to avail from Commercial Banks/ Financial Institutions.

### **Zero Coupan Bond:**

(ii) In the Proceedings of the Meeting taken by the Chief Secretary, Govt. of Odisha on 18.03.2014, this has been decided as under:

*“Convertible Bonds worth Rs 766.20 Crores has been issued to State Government. These bonds shall not carry any interest up to FY 2014-15.*

*Part- Rs 383.10 Crores will be converted to equity from 2015-16.*

*Part- Rs 383.10 Crores shall remain as loan which shall carry interest at the rate of 7% per annum w.e.f. 2015-16 until repayment.”*

So in obeying to the direction of the Chief Secretary, Govt. of Odisha, the 7% interest on 50% of the Zero Coupan Bond has been considered in the tariff.

Besides the above, it was observed that in the Interest on Loan Table the DISCOM has reduced the interest of PFC Loan for #3 & #4 of HHEP, Burla from Rs 0.23Cr to Rs 0.8Cr, without being supported through any reason. However this interest of Rs 0.23Cr has been computed on reducing balance @ 8.75% which has already been approved by Hon'ble OERC in the previous tariff orders of OHPC.

Similarly, the DISCOMs have considered the Govt. Loan & Normative Loan outstanding of UIHEP and Zero Coupan Bond as '0' (zero), which is also not correct. Hence, the total interest on Loan amounting to Rs 71.36Cr (without Govt. support) as computed by OHPC is justified.

### **Para 3.4:-(DEPRECIATION)**

OHPC has computed its ARR & Tariff for the FY 2015-16 considering the supportive measures of the State Govt. After restructuring of the UIHEP Govt. Loan and conversion of 50% zero coupon bond to interest bearing debenture w.e.f 2015-16, it will be concluded that the State Govt. is no more going to provide its supportive measures for the FY 2015-16.

Accordingly, OHPC has computed the depreciation claim of Rs 160.06Cr (which has been wrongly computed as Rs 192.33Cr in the Original application. For corrected calculation Para 4(b) of inadvertent error of OHPC may please be referred) for the FY 2015-16, without Govt. Support.

### **Para 3.5:-(INTEREST ON WORKING CAPITAL)**

This has been already been complied at para no. 13 of GRIDCO's objection.

Regarding Cash and Bank balance of Rs 862.34Cr upto end of 31.03.2014, this is stated that all these fund shall be utilized towards equity investment, principal payment & interest of the UIHEP Govt. Loan. OHPC has already initiated the Renovation & Mordenisation work of Unit-3 of CHEP, Chiplima; Unit-5 & 6 of HHEP; Burla and Unit- 1 to 6 of BHEP, Balimela.

The total project cost of these R&M work will be around Rs 1087.22Cr. OHPC has to invest 30% of this amount i.e. Rs326.16Cr as Equity from these Bank balance. Similarly, Rs 208.58Cr & Rs 325.99Cr shall be paid to State Govt. towards principal repayment & interest on UIHEP Govt. Loan. Besides Rs48Cr has been provided to GEDCOL during the FY 2014-15 and proposed to invest about Rs50Cr during FY 2015-16. Similarly, OHPC invested Rs 10Cr during FY 2014-15 in OTPCL and investment expected of Rs50Cr. Considering the above payments during FY 2014-15 and onwards OHPC will be at deficit.

Further Hon'ble Commission in the Order Dt. 22.10.2005 in Case No. 38/2005 has pronounced that, "The revenue earned out of sale of secondary energy may remain a part of normal fund of OHPC, but shall be utilized to replenish the shortfall". Accordingly, OHPC is maintaining Secondary Fund along with the normal fund for **replenishment of compensation due to hydrology failure from 2001-02 to FY 2013-14. The negative balance due to Secondary Energy Fund stands at about Rs169.07Cr till 31.03.2014.**

**Hence OHPC pray before the Hon'ble OERC for approval of its dues in shape of hydrology failure, ERPC Contributions, differential claims for FY 2014-15 etc., so that OHPC will be in a position to meet its expenses & future burden.**

**Para 4:-(PROPOSED ARR)**

The tariff of electricity is computed considering the saleable design energy but not based on the anticipated generation during FY 2015-16. Hon'ble OERC in previous tariff years has always fixed the tariff of OHPC power stations based on saleable design energy. Any generation beyond the design energy is carried to the secondary energy fund as per the directives of Hon'ble Commission. Hence the computation of tariff by DISCOM on the basis of anticipated saleable energy to the tune of 7200MU for the FY 2015-16, has no relevance.

Similarly the reduction in the different components of the ARR of OHPC for the FY 2015-16 as shown by DISCOM has no justification and merit based on the counter reply furnished by OHPC. The objection made by DISCOMs need to be rejected.

**Hence OHPC pray before the Hon'ble OERC to approve the ARR & Tariff for the FY 2015-16 as proposed herewith.**

**Para 5:-(TRUING UP)**

As already replied at Para No. 3.5, it is quite evident that after meeting the loan & interest repayment to Govt. and Equity investment in R&M projects and after funding to GEDCOL & OTPCL, there will be cash deficit situation in OHPC.

OHPC has undertaken the truing up of Secondary Energy Fund as per the directives of Hon'ble OERC and submitted in the Original Application. Eventually, the Secondary Energy Fund happens to be (-) Rs 169.07Cr by the end of FY 2013-14. As such there is no benefit available with OHPC due to high hydro conditions as raised by DISCOMs.

Similarly, Hon'ble OERC has not approved the ARR of OHPC for the FY 2014-15 as per the CERC Tariff Regulation as agreed upon between GRIDCO & OHPC in the PPA. So OHPC has again raised the differential claims towards O&M, RoE, Depreciation, Interest on Working Capital etc. for the FY 2014-15 in the ARR & Tariff application of 2015-16. This may be considered as a truing up exercise and Hon'ble OERC may kindly approve the same for OHPC. However final truing up of the ARR & Tariff for the FY 2014-15 shall be filed before the Hon'ble OERC after the end of the FY 2014-15 and finalization of accounts by the Audit.

**Para 6:-(REVENUE COMPENSATION FROM INDUSTRIES USING RESERVOIR WATER)**

OHPC in its tariff hearing of FY 2014-15 has declared that, "Govt. of Odisha, Dept. of Water Resources (DoWR) has issued the executive instruction vide letter no-25983 Dtd. 01.10.13 that the Industrial Units drawing water from different reservoirs in Odisha with Hydro Power Units shall execute a supplementary agreement with OHPC. Non of the industrial units have signed the agreement till date. OHPC agree to utilize the revenue realized from the industries on cash basis as to be directed by Commission."

Hon'ble Commission in the Tariff Order for FY 2014-15 has suggested a methodology for recovery of Hydrology Claims of OHPC as follow:

"The Commission has examined the submission of OHPC and observed that the compensation claimed towards hydrology failure is not to be allowed in view of the Commission's earlier orders dt.10.06.2005 & dt.23.03.2006 wherein **OHPC was directed to maintain a separate fund to deposit the revenue earnings out of sale of secondary energy which shall be utilized to replenish the shortfall in revenue due to lesser generation by OHPC in years of hydrology failure to provide necessary comfort to the consumers of the state.** {Para 6.5(e) of Order dt.10.06.2005}."

Hon'ble OERC in the recently released OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014 at Clause No. 7.66 under head Profit sharing has stipulated as follows:

" The licensee will be provided with an approved return at the beginning of the period under review. However, the licensee, if it makes more profit than the approved return on account of improved performance, the Commission shall treat the profit beyond the approved return in the following manner:-

- (a) One third amount to be declared by licensee as dividends to shareholders and if it is not paid out as dividend, it shall be eligible to be treated as part of equity to the extent and earn return on the same. Any feature declaration of dividend from this shall lead to commensurate decrease in equity base for the purpose of returns.

- (b) One-third amount to be returned back to consumers by way of reduction in consumer bill as rebate.
- (c) One-third amount shall be kept as tariff balancing reserve, which shall be used to reduce sharp rise in ARR in future years. The Commission may allow a part of the total reserve to be returned to the consumers every three years by way of reduction in ARR. The amount in tariff balancing reserve shall not be eligible to be treated as part of equity and would not earn any return for shareholders. Any return earned on this shall be added back to this reserve.”

OHPC Proposal:- The shortfall in annual generation of a power station due to industrial drawal of water of that reservoir should have treatment in the similar way as that of shortfall due to hydrology failure of that power station. Assuming analogous treatment of revenue generated from industrial consumption of water OHPC proposes that this revenue will be a part of Secondary Fund of respective power stations in line with treatment for Hydrology Failure at Para 143 of OHPC Tariff order for FY 2014-15.

**So, OHPC prays before the Commission to consider revenue generated out of industrial consumption of water from the reservoir of OHPC as a part of Secondary fund which shall be utilized to replenish the shortfall in revenue due to lesser generation by OHPC in years of hydrology failure.**

**Compliance to the Objections/Suggestions raised by M/s GRIDCO Limited, Janpath, Bhubaneswar- 751022 on the ARR application of OHPC for the FY 2015-16**

**Para 1:- Installed Capacity:**

Hon’ble OERC has accorded in principle approval to carry out the R&M works of the generating Unit of # 3 of CHEP, Chiplima Unit # 1 to 6 of BHEP, Balimela and Unit # 5&6 of HHEP, Burla vide its order dtd 31.03.2014. The approved schedule by the Hon’ble commission to take up the R&M works with complete replacement of Turbine and Generator of different generating unit was as follows:

**Table - 13**

Power stations	Unit	Zero Date	Tentative Date of commercial Operation	Total duration of Shut Down Works	MW Available in different power station during R&M of proposed generating units
<b>CHEP, Chiplima</b>	3	01.11.2014	30.06.2016	20 months	48 MW from 01.11.2014 to 30.06.2016
<b>HHEP, Burla</b>	5	01.11.2014	31.07.2016	21 Months	1. 210.5MW from 01.11.2014 to 01.11.2015 2. 200.5MW from 01.11.2015 to 31.07.2016 3. 244.1MW from 01.08.2016 to 30.04.2017 4. 287.7MW from 30.04.2017 after commissioning
	6	01.11.2015	30.04.2017	18 Months	

Power stations	Unit	Zero Date	Tentative Date of commercial Operation	Total duration of Shut Down Works	MW Available in different power station during R&M of proposed generating units
<b>BHEP, Balimela</b>	1	01.11.2014	30.04.2017	30 Months	1. 450 MW from 01.11.2014 to 31.10.2015 2. 390 MW from 01.11.2015 to 31.10.2016 3. 270 MW from 01.11.2016 to 30.04.2017 4. 390 MW from 31.04.2017 to 31.10.2017 5. 270 MW from 01.11.2017 to 30.04.2018 6. 390 MW from 01.06.2018 to 30.04.2019
	2	01.11.2015	30.04.2017	18 months	
	3	01.11.2016	30.04.2018	18 months	
	4	01.11.2016	30.04.2018	18 months	
	5	01.11.2017	30.04.2019	18 months	
	6	01.11.2017	30.04.2019	18 months	

The proposed R&M works with complete replacement of Turbine and Generator (T&G) sets along with associated auxiliary of aforesaid generating units were taken up through tendering process.

**Present status of the RM&U works of units of OHPC:**

**I. R&M of Unit # 3 of CHEP, Chiplima.**

One ICB vide No.OHPC-R&M-01/2014 dtd 22.02.2014 was floated for R&M of Unit #3 of CHEP, Chiplima. The sale of tender document was up to 05.04.2014. The pre-bid conference was held on 28.04.2014. The qualification bid (Part-I) & Techno-commercial bid (Part-II) were opened on 05.08.2014.

The Evaluation of qualification bid (Part-I) have already been completed. The evaluation of Techno-commercial bid (Part II)of the qualified bidders is under process.

**II. R&M of Unit # 1 to 6 of BHEP, Balimela.**

One ICB vide No.OHPC-R&M-02/2014 dtd 22.02.2014 was floated for R&M of Unit # 1 to 6 of BHEP, Balimela. The sale of tender document was up to 05.04.2014. The pre-bid conference was held on 29.04.2014. The qualification bid (Part-I) & Techno-commercial bid (Part-II) were opened on 25.08.2014.

The Evaluation of qualification bid (Part-I) have already been completed. The evaluation of Techno-commercial bid (Part II)of the qualified bidders is under process.

**III.R&M of Unit-5 & 6 of HHEP, Burla**

One ICB vide No.OHPC-R&M-03/2014 dtd 22.02.2014 was floated for R&M of Unit-5 & 6 of HHEP, Burla. The sale of tender document was up to 05.04.2014. The pre-bid conference was held on 30.04.2014. The qualification bid (Part-I) & Techno-commercial bid (Part-II) were opened on 26.08.2014.

The Evaluation of qualification bid (Part-I) have already been completed. The evaluation of Techno-commercial bid (Part II) of the qualified bidders is under process.

## **Reason For Delay**

The delay in execution of R&M works has occurred due to the reasons stated below:

➤ The delay has occurred due to extension of bids submission date of respective tenders as per the bidders request & to have more competitive offers.

➤ Subsequently after opening of tenders, the bids are being evaluated as per the stipulation in tender document. The stipulation are noted below as follows:

“The Purchaser shall, at first determine fulfillment of Qualifying Requirements/Eligibility Criteria by the Tenderers based on Part-I of respective tenders. Part-II i.e., the technical & commercial part of the Tender shall be scrutinized and evaluated in respect of only those Tenderers who meet the specified Qualifying Requirements. Part-III, Price Bid shall be opened and evaluated in respect of only those Tenderers who meet the specified Qualifying Requirements and whose tender (Part-II) is determined to be Techno-commercially acceptable.”

➤ Accordingly the pre qualification bid was evaluated first. During evaluation compliances/clarifications were required to be sought from the bidders. The evaluation of pre qualification bid (Part-I) was delayed due to non-submission of compliances /clarification by bidders in due dates and confirmation regarding technical experience from the respective clients on whose experience the bidders have quoted their bid. The evaluation of pre qualification bid have been finalized on 05.12.2014 for CHEP, Chiplima and 27.12.2014 for BHEP, Balimela and HHEP, Burla.

➤ The Techno-commercial bid (Part-II) of the qualified bidders are under process. During scrutinization of the bid some observations have been made for technical and commercial points. Hence the bidders for all the three tenders have been requested to furnish their documents/compliances .

➤ After the evaluation of Techno-Commercial bid (Part-II), the price bid (Part-III) of the bidders will be opened and evaluated further.

A tentative Time schedule showing the activities up to Signing of contract for the above R&M works is enclosed in **Annexure-II** .

Hence a revised schedule to take up the R&M work with complete replacement of TG equipments of aforesaid generating units of OHPC are proposed below for kind perusal of Hon'ble Commission.

**Table - 14**

Power stations	Unit	Zero Date	Tentative Date of commercial Operation	Total duration of Shut Down Works	MW Available in different power station during R&M of proposed generating units
<b>CHEP, Chiplima</b>	3	07.04.2015	06.12.2016	20 months	48 MW from 07.04.2015 to 06.12.2016
<b>HHEP, Burla</b>	5	04.05.2015	03.02.2017	21 Months	1. 210.5MW from 04.05.2015 to 03.05.2016
	6	04.05.2016	03.11.2017	18 Months	2. 200.5MW from 04.05.2016 to 02.02.2017 3. 244.1MW from 03.02.2017 to 02.11.2017 4. 287.7MW from 03.11.2017 after commissioning
<b>BHEP, Balimela</b>	1	28.04.2015	27.10.2017	30 Months	1. 450 MW from 28.04.2015 to 27.04.2016
	2	28.04.2016	27.10.2017	18 months	2. 390 MW from 28.04.2016 to 27.04.2017
	3	28.04.2017	27.10.2018	18 months	3. 270 MW from 28.04.2017 to 27.10.2017 4. 390 MW from 28.10.2017 to 27.04.2018
	4	28.04.2017	27.10.2018	18 months	5. 270 MW from 28.04.2018 to 27.10.2018
	5	28.04.2018	27.10.2019	18 months	6. 390 MW from 28.10.2018 to 27.10.2019
	6	28.04.2018	27.10.2019	18 months	7. 510 MW from 28.10.2019 after commissioning.

**Para 2:- Reduction in Design Energy(DE):**

Para No. 4(a) under the head inadvertent error in computation of Reduction in Design Energy of HHEP, Burla & CHEP, Chiplima due to restriction in Generation beyond 595Ft in Hirakud Reservoir by DoWR may please be referred. In the same Para OHPC has justified Reduction in Design Energy of CHEP, Chiplima because the present approved D.E has never been achieved in any year due to constraint in the water conduit system in spite of best maintenance practice. OHPC has also clarified that CHEP, Chiplima is constantly incurring loss in tune of Rs 5Crs approximately per year.

**Para 3:- Capital Maintenance of different power stations of OHPC:**

Hon'ble OERC while approving the ARR and Tariff of OHPC Power Stations for the FY 2014-15 has ordered in Para No. 137 which is quoted below:

Para.137: **“However, the capacity of the generating units under Renovation and Modernization shall not be considered in installed capacity while computing the plant availability factor. Further, while computing the plant availability, the capacity of the generating units under capital maintenance requiring maintenance period of more than 45 days may also be deducted from installed capacity after due approval of the Commission.”**

Hon'ble Commission OERC in his order dt. 01.05.2012 in case no-5 of 2012 has clarified that “ **a generator should not suffer from non- recovery of capacity charges due to capital maintenance of a generating unit which takes around three months and normally taken in each 3 or 5 Years as per the manufactures guidelines**” .

Accordingly, OHPC has programmed Capital Maintenance of different Units so as to keep the machines ready to meet the Grid demand. An abstract of Capital Maintenance of different Units are given in the Table below:

**Table-15:**

<b>Power Station</b>	<b>Unit No.</b>	<b>Nature of Work</b>	<b>Period of Capital Maintenance(as per Original Application)</b>	<b>Period of Capital Maintenance (Revised if any)</b>	<b>Remarks</b>
RHEP	# - 2	Capital Maintenance	01.01.2015 to 30.04.2015	Same as per Original App.	<b>For Details para no. 19 of the Original application filed by OHPC on Dtd. 29.11.2014 may please be referred.</b>
HHEP	# - 1	Capital Maintenance	01.03.2015 to 31.07.2015	Same as per Original App.	
	# - 2	- do -	15.12.2015 to 30.06.2016	Same as per Original App.	
UIHEP	# - 3	Capital Maintenance	Tentative at Oct. 2015 to Dec. 2015	01.10.2015 to 31.01.2016	
UKHEP	# - 1	Capital Maintenance		01.03.2015 to 28.08.2015	

The remarks of the objector regarding non availability of Units during rainy seasons, it is intimate that in spite of best effort put in by OHPC, some of the generating units could not be made available during, the rainy seasons of the FY-2014-15 due to the following reasons.

- i) As the repair of Unit No-3 needed some underwater cutting and welding works it was not possible to be done during the rainy season when the water in the reservoir was muddy with no visibility under water.
- ii) Also, it requires shutdown of the adjoining Units to carry out underwater repair work of any Unit.
- iii) The available head for generation decreases with increase in tailrace level resulting in reduction in generation from other available units.
- iv) Unit -5 & 6 have already served for more than 50years and have outlived there useful service life. OHPC is putting its best effort to generate 20MW out of these two Units Combined as per the directions of Hon'ble Commission.
- v) After several failure in Repair and rectification of the problems of the Unit-1&2 of HHEP, Burla have been repaired temporarily and now in operation.The purchase order/ work order have been placed on the OEM for undertaking the capital maintenance of these two units.

Despite several constraints HHEP could be able to generate 293.54 MU in the Monsoon period(July 2014 to October 2014) of FY 2014-15. In the same period HHEP had generated 423.118MU in the FY2013-14. OHPC has planned to take up the Capital Maintenance of the different Units of OHPC as mentioned above. **These maintenance work would definitely enhance the life, increase efficiency, reliability and availability of the units and help in providing uninterrupted cheapest power to the state of Odisha.**

**OHPC prays before the Hon'ble Commission to approve the above mentioned Capital Maintenance Works of different Units of OHPC.**

**Para 4:- Consideration of RoE on investment by Govt. prior to 01.04.1996 regarding:**

It is to clarify that in the Proceedings of the Meeting taken by the Chief Secretary, Govt. of Odisha on 18.03.2014, this has been decided as under:

*“Convertible Bonds worth Rs 766.20 Crores has been issued to State Government. These bonds shall not carry any interest up to FY 2014-15.*

*Part-A: Rs 383.10 Crores will be converted to equity from 2015-16.*

*Part-B: Rs 383.10 Crores shall remain as loan which shall carry interest at the rate of 7% per annum w.e.f. 2015-16 until repayment.”*

The photo-copy of the above Proceedings of the Meeting is enclosed as *Annexure- 8 (vii) of the Original Application of OHPC.*

However, OHPC will abide by the decision of State Govt. and consequential treatment on Consideration of RoE on investment by Govt. prior to 01.04.1996.

**Para 5:- Non Consideration of Differential RoE regarding:**

OHPC has applied the RoE based on the principles of CERC(Terms & Conditions of Tariff) Regulations, 2014. The justification of such claim has already been described at Para No: 7(A) at page no. 14 to 19 of Original Application and subsequently at para no.11 of Rejoinder No. 2 (Also available at OHPC website).

Based on Post tax Approach of RoE, Hon'ble OERC had approved Rs 83.57Cr (Rs71.78Cr on RoE + Rs 11.79 Crs on reimbursement of IT for FY2012-13) in the tariff of OHPC for the FY 2014-15. This is not in accordance with the CERC approved Tariff Regulations, 2014. Thus, OHPC has submitted the differential claim of RoE for FY 2014-15 in the present ARR amounting to Rs 28.57Cr. So, GRIDCO's claim of non-consideration of this differential claim is not justified.

**OHPC prays before the Hon'ble Commission to kindly approve Rs 28.57Cr as differential claim on RoE for FY 2014-15 in the present ARR of OHPC & allow as a reimbursement claim.**

Due to restructuring of Govt. investment in Upper Indravati Hydro Electric Project as per Lr. No. 4323 Dtd. 31.05.2014, the Govt. of Odisha has identified Rs 300.00Cr as investment towards equity from FY 2001-02 onwards. In the earlier Tariff years OHPC has computed RoE considering Equity base as 25% of Project Cost amounting to Rs298.697Cr. So, there is an increase of Rs1.303Cr in Equity base from FY2001-02. Thus, OHPC has proposed the differential claim on RoE for this differential Equity Base of Rs1.303Cr from FY 2001-02 to FY 2014-15. The total differential claim amounting to Rs 2.898Cr has been computed and proposed as reimbursement claim. So, GRIDCO's claim of non-consideration of this differential claim is not justified.

**OHPC prays before the Hon'ble Commission to kindly approve Rs 2.898Cr as differential claim on RoE from the FY 2001-02 due to restructuring of Equity of UIHEP in the present ARR of OHPC & allow as a reimbursement claim.**

**Para 6:- Reduction in Installed Capacity for computation of PAFM:**

Hon'ble OERC while approving the ARR and Tariff of OHPC Power Stations for the FY 2014-15 has ordered in Para No. 137 which is quoted below:

Para.137: **“However, the capacity of the generating units under Renovation and Modernization shall not be considered in installed capacity while computing the plant availability factor. Further, while computing the plant availability, the capacity of the generating units under capital maintenance requiring maintenance period of more than 45 days may also be deducted from installed capacity after due approval of the Commission.”**

**During discussion of unresolved points of vetted PPA of old power stations OHPC has already proposed to insert the analogous clause in Case No 65 of 2010 in the PPA of Old Power Stations but GRIDCO had agreed that any direction of Hon'ble OERC is binding to GRIDCO as well as OHPC.**

Hon'ble Commission OERC in his order dt. 01.05.2012 in case no-5 of 2012 has clarified that **“ a generator should not suffer from non- recovery of capacity charges due to capital maintenance of a generating unit which takes around three months and normally taken in each 3 or 5 Years as per the manufactures guidelines” .**

Accordingly, OHPC had made a comprehensive plan to take up the Capital Maintenance of different Units of OHPC in line with above cited Order and had asked for in-principle approval of above works so that OHPC can avail the recovery of Capacity charges by reduction of Installed capacity.

**OHPC prays before the Hon'ble Commission to approve the above mentioned Capital Maintenance Works of different Units of OHPC in line with their direction at Para 137 of the Tariff Order of OHPC for FY 2014-15.**

**Para 7:- Differential Claim of O&M Expenses for FY 2014-15 & Revised O&M Expenses for FY 2015-16:**

For compliance please refer para 3.2 of DISCOMs.

**Para 8:-Rebate availed by GRIDCO in the energy bill of OHPC & consequential impacts:**

There are provisions in the agreed & vetted PPA between OHPC & GRIDCO for adopting any changes/ amendment in Rules/ Regulations/ Directives which is stipulated as follows.

**Clause No. 2.3:** Each parties shall comply with its respective obligations pursuant to the any act/ rules enacted by GoI/GoO and decisions/ directives of EREB/ ERLDC/ CERC/ OERC as applicable.

**Clause No. 11.6.5 :** Amendment to this Agreement and / or tariff schedule-5 therein shall be made consequent upon any changes amendment in rules / regulation / directives issued by GOI / GOO / CERC / OERC.

OHPC has always claimed Tariff as per Schedule-5 of PPA which is based on CERC Tariff Regulation. The provisions of Rebate & Surcharge at clause no. 44 & 45 in CERC Tariff Regulation, 2014 stipulates as follows:

**CERC (Terms and Conditions of Tariff) Regulation, 2014 :-**

**Clause No 44: Rebate.** (1) For payment of bills of the generating company and the transmission licensee through letter of credit on presentation or through NEFT/RTGS within **a period of 2 days** of presentation of bills by the generating company or the transmission licensee, a rebate of 2% shall be allowed.

(2) Where payments are made on any day after 2 days and within a period of 30 days of presentation of bills by the generating company or the transmission licensee, a rebate of 1% shall be allowed.

**Clause No 45: Late payment surcharge:** In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary of long term transmission customer/DICs as the case may be, **beyond a period of 60 days** from the date of billing, a late payment surcharge at the rate of **1.50% per month** shall be levied by the generating company or the transmission licensee, as the case may be.

It is submitted to kindly relay on the submission at page no. 43 of the original ARR Application of OHPC regarding the rebate on the timely payment.

**OHPC prays before the Hon'ble Commission to include the provisions of Rebate & Late Payment Surcharge in the Tariff Order of OHPC for FY 2015-16.**

**Para 9:- Annual Revenue Requirement :**

For compliance please refer to the compliance to para 4(a) above under inadvertent error on Revision of Design Energy of HHEP, Burla and CHEP, Chiplima.

**Para 10:- Escalation Rate of O&M Expenses of Machhkund Hydro Electric (Joint) Scheme :**

OHPC has considered the escalation rate of 6.64% as per the O&M Expense escalation rate of CERC (Terms & Conditions of Tariff ) Regulations, 2014. Since, the tariff for the above project is calculated on cost reimbursement basis OHPC will accept the decision of Hon'ble Commission.

**Para 11:- Reimbursement claim of ERPC for the period FY2006-07 to FY 2013-14:**

Hon'ble Commission at clause no.124 of the final tariff order OHPC for the FY 2014-15 has observed as follows:

“The Commission does not approve the reimbursement claim of OHPC for the period from FY 2006-07 to FY 2013-14 **at present** and only approves Rs.0.15 cr. contribution to ERPC for the FY 2014-15.”

Thus, Hon'ble OERC had not disapproved the OHPC claim of ERPC for the period FY 2006-07 to FY 2013-14 but had deferred the OHPC claim. Further, both OHPC & GRIDCO have agreed at Clause No. 11.5.2(Levies, Taxes, Duties etc.) of the long term PPA that any payment made to the Statutory Bodies/ Authorities of Electricity shall be reimbursed by GRIDCO. So, OHPC has made these claim in the present tariff of OHPC for FY 2015-16. OHPC prays before the Hon'ble commission for approval of Rs1.2746Crs (including the arrears & current dues) the same.

**Para 12:- Reimbursement of Catchment Area Treatment Plan:**

In the first meeting of High Power Committee on Catchment Area Treatment Plan on 07<sup>th</sup> August 2013, Resolution was taken by Government for the treatment of catchments of the Upper Indravati Multipurpose Project & Upper Kolab Hydro-electric Project located in the districts of Kalahandi, Koraput, Nabarangpur and Raygada on watershed basis. The plan implementation period is for 07 years commencing from 2013-14.

- The total approved cost for implementation of this Project is Rs 595.634Cr including institutional cost of Rs 16.512Cr.
- The plan implementation cost shall be met from IWMP mainly and with convergence with other schemes. **The institutional cost of Rs 16.512 Cr shall be met by Odisha Hydro Power Corporation Ltd.**
- **The Principal Secretary, Energy Department in the High power committee of CATP programme on Dtd 20.06.2014 had pointed out that the component of administrative cost for CATP born by OHPC has to be projected before the OERC for consideration during determination of tariff.**

- In the 123<sup>rd</sup> meeting of Board of Directors of OHPC held on 27<sup>th</sup> September 2014 the Board has decided to reflect Rs 2.411 Cr (Rs 0.402Cr for the year 2013-14 & Rs 2.009 Cr for year 2014-15) in the ARR of FY 2015-16. The copy of which is enclosed at *Annexure- 8(xx) of original application.*
- Further OHPC proposes to consider the Institutional cost of Rs 1.599 Crs as reimbursement for the FY 2015-16 towards CATP contribution.
- OHPC has proposed to claim this Institutional cost in the respective ARR on cost reimbursement basis based on their annual requirement which is provided in the ARR application of OHPC at Table no. 45 in page no. 53. This expense has a long term benefit for the consumer of the State of Odisha like **natural resource conservation, productivity enhancement and livelihoods interventions, ensuring equity and sustainability in outcomes.**

**Therefore, considering the above facts Hon'ble Commission may approve Rs 4.01 Crs to be reimbursed from GRIDCO in the FY2015-16.**

**Para 13:- Reimbursement claim of Interest on working capital for FY 2014-15:**

OHPC had applied Tariff for the FY 2014-15 based on CERC Tariff regulation 2014. The clause no. 28(4) stipulates as follows:

*“Interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken loan for working capital from any outside agency.”*

So, even if a generating company has not taken loan from outside agency and invest its own fund then also that generating company is entitled to get IoWC as per CERC norms. It will be also worthwhile to mention here that OERC(Terms & Conditions of determination of Generation Tariff ) Regulations,2014 also stipulates the same as CERC Tariff Regulations, 2014. Thus, OHPC should not be deprived of getting this benefit as stated above, accordingly OHPC has made a differential claim of IoWC over and the approval amount for FY 2014-15.

**Therefore, OHPC proposes to claim the differential amount of Rs 5.06Cr for FY 2014-15 as reimbursement. Hon'ble Commission may kindly approve the same.**

**Para 14:- Inadvertent error in proposal of NAPAF for 2015-16:**

OHPC had made an in advertent error in proposal of NAPAF of different power stations of OHPC at Table No. 49 at page no. 57 of the original application. Hon'ble Commission may consider this as inadvertent error and consider the proposals made by OHPC at Para 4(c ) above.

**Para 15:- Compensation claim of OHPC towards hydrology failure and towards restriction in generation :**

As per CERC (Terms & Conditions of Tariff) Regulations, 2014 or Schedule – 5 of the agreed PPA the Annual Revenue Requirement of OHPC is recovered through two part tariff system. 50% of ARR is recovered through Energy Charges which depend on actual energy sold in the year. Balance 50% of ARR is recovered through Capacity Charges which depends on availability of machine. Hydrology failure can no way be linked with recovery of capacity charges as suggested by M/s GRIDCO. Hon'ble Commission in the final tariff order of OHPC has clarified that the Hydrology Failure claim to be adjusted through Secondary Fund of OHPC.

**Considering the replenishment of compensation due to hydrology failure from 2001-02 to FY 2013-14 the negative balance due to Secondary Energy Fund will be Rs169.07Cr. Since the fund has a negative balance OHPC pray before the Hon'ble OERC to recognize the same as Regulatory Asset and approve its realization in suitable installments.**

**Compliance to the Objections/Suggestions raised by M/s Swain & Sons Power Tech Private Limited, Swati Villa, Surya Vihar, Link Road, Cuttack-753012 on the ARR application of OHPC for the FY 2015-16**

**Para 1:-** About the Respondent.

**Para 2:-** Prayer for review of OHPC Tariff for FY2015-16.

**Para 3:-** OHPC in its Original application has considered, the following for reduction in Design Energy for HHEP, Burla & CHEP, Chiplima.

- i) Design Energy of HHEP, Burla changed from 684MU to 652MU (684MU-32MU) for the FY 2015-16 for restriction in generation below 595ft.
- ii) Design Energy of CHEP, Chiplima changed from 490MU to 333MU for the FY 2015-16 for non achievement of Generation due to Design constraint of Hill channel; non availability & irregular availability of water from HHEP, Burla during non-monsoon period.
- iii) Design Energy of CHEP, Chiplima changed from 333MU(after reduction for cause under point-ii above) to 309MU (333MU-24MU) for the FY 2015-16 for restriction in generation of HHEP,Burla below 595ft.

However, after filing of the ARR OHPC has received clarification of revision of rule curve of Hirakud Reservoir vide Lr No. 277 Dtd. 18.11.2014 from Chief Engineer & Basin Manager, Upper Mahanadi Basin, Burla for generation of electricity below 595ft. It may be noted here that this letter

which forms a part of letter dtd 25.11.2014 of the Engineer-in-Chief, Water Resources, Odisha, Bhubaneswar is enclosed as **Annexure- 8 (iv)** of the original application of OHPC.

According to DoWR 0.233M.Ac.ft. of water between RL 595ft to RL 590ft can be utilized for power generation, which can generate only 31 MU only. In HHEP, Burla there will be 14.81MU and for CHEP, Chiplima can generate 15.95MU.

**Accordingly, 14.81MU shall be reduced from the D.E of HHEP,Burla instead of 32MU considered earlier and 15.95MU from D.E of CHEP, Chiplima instead of 24MU considered earlier due to restriction of generation below 595ft RL of Hirakud Reservoir. Accordingly the Design Energy proposed for HHEP, Burla shall be 669.19MU and saleble D.E shall be 662.50MU. For CHEP, Chiplima the corresponding figures shall be 317.05MU & 313.88MU respectively.**

The objector has claimed that Hon'ble Commission has already rejected the proposal of OHPC for reduction of D.E vide its order dated 30.01.2013 in case no 121/2009 so the proposal may be rejected.

In the Case No. 121/2009 OHPC had made a claim for reduction in Design Energy based on the previous direction of Hon'ble Commission for Reassessment of D.E of different Power stations of OHPC. OHPC carried out the Reassessment of D.E of different power station through an independent agency and submitted the report before Hon'ble OERC for approval of the same but the same was deferred for the time being. In the same order Hon'ble Commission had also made a provision that any shortfall in Generation due to Hydrology failure shall be recovered in the subsequent years as per CERC Tariff Regulations.

But in the present case the reduction in Design Energy of HHEP, Burla & CHEP, Chiplima due to restriction in generation from HHEP, Burla below 595ft RL is not for failure of Hydrology condition but for restriction imposed by DoWR to facilitate irrigation which has got priority over generation.

Similarly, reduction of proposed D.E of CHEP, Chiplima is based on realistic Design parameters of the water conduit system as the approved D.E has never been achieved in spite of best Hydrology condition and availability of machines above approved NPAFM. So, both of the case is in no way related to the direction of Hon'ble Commission on Case No. 121/2009.

**Accordingly OHPC prays before the Hon'ble Commission to approve the proposed Design Energy proposed for HHEP, Burla as 669.19MU and saleble D.E as 662.50MU and that for CHEP, Chiplima the corresponding figures as 317.05MU & 313.88MU respectively.**

**Para 4:-** For compliance please refer para no. 3.2 of the objection raised by DISCOM.

**Para 5:-** For compliance please refer para no. 3.2 of the objection raised by DISCOM.

**Para 6:- (Development of New Hydro Project)**

**The important New Hydro Project activities of OHPC are as follows:**

- i) Work order placed in favour of WAPCOS for preparation of DPR for Pumped Storage Scheme at UIHEP, Mukhiguda on dt. 15.01.2014. WAPCOS has submitted the conceptual layout plan of the project. The clearance from DoWR is waited.
- ii) Work order placed in favour of WAPCOS for preparation of DPR of Kanapur (3 MW) and Jambhira (2.4 MW) dam toe SHEP in Keonjhar and Mayurbhanja district respectively. WAPCOS has submitted the final DPR of Jambhira SHEP & Draft DPR for Kanpur SHEP.
- iii) Final PFR of Bhimkund H. E. Project (39 MW) and Baigundi H. E. Project (27 MW) submitted by M/s. WAPCOS. Work order issued in favour of WAPCOS to prepare the DPR. However the decision is pending at Govt. level.
- iv) Work order issued in favour of WAPCOS for preparation of PFR for 18 nos. of SHEP on behalf of GEDCOL which is a 100% subsidiary of OHPC. WAPCOS has submitted PFR for 09 nos. of SHEP.

**Compliance to the Objections/Suggestions raised by Sri Ramesh Ch.Satpathy on the ARR application of OHPC for the FY 2015-16**

**Para 1:-** Submission of objection by the party.

**Para 2:-** The anticipated generation of different stations of OHPC for the financial year 2014-15 will be 6368.95MU. For details please refer compliance to Para No. 3.1 of DISCOMs. **The extra generation beyond the design energy of the respective Power Stations shall accounted towards the secondary energy fund as per Order of the Hon'ble Commission. The present deficit of the secondary energy fund of OHPC as a whole, is about Rs 169.074 Crs.**

It will be pre- mature to anticipate that there will be no hydrology failure for the FY2015-16. So, OHPC had consciously decided to take Saleable Design Energy of 5433.36MU for calculation of Tariff for the FY 2015-16.

**Para 3:-** The Balance sheet, Profit & loss statement, Total Cash & Bank balance and Details of other income for the last 5 financial year are taken from Annual Report of OHPC for the relevant year and is enclosed at **Annexure-III**.

**Para 4:-** The business plan of OHPC for 12<sup>th</sup> five year is under preparation.

**Para 5:-. Status of Renovation and Modernization schemes of OHPC:-**

For compliance please refer to the compliance of Para No. 1 of M/s GRIDCO.

**Para 6:- Steps taken by OHPC for development of new Hydro Electric Project.**

From a capacity of 1237.50MW during transfer of assets from Govt. of Odisha and OSEB, OHPC at present has an installed capacity of 2062MW.

The following Projects have been commissioned under OHPC i.e. 600MW UIHEP, Mukhiguda in 2001; RM&U of Units 1&2 of 99MW in 1998, Units 3&4 of 64MW in 2006 at HHEP, Burla, resulting an additional capacity of 40MW and installation of two new units (7 & 8) at BHEP, Balimela (150MW) in December. 2008 and January. 2009 respectively. The total capacity augmentation is 790MW. For status of small hydro project please refer compliance to para no. 6 of M/s Swain & Sons Power Tech Private Limited, Swati Villa, Surya Vihar, Link Road, Cuttack.

OHPC has prepared Pre Feasibility Report (PFR) for the Pumped Storage Scheme at three different location i.e. UIHEP, Mukhiguda (600MW), UKHEP, Upper Kolab (320MW), BHEP, Balimela (4X100) 400MW. Out of these the pump storage project UIHEP is most suitable. The Detailed Project Report (DPR) for the (600MW) Indravati Pumped Storage Scheme is being prepared for setting up a pump storage plant at UIHEP. After preparation of Detailed Project Report of Indravati Pump Storage Project the detailed tendering and construction work will taken up.

**Para 7:-** OHPC has submitted a detail report to Dept. of Energy, Govt. of Odisha for approval for disposal of Potteru Small Hydro Electric Project, with all relevant documents. OHPC has never capitalised the Potteru HE Project, so the question of loan recovery and passing of interest does not arise.

**Para 8:-** The information related to Para-8 is enclosed at Annexure-IV.

**Para 9:-** The information related to Para-8 is enclosed at Annexure-V.

**Compliance to the Objections/Suggestions raised by Sri G. N. Agrawal, General Secretary, Sambalpur District Consumers Federation on the ARR application of OHPC for the FY 2015-16**

**Para 2:-**

Govt. of Odisha, Dept. of Water Resources (DoWR) has issued the executive instruction vide letter no-25983 Dtd. 01.10.13 that the Industrial Units drawing water from different reservoirs in Odisha with Hydro Power Units shall execute a supplementary

agreement with OHPC. Non of the industrial units have signed the agreement till date. Some of the industries drawing water from the reservoir have partially paid compensation amount. OHPC has proposed before the Hon'ble OERC that these amount realized shall be a part of secondary fund as shortfall in energy generated due to industrial drawl may be treated analogous to the shortfall in generation due to hydrology failure. The consumer of the State will be relieved from sharp tariff hike due to Hydrology failure. So, OHPC deviates from earlier agreement to adjust the revenue actually realized from the industries in the ARR and propose the revenue compensation to be a part of secondary fund as these shortfall will remain unrealized and OHPC will sustain loss to that extent.

Regarding proper maintenance of reservoirs, the Department of Water Resources (DOWR) shall create a corpus as annual maintenance fund, to be utilized for removal of shoals/silt etc. through periodical dredging as directed by Hon'ble High court of Odisha vide WPC No-8409 of 2012 at para 24.

Subsequently, some of the user industries filed objections before the Hon'ble High Court of Odisha which is under subjudice.

**Para 7:-**CHEP is a base load Power Station. The generation depends upon the water at forebay level and corresponding level of water at Tailrace. Accordingly, there will be variation in head leading to variation in generation.

During monsoon, the Tailrace level increases due to opening of sluice gate at Hirakud reservoir as the same is directly connected to the main river which reduces the generation of CHEP, Chiplima.

As the discharge capacity of the hill channel leading to Forebay of the Chiplima Power House is restricted to 12,500Cu.sec, thus, the maximum generation from CHEP is limited to 63.5MW only.

The 33/11 KV system of CHEP is maintained by OHPC as the station consumption is being fed from the same 33/11 KV system. From this system, the CHEP colony & other distribution loads leading to Gosala and Dhama area are being supplied. OHPC raised bill to GRIDCO based on joint meter reading at 132KV Chiplima switchyard after reduction of recorded station auxiliary consumption. Therefore, WESCO being the retail licensee is raising bill to the consumers residing in the Chiplima colony. WESCO agreed in the 10<sup>th</sup> GCC meeting to have its own 33/ 11KV substation at Chiplima. Hence WESCO is urgently required to provide the supply to the distribution load from its own sub-station, after which OHPC shall disconnect the local feeders.

**All other objections/suggestions are not related to OHPC Ltd.**

**Compliance to the Objections/Suggestions raised by Prashanta Kumar Das, President, State Public Interest Protection Council, Telengabazar, Cuttack.**

**All objections/suggestions are not related to OHPC Ltd.**

## P R A Y E R

OHPC pray before the Hon'ble Commission to kindly approve the following for the FY 2015-16.

- i) The ARR of Rs. 789.01Cr. at an Average tariff @ 145.22 p/u without considering the State Govt. support with a saleable Design Energy of 5433.36MU.
- ii) In case the State Govt support is extended, the ARR of Rs 620 Cr. at an Average tariff @ 114.11 p/u with a saleable Design Energy of 5433.36MU.
- iii) The Miscellaneous Reimbursement of Rs.62.28 Cr during FY 2015-16.
- iv) Fixation of Suitable installment for realization of Rs. 169.07 Crs. towards Hydrology Failure ( negative fund for Secondary energy) from FY 1996-97 to FY 2013-14.
- v) Design Energy of CHEP, Chplima as 317.05MU (Saleble D.E = 313.88MU) which is the maximum possible generation of CHEP.
- vi) Design Energy of HHEP, Burla as 669.19MU (Saleble D.E = 662.50MU) which is the maximum possible generation of HHEP considering restriction in generation by DoWR, GoO not below RL of 595.0 ft.
- vii) Regulatory Asset for realization of Rs. 387.49 Crs. towards Accumulated interest of Rs 325.99 Cr on Govt Loan of UIHEP from 2006-07 to 2015-16 and accumulated interest of Rs 61.50 on Normative loan of UIHEP from 2001-02 to 2015-16.
- viii) The Proposed Expenses on Capital Maintenance and other capital works of different Units as stated in this application and include in the ARR for computation of Capital Cost.
- ix) To fix the tariff for CSPDCL at 191.99 paisa per Kwh on normative basis without considering State Govt. support.
- x) The interest on regulatory Asset of Rs 387.49Cr(at Sl. No. vii above) and on Rs 169.07Cr towards the deficit on Secondary Energy Fund.

Place : Bhubaneswar

Date :

**Deponent**