

ODISHA HYDRO POWER CORPORATION LTD.

(A GOVT. OF ODISHA UNDERTAKING)

CIN: U40101OR1995SGC003963

REGD. OFFICE : ODISHA STATE POLICE HOUSING & WELFARE CORPORATION BUILDING, VANIVIHAR CHOUK, JANPATH, BHUBANESWAR-751 022

PHONE : 91-0674-2542983, 2542802, 2545526, 2542826, FAX : 2542102

E-mail: ohpc.co@gmail.com / Info@ohpcLtd.com, Website : www.ohpcLtd.com

By Fax/ Email

File No.: OHPC – OERC – 06/2022 – Vol-(II)-678 Dt. 27.01.2023

To

The Secretary

Odisha Electricity Regulatory Commission,
Bidyut Niyamak Bhawan,
Plot No.-4; Chunokoli, Shailashree Vihar,
Chandrasekharapur, Bhubaneswar- 751021.

Sub: Submission of Rejoinder in response to the objections to application for approval of Annual Revenue Requirement of individual power stations of OHPC for the FY 2023-24.

Ref: Your Letter No. 1452 Dt. 17.12.2022 in Case No. 74 of 2022.

Sir,

With reference to above mentioned Letter, OHPC Ltd is submitting herewith the Rejoinder to application for approval of Annual Revenue Requirement of individual power stations of OHPC for the FY 2023-24 in terms of Section 61 & 62 read with Section 86 of the Electricity Act, 2003 and in accordance with the terms & conditions of approved PPA between OHPC & GRIDCO in the form of affidavit in 09 sets (1 Original +08 Copies) along with soft copy in response to the objection & suggestion received from the objectors.

Yours faithfully,

Encl.: As above.


Director(Finance) I/c

Memo No. 679

Dt. 27.01.2023

Copy along with enclosures forwarded to the person/organization for information & necessary action.

- 1) Chief General Manager(P.P), M/s GRIDCO Limited, Regd. Office: Janpath, Bhubaneswar, 751022
- 2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, BBSR – 751012.
- 3) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen.) erstwhile OSEB, Plot No. 775(P), Lane-3, Jayadev Vihar, BBSR-751013. E Mail- rpmahapatra.consultant@gmail.com
- 4) Sri Soumya Ranjan Patnaik, Hon'ble MLA, Khandapada, Plot No-185, VIP Colony, Nayapalli, Bhubaneswar, Odisha. 751015 E.Mail:soumyapatnaik.sambad@gmail.com.

Encl.: As above.


Director(Finance) I/c

.....Contd.



ଓଡ଼ିଶା ଜଳ ବିଦ୍ୟୁତ୍ ନିଗମ ଲିମିଟେଡ୍

DISHA
NEW OPPORTUNITIES

(ଓଡ଼ିଶା ସରକାରଙ୍କ ଏକ ଉପକ୍ରମ)

ଓଡ଼ିଶା ରାଜ୍ୟ ଆରକ୍ଷା ଗୃହନିର୍ମାଣ ଏବଂ ସମାଜମଙ୍ଗଳ ନିଗମ ଭବନ, ବାଣୀବିହାର ଛକ, ଜନପଥ, ଭୁବନେଶ୍ୱର-୭୭

ଫୋନ୍: ୯୧-୦୬୭୪-୨୫୪୨୯୮୩, ୨୫୪୨୮୦୨, ୨୫୪୫୫୨୬, ୨୫୪୨୮୨୬, ଫ୍ୟାକ୍: ୨୫୪୨୧୦୨

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CC:

- 1) P.S. to Principal Secretary to GoO, DoE, Bhubaneswar for kind information of the Principal Secretary, DoE, GoO.

Encl.: As above.

- 2) P.S. to Chairman, OHPC Ltd for kind information of the Chairman, OHPC Ltd., Bhubaneswar
- 3) E.O to MD, OHPC Ltd for information of the MD, OHPC Ltd., Bhubaneswar
- 4) Director (Operation), OHPC Ltd., Bhubaneswar for information.

BEFORE THE ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO-4, CHUNOKOLI, SAILASHREE VIHAR, BHUBANESWAR-751021

Filing No. : 3
Case No. : 74/2022

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 2023-24 IN TERMS OF SECTION 61 & 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT, 2003; OERC (TERM & CONDITIONS FOR DETERMINATION OF GENERATION TARIFF) REGULATIONS, 2020 & 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.

.....Applicant

AND

IN THE MATTER OF

The Suggestions/Objections filed by

1) Chief General Manager(P.P), M/s GRIDCO Limited, Regd. Office: Janpath, Bhubaneswar,751022

..Respondent

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

...Respondent

3) Sri R P Mohapatra, Retired Chief Engineer & Member (Gen.) erstwhile OSEB, Plot No-775(P), Lane-3, Jayadev Vihar, Bhubaneswar-751013

.....Respondent

4) Sri Soumya Ranjan Patnaik, S/o Late Brajabandhu Patnaik, Plot No-185, VIP Colony, Nayapalli, Bhubaneswar, Odisha. 751015
E.Mail:soumyapatnaik.sambad@gmail.com

.....Respondent



AFFIDAVIT VERIFYING THE APPLICATION

I, Shri Debalok Mohanty, Son of Shri Sarat Chandra Mohanty , aged 55 years residing at Bhubaneswar do solemnly affirm and say as follows:

- (1) I am looking after the functions of the Director (Finance) 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 rejoinder are true to my knowledge and the statements made in paragraphs are based on information available with OHPC and I believe them to be true to best of my knowledge.

Verification:

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

Verified at BBSR on the day of 27th Jan. 2023

SWORN BEFORE ME

N. MOHANTY
N. Mohanty
Regd. No. ON 20/94
382, Bhoi Nagar,
Bhubaneswar-751022

N. Mohanty
DEPONENT

Director (Finance) I/c
Odisha-Hydro Power Corporation Ltd.
Bhubaneswar-751022

N. Mohanty
DEPONENT

Director (Finance) I/c
Odisha-Hydro Power Corporation Ltd.
Bhubaneswar-751022

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E.Mail:soumyapatnaik.sambad@gmail.com

.....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 2023-24 in respect of individual power stations of OHPC was filed before the Hon'ble Commission on 29.11.2022. Hon'ble OERC had also raised queries on the submission of ARR & Tariff application of OHPC for FY2023-24. OHPC had submitted the compliance to quarries of Hon'ble Commission with a copy to the objector who had purchased the ARR & Tariff application of OHPC.

As directed by the Hon'ble Commission, Public Notice was published in English text in the local English & Odia daily newspapers. The above mentioned respondents have raised objections and given suggestions on the ARR and Tariff application of OHPC for the FY 2023-24. Before going to the compliance to the objections/suggestions raised by above



✍



mentioned respondents which have been addressed separately through this rejoinder, OHPC submits hereunder the status of generation for FY2022-23.

2. **Status of Generation of different power stations of OHPC for FY2022-23:**

The Reservoir Level of OHPC Power Stations as on 20.01.22 vis-à-vis on 20.01.23 is given below:

Table-1

| Sl. No. | Reservoirs | As on 20.01.2022 | As on 20.01.2023 |
|---------|------------|------------------|------------------|
| 1. | Rengali | 121.74 meter | 120.39 meter |
| 2. | Kolab | 851.74 meter | 854.94meter |
| 3. | Balimela | 1481.70 ft. | 1475.20 ft. |
| 4. | Hirakud | 627.27 ft. | 624.56ft. |
| 5. | Indravati | 632.12 meter | 637.55meter |

The actual generation of different Power Stations under OHPC from 01.04.2022 up to 19.01.2023 and anticipated generation up to 31.03.2023 for the FY 2022-23 is prepared on the basis of the availability of water, irrigation requirement and peak load requirement of State in co-ordination with DoE, DoWR, GRIDCO and SLDC which is furnished below.

Table-2

| Sl. No. | Name of the power stations | Actual generation from 01.04.22 up to 19.01.23 (in MU) | Anticipated generation from 20.01.23 to 31.03.23 based on DoWR & DoE Schedule (in MU) | Total Anticipated generation for the FY 2022-23 based on DoWR & DoE Schedule (in MU) |
|--------------|----------------------------|--|---|--|
| 1. | RHEP | 685.4228 | 133.44 | 818.863 |
| 2. | UKHEP | 353.156 | 76.80 | 429.956 |
| 3. | BHEP | 910.4076 | 187.2 | 1097.608 |
| 4. | HHEP | 861.002 | 59.64 | 920.642 |
| 5. | CHEP | 298.518 | 42.60 | 341.118 |
| 6. | UIHEP | 1110.347 | 306.72 | 1417.067 |
| Total | | 4218.8535 | 806.40 | 5025.254 |

3. **Compliance to the Objections/Suggestions raised by Sri R.P.Mohapatra Retired Chief Engineer & Member(Gen.) erstwhile OSEB, Plot No.-775(P), Lane-3, Jayadev Vihar, Bhubaneswar:**

Para 1 to 7: No Comments.

4) **Compliance to the Objections/Suggestions raised by Sri Ramesh Chandra Satapathy on the ARR application of OHPC for the FY 2023-24:**

Para 1&2:-No comments.

Para 3:- Objection: That, the design energy fixed for Hydro Generation of the above Power Projects is 5676 MU and actually the OHPC generating more Power than the design energy.



(Handwritten signature)



Compliance: The design energy of a Hydro Electric Project is a basic design criteria which is calculated prior to the project inception considering statistical data of rainfall over the catchment and gross total inflow from all source and generator-turbine capacities. Accordingly, the Design Energy has been defined in OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020 as follows:

“Design Energy” means the quantum of energy which can be generated in a 90% dependable year with 95% installed capacity of the hydro generating station.”

So, actual generation from a hydroelectric project depend on the rainfall pattern, availability of water in the reservoir & machines for generation, demand of the state. Further the water available in a carry-over reservoir is very often carried over to the next year due to uncertainty and irregular pattern of rainfall which affects the actual generation in a particular year. Therefore there is always a mismatch between actual generation & design energy. Accordingly OHPC power stations have never generated exactly equal to its Design Energy (5676 MU) during any financial year. In most of the financial years, the total generation of OHPC is less than the Design Energy of 5676 MU due to the reasons mentioned above.

Para 4:- Objection: *That, the OHPC has not yet published their vision document about their future planning as per the direction of Hon'ble Commission in different Tariff Orders. The OHPC should publish their vision documents before the hearing of the Tariff Orders. In this connection, the order of the Hon'ble Commission has not been accepted by OHPC.*

Compliance: OHPC normally prepares its annual budget planning based on the requirement of capital expenditure & revenue expenses & probable operating income & other income before the start of any Financial year.

Para 5:- Objection: *That, the OHPC has applied in their Annual Revenue Requirement to reduce Design Energy which is not acceptable. The OHPC measurably failed to improve/develop any Hydro Projects and also Mini Hydro Project of the States. The Govt. should be directed to appoint a full time Chairman for the OHPC.*

Compliance: The objection raised is not true. OHPC in the Tariff Application for FY 2023-24 has not applied for any reduction of Design Energy for computation of Tariff. Further, regarding the development of hydro projects, please refer to compliance to the directives of Commission furnished at para no. 18 of original application of OHPC for the FY2023-24.

Para 6:- Objection: *That, as per the Odisha Electricity reform act 1995 the main role of OHPC to develop Hydro potentially of the state but that has not yet been done. The govt. of official are now functional the OHPC in govt. style. The Hon'ble commission should advice govt. not to do so and the OHPC should be functioned as an independent body.*

Compliance:

Compliance of OHPC at Para No.18 of the original ARR application for FY2023-24 may please be referred.



Handwritten signature



Para 7:- Objection: *That OHPC is now functioning a subordinate office of Water Resources Department of gov. of Odisha. The department is regularly is not allowing OHPC to generate low cost power for the use of State consumers. The Burla Power is not allowed to generate upto 590' water level.*

Compliance:

OHPC generates its power from storage type multipurpose reservoir where electricity generation is considered only after satisfying the requirement /as per the requirement for flood control, irrigation & consumptive use. Operation of all these reservoirs are under the control of DoWR.

The actual generation schedule of different Power Stations under OHPC is prepared on the basis of the availability of water, irrigation requirement and peak load requirement of power in co-ordination with DoE, DoWR, GRIDCO and SLDC.

The matter of loss of generation (approx. 32MU) incurred by HHEP by the restriction imposed by DoWR to generate below 595ft RL is submitted to DoE for necessary action. Hon'ble Commission may implead DoWR and advise to revise the Rule curve for electricity generation due to the constraint in operating reservoir below 595ft RL.

Para 8:- Objection: *That as per direction of Hon'ble High Court of Odisha the water resources department are failed to collect 400Cr. from the industry using water. That should be collected; I strongly oppose the wave out process of the govt. of Odisha the said amount which will adversely affect the interest of the consumers.*

Compliance:

As per the direction of the Hon'ble High Court, and provisions under the Executive Instruction of DoWR vide its office letter no.25983/WR dtd. 01.10.2013, OHPC has been raising energy compensation bill against the industrial drawl of water from the reservoirs where the OHPC power stations are situated & has received total amount Rs19.8396Cr from HHEP, Burla up to September 2022 & Rs0.5284Cr from CHEP, Chiplima up to October 2022. The detail of industry wise receipt of revenue is enclosed at Annexure-9 of Original Tariff Application of OHPC for the FY2023-24, which may please be referred.

Para 9:- Objection: *That the operation maintenance (O&M) expenses of OHPC includes employees cost, repair maintenance, administrative and general expenses etc. the total staff strength of OHPC is near about 1700 nos. and above only 550nos. of workers are now managing all power. The OHPC management knowing full well regular posts are necessary to manage the power houses in different power locations but they have not filled up the same and engage out source workers through different contractors against above post paying less salary since last 10 years. There is no service regularization for such outsource and*



contractual workers. Nearly 1400 outsource workers are working under OHPC against the vacant post in different Power Projects..

Compliance: As per the prevalent practice, OHPC Management is engaging contractual personnel as and when required through different outsourcing agencies in non-core activities only. For Core activities, OHPC is recruiting regular employees, hence the allegation is not correct.

Para 10 & 11:- Objection: *That the Hon'ble Commission should appoint a fact finding committee to access the efficiency of each units of OHPC for the greater interest of the consumers of the State. Workers are deprived of getting drinking water medical facilities and other amenities for better living.*

Compliance:

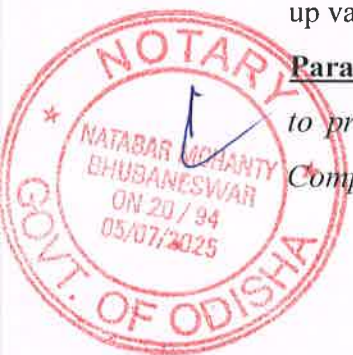
OHPC is carrying out preventive maintenance like daily, quarterly, annual maintenance & capital maintenance as per guidelines prescribed Original Equipment Manufacturer to improve the availability of the machines. Also OHPC is conducting Residual Life Assessment of old machines to assess the requirement for timely replacement of critical spares to enhance the life of the machines and its auxiliaries. If required need based Renovation & Modernization & Capital Maintenance is carried out after in-principle-approval of OHPC BoD and subsequently by Hon'ble OERC.

OHPC has been providing free residential accommodation, free medical facilities at the Project Hospitals/ Dispensaries/ Health Centers and free drinking water supply for the employees and their family members at different Units. It may be noted here that recently OHPC had moved to OERC for approval of proposed capital expenditures towards construction of residential houses, , training center ,drinking water facilities for the benefit of employees working for power generation. But the same was not allowed for passing through tariff and as advised by OERC those capital expenditures are to be met out of miscellaneous income of OHPC. OHPC Management is always concerned for the welfare of the employees of the organization and to protect the health and safety of the employees in the work place, hence the allegations raised are not correct.

Para 12:- Objection: *That, the Hon'ble Commission should direct the OHPC authorities not to place the up valuation demand of Govt. of Odisha as it has already been settled & finalized by the OERC in their last ARR orders for the FY2019-20.*

Compliance: The ARR & Tariff of OHPC Power Stations is computed for FY 2023-24 without considering the impact of Govt. Notification No. 5843 dtd. 03.07.2015 in respect of up valuation of generation asset which may kindly be verified by the objector.

Para 13:- Objection: *That, the Hon'ble Commission should direct the petitioner OHPC to produce the detail loss & profit balance sheet of GEDCOL, being a 100% owned Company, their Board of Directors & performance should be produced.*



Compliance: The composition of Board of Directors of GEDCOL is as follows:

- i) Sh Bishnupada Sethi, IAS : CMD
- ii) Sh Ashish Kumar Mohanty : Director
- iii) Sh Sarat Chandra Bhadra : Director
- iv) Sh. Chittaranjan Pradhan : Director
- v) Sh Bibhuti Bhushan Acharya : Director
- vi) Sh Bijoy Chandra Jena : Director

The Balance sheet and profit & loss statement of GEDCOL is enclosed at *Annexure-I*.

Para 14:- Objection: *That, OHPC have 49% share of OCPL. Now OCPL is a profit making company i.e. more than Rs600Cr. OHPC. 49% share of the OCPL should be added as a non- profit income of OHPC.*

Compliance: Govt. of Odisha has acquired 49% equity share of OCPL from OHPC w.e.f 30.12.2022 and as such OHPC ceased to be a shareholder in OCPL w.e.f 30.12.2022.

Para 15:- Objection: *That the petitioner OHPC should produce the detail agreement between the Govt. of Andhra Pradesh & their Company regarding power generation & power purchase from Machkund Hydro Projects. Per unit rate of Machkund Power should not be more than 50paise as it was earlier settled.*

Compliance: The New Machkund Agreement 2020 signed between the State of Odisha and State of Andhra Pradesh is enclosed at *Annexure-II* for reference.

4. **Compliance to the Objections/Suggestions raised by Sri Soumya Ranjan Patnaik, Hon'ble MLA Khandapada on the ARR application of OHPC for the FY 2023-24:**

Para 1:- Objection: *Direction of Hon'ble Supreme Court to all SERCs of India.*

Compliance: Hon'ble OERC may suitably decide on this..

Para 2, 3, 4, 5, 6&7:- (Multiyear Tariff (MYT) Principles)

Objection: ".....x.....x.....x..... The fact is that all other SERCs and CERC of India are following the above guiding principles of tariff determination as evident from their Tariff Regulations and Orders but herein OERC does not take care of the above mandates of the Act in the proceedings to determine Tariff for Licensees and Generating Companies. This is the whole sorrow for not only for the Bona-fide Consumers of Odisha but also for State economy and environment. Therefore, the Petitioner is urged herewith to submit necessary data in view of the above regulations in the instant proceeding well in advance of the public hearing so as to facilitate us to submit our views during the instant proceeding. We urge the valuable observations, analysis and ruling of Hon'ble Commission on the above issue."



Compliance: As per the practice & principles laid down in the tariff orders of OHPC for each years OHPC has been filing the tariff petition for every years covering the following.

- i. Additional capitalization as per audited account and estimated additional capitalization for respective tariff years of the tariff period and
- ii. Decapitalization,
- iii. Forecast of expected revenue and estimates of quantum of electricity to be generated by each unit.

However regarding MYT approach, Hon'ble Commission may suitably decide.

Para 8:- (Truing up exercises of Tariff Orders)

Objection: "....x.....x.....x.....In real practice, Ld OERC does not true up the tariff orders & audited accounts of the previous years in the proceeding to revise the generation tariff for the ensuing year. Doing late truing up for a long period of 15years or 5 years at a time does not make any sense because it is the violation of the regulations of OERC and the stakeholders like us have no interest to look into the matter late truing up. Late truing up is allowed by Ld OERC to conceal the corrective practices of Tariff determination. In the instant petition for determination of generation tariff for the ensuing FY2024, the petitioner does not file the truing up exercise for previous FY22. It is presumed that the Petitioner and Ld OERC makes plan to bias the Stakeholders and to determine the tariff as done in previous years in an imprudent and unrealistic manner.x.....x.....x....."

Compliance: OHPC had filed petition on truing up between the ARR approved by OERC and actual expenditures/ earning done by OHPC from FY 1996-97 to FY 2015-16 on 16.09.2020. The matter is registered as Case No. 55/ 2020.

Hon'ble OERC has issued the Order on dtd. 03.11.2021. The observation of the Hon'ble Commission was furnished at Para No. 17 of the Tariff Applications of OHPC for the FY2023-24.

Similarly, OHPC has prepared the truing up from FY-2016-17 to FY-2020-21 and filled before the Hon'ble Commission on 12.09.2022. The public hearing on the matter is pending.

OHPC has already finalized the Truing Up of different power stations for the FY2021-22 and will be submitting before the Hon'ble Commission shortly.

Para 9:- (People of Odisha are not foolish)

No Comment.



Para 10:- (Pass through of Income Tax in Tariff)

Objection: “ *Income Tax is chargeable to profit of the Enterprise @OHPC. The Govt. of Odisha don't require the petitioner to make profit in an unlawful manner. Why should the consumer bear the cost of income tax of OHPC which is paid on its profit? In this case, Ld. OERC has also grossly violated the CERC Regulation as reported in detail in previous tariff proceeding. But Ld OERC did not prefer to dispose the objection of this humble respondent. So, let the Ld OERC to determine the tariff in willful manner.*”

Compliance: Hon'ble Commission at clause no. 21 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2020 under the head Tax on Income has stipulated the following:

“Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business.”

OHPC is claiming the reimbursement of income tax as per the above provision. OHPC has claimed Rs21.89Cr as income tax reimbursement for the FY2023-24. The detail calculation is furnished at Table No.27 of the Original Tariff Application, which may please be referred.

Para 11:- (Non-Tariff Income (NTI)

Objection: “*On the issue of NTI, this humble petitioner has submitted its stand in an elaborate manner during last tariff proceeding but Ld OERC remained silent to address the issue in its order. If Ld.OERC wants to dispose of the instant petition in its willful manner as done in previous years, then what is the necessity to put further comment on the same issue. So, let the Ld OERC to function in its willful manner.*”

Compliance:

As per Regulation 41 of the OERC Generation Tariff Regulation, 2020, the non-tariff net income in case of generating station from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries and the generating company, in the ratio 50:50.

Para 12 :-(DORMANT OHPC)

Objection: “*...x...x...x... So during the last 25years, the capacity addition of hydro power mode by Indian States including NHPC Ltd is 24041MW but sorry to state that the Petitioner who is an expert of hydro power does not add a single capacity to its installed capacity despite all favorable conditions. The petitioner has replied in the last proceedings that they have upgraded the Generators by huge Capital investments but Design Energy could not be upgraded and denied too to upgrade. Such non-performance of the petitioner in*



the above issue is not digested by the people of Odisha. The Petitioner Company is just looking dormant and lives on the revenue paid by the Consumer."

Compliance:

After formation of OHPC due to enactment of Electricity Reform Act 1995, OHPC has added 802.3 MU as follows to its Installed Capacity.

- a) Commissioning of 04 units at UIHEP with Installed Capacity of 600MW (4 x 150MW) on FY2001-02.
- b) Commissioning of Unit-7 & 8 of BHEP, Balimela Expansion project of Installed Capacity of 150MW (2 x 75MW)
- c) Upgrading of Unit-1 & 2 of HHEP, Burla from 37.5MW each to 49.5MW thereby adding 24MW.
- d) Upgrading of Unit- 3 & 4 of HHEP, Burla from 24MW each to 32MW thereby adding 16MW.
- e) Upgrading of Unit- 5 & 6 of HHEP, Burla from 37.5MW each to 43.65MW thereby adding 12.3MW.

Thus OHPC has added 802.3MW (600MW + 150MW + 24MW + 16MW + 12.3MW) to the Installed Capacity after its formation during 1995.

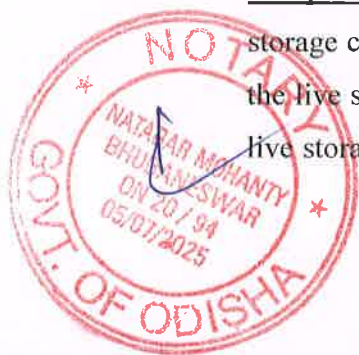
Moreover OHPC intends to develop 03 Nos of Pumped Storage Projects and 02Nos of new Hydro Electric Projects. The WAPCOS has been engaged for preparation of DPR of these projects.

In this regard the compliance to the directives of Hon'ble OERC at para no. 18 of the Original Tariff Application of OHPC for the FY2023-24 may please be referred.

Para 13:- (DESIGN ENERGY)

Objection: *".....x.....x.....x..... So, if installed capacity of the hydro power station is enhanced because of renovation and upgradation capital investment program, then the revised installed capacity should be taken into consideration for determination of Design Energy. But the petitioner differed on our submission put up during last tariff proceeding and replied that there is no relationship between the Design Energy and increase in installed capacity. Whereas Ld OERC remained silent over the issue without putting any observation on our comment. The fact is that the installed capacity of OHPC Power Stations has increased to 2100MW by adding more to the installed capacity but the designed energy is not revised."*

Compliance: The Design Energy of different power stations of OHPC depends on live storage capacity and inflow of water to the reservoir. By renovation & modernization neither the live storage capacity increase nor inflow is affected. Rather due to silting of reservoir the live storage capacity reduces and there is a need for revision of Design Energy. Similarly the



construction of large no of barrage in the upstream of Mahanadi has reduced the inflow of water to a great extent and there is also need for revision of DE.

Increase in the installed capacity after RM&U of different units of HHEP, Burla has helped to generate more cheap hydro powers during peak hours and during emergency as per the requirement of grid. Moreover the life of the generating units is increased further after R&M.

Para 14:- Objection: “.....x.....x.....x..... We can find from the study of last 20years power generation table of OHPC that there is absolute no improvement of power generation of OHPC Power Stations but in the other hand, the volume of ARR of the individual power stations have increased in the corresponding period because of the aforesaid capitalization and resulting the generation tariff of OHPC increasing year after year. Therefore, we urges the Petitioner to furnish us necessary action taken report on the above issues and state why the Performance of OHPC Ltd. is not improved despite investment.

Compliance:

Due to time to time investment by OHPC in Renovation Modernization & Capital Maintenance of existing units, OHPC has been able to provide cheapest power (i.e. around 70 to 90paise per Unit) in the State of Odisha on a sustainable basis avoiding possible power crisis in the state due to possible frequent forced shutdown of old machines. OHPC is also providing one of the cheapest powers in the National scenario.

In this context it shall be worthwhile to mention that the performance of OHPC is also dependent on some uncontrollable factor like hydrology failure, Decrease in live storage capacity of the Reservoir due to siltation, Industrial water consumption from the reservoir, Restriction by generation in HHEP below 595ft by DoWR to facilitate irrigation etc.

However, OHPC keeps its machine ready to utilise the water available for generation as per the instruction of SLDC. OHPC can exhaust the water available in the reservoir up to MDDL by the end of the water year if DoWR & SLDC permit.

Due to better hydrology condition HHEP, Burla is able to generate more than 900MU by the end of this Financial year. Similarly RHEP, Rengali had already achieved the Design Energy in this Financial year. Similarly BHEP, Balimela & MHEP (Jt.) Scheme are expected to cross their deign energy by the end of this Financial Year. The anticipated Generation of different power stations of OHPC for the FY2022-23 is shown in the Table No. 2 above.

Except UIHEP, all other assets transferred to OHPC in case of all other power stations were old hence, OHPC had to make periodic capital investment for renovation/ replacement of those assets to maintain availability of the machines and provide cheap power to the State of Odisha. Besides this, OHPC is forced to replace some of the critical parts like Governor, AVR, Relay & annunciation system, DC system due to obsolescence of technology and difficulty in spare management. OHPC with due approval of Hon'ble OERC,



carry out Renovation & Modernization to increase the life of machine further. By making capital investment, the reliability & performance of machine are improved and the useful life of assets is also increased.

The performance of OHPC has improved over the years. OHPC generating stations provide stability to Grid by quick ramp up, ramp down facility, absorbing & generating of reactive power, providing black start facilities etc. For these services, OHPC is not paid any incentives although all hydro generating station in the central sector are suitably compensated for the same through Ancillary Service Regulation of CERC. Nevertheless, OHPC maintains its weighted Plant Availability factor in the range of 75% to 78% against target level of 83%, which is at par with the National Standard. During better hydrology year OHPC generation usually crosses the 6000MU.

Besides this OHPC is putting its sincere effort to set up 3 pump storage projects at UIHEP, BHEP & UKHEP. The detail status report is provided at para no- 18 of the Original Tariff Application for the FY2023-24.

Hence the claim of the objector that the performance of OHPC Ltd. is not improved despite investment is not correct.

Para 15:- (Odisha Renewable Energy Policy)

Objection: “.....x.....x.....x..... The Clause no. 14.5 of the Policy specifies that OHPC will be the sole developer for Dam-Toe based projects. OHPC will facilitate GRIDCO to implement the policy. As per the Policy, OHPC will support the Nodal Agency to identify potential RE projects and bring the same to pre-development level in a time bound manner. OHPC shall assist GRIDCO in preparing a registry of projects for all RE technologies, within 3 month of issuance of policy and update the same from time to time. In view of the above policy, OHPC does not spell out anything in the instant petition.”

Compliance: OHPC has filed the ARR proposal before the Commission on 29.11.2022 & Govt. of Odisha has notified the Renewable Energy Policy on 30.11.2022. So OHPC could not react in the instant petition. However OHPC shall abide to the directives of Govt. stipulated in the above Odisha Renewable Energy Policy 2022.

Para 16:- (Direction of Ld. OERC)

Compliance: OHPC has submitted the compliance to the directives of the Hon'ble Commission at Para No. 18 of the Original Tariff Application of OHPC for the FY2023-24.

Para 17:- (Asset Management)

Objection: “.....x.....x.....x..... Asset management includes developing, Operating, maintaining, upgrading, and disposing of assets in most cost effective manner. To capitalize the economics of asset management, Ld. CERC has launched the final version of e-Assets module titled “SAUDAMINI” w.e.f. 24th July 2021 in order to facilitate the Generating and



Transmission companies to submit information pertaining to assets in service in their generating stations/ units and transmission jurisdiction."

Para 18 & 19:- (E-Asset Module SUDAMINI by CERC)

Objection: ".....x.....x.....x..... In respect of SUDAMINI module launched by Ld CERC, it is submitted before Ld OERC that the former jurisdiction over inter-state Generating and Transmission Companies whereas the later has jurisdiction over intra-state Generating, Transmission and Distribution Companies. If CERC feel it crucial role of asset management for the success of electricity industries, than why does Ld OERC sit silent over the issue. Moreover, under the mandate of Act, Ld OERC is duty bound to follow the methodology adopted by Ld. CERC in determining tariff of transmission and generating companies. Moreover, Ld. OERC can extend the above e-module to Distribution Companies too. In the above backdrop, it is urged upon Ld OERC to lunch the e-module asset management system in Odisha and eased the licensees and companies to upload their asset data in the above module for necessary information of all the Stakeholders."

Compliance of para no17, 18 &19:

No Comment.

5) **Compliance to the Objections/Suggestions raised by M/s GRIDCO Limited, Janpath, Bhubaneswar-751022 on the ARR application of OHPC for the FY2023-24:**

Para 1:- (Design Energy of OHPC Stations):

Objection of GRIDCO: The Petitioner in Para 4(c), Page 7 of the Petition has submitted that some of the generating stations are not able to generate their Annual Design Energy approved by the Hon'ble Commission leading to non-recovery of approved Energy Charges and have listed the following constraints:

- HHEP, Burla is not allowed to operate below 600 ft. reservoir level against the Minimum Draw Down Level (MDDL) of 590 ft. as per direction of Dept. of Water Resources, Govt. of Odisha to facilitate irrigation.
- Design energy of CHEP, Chiplima is 490 MU which is not achievable as per the past records.
- Constant hydrology failures have been observed for UKHEP
- Water reservoirs do not achieve their MDDL
- Loss of water due to running of multiple generating units in different power stations of OHPC under partial load
- Short drawl of Odisha share from MHEP

Compliance of OHPC: Since the reasons stated above are beyond the control of OHPC, affecting optimum generation of power from the hydro generating plants of OHPC, Hon'ble Commission may kindly take suitable decision so that, OHPC performance can be improved.



Para-2: Objection of GRIDCO: *"The Petitioner has proposed to revise the saleable design energy for the Power Plants of OHPC in view of the reduced hydrology, restriction imposed by DoWR, GoO etc. The Hon'ble Commission is requested to kindly take up the matter of revision of design energy in a separate Petition and may appoint an independent agency for any revision to the design energy if required."*

Compliance of OHPC: As per the direction of the Hon'ble Commission, OHPC had engaged an independent agency M/s SPARC Ltd. to carry out the Reassessment of Design Energy. M/s SPARC had prepared a report on Reassessment of Design Energy of different power stations of OHPC. The methodology was approved by CEA and was submitted for approval by OERC. Hon'ble OERC had registered the Case of Reassessment of Design Energy of OHPC as Case No. 121 of 2009 and disposed the case with following observations.

"Para-8: After hearing the representatives of OHPC, the consultant SPARC and the respondents the Commission observes that there is no immediate requirement of reduction of design energy as proposed by OHPC. The Commission has gone through the technical details submitted by OHPC from time to time. As per the directive of the Hon'ble High Court dated 30.3.2012 in WP© No.8409 of 2011 for compensation of generation loss for the water used by industrial units, OHPC is being compensated adequately for upstream utilization of consumption for all reservoir which has been computed at Rs.10.108 crore @ Rs.5.31 /KWH for FY 2011-12 as revealed by OHPC's submissions.

Para-9: Secondly, the rate of secondary energy in case of hydro stations is equal to the rate of primary energy. OHPC gets the full annual revenue requirements on the basis of design energy approved by the Commission. However, in the event of hydrology failure and worse monsoon years when the energy generation of any hydro projects falls short of its design energy not attributable to the generator, the Commission would consider the revenue short fall occurred on this count in subsequent years as per the CERC Tariff Regulations, on the submission of specific petition by the generator."

The copy of the Order is enclosed as **Annexure-III** for reference.

Subsequently OHPC in the event of hydrology failure had applied for recovery of energy charges as per the CERC regulation but Hon'ble OERC has not allowed the same and made following observations in the Tariff Order of OHPC for the FY2014-15.

"Compensation claim towards hydrology failure

Para-142: OHPC in its Original Tariff application for the FY 2013-14 had a submission that loss of Energy charges for the period from FY 2009-10 to FY 2011-12 amounting to Rs.105 cr. (approx.) may be considered as pass through in tariff in 05(five) equal installments.

OHPC has stated that the Commission in its order dt.30.01.2013 in Case No: 121/2009 in the matter of Approval of Revised Design Energy of Hydro Stations of OHPC at Clause No. 9 has allowed OHPC to recover in line with the CERC Regulations, the Revenue shortfall occurred in the event of Hydrology failure & worse monsoon years when the energy generation of any Hydro projects falls short of its Design Energy not attributable to the generators.

OHPC has calculated the hydrology failure of Rs.52.23 Crs. for FY 2009-10; Rs.22.69 Crs. for FY 2010-11 and Rs.36.0 Crs. for FY 2011-12.



OHPC has submitted that a total shortfall of Rs.110.92 Crs. towards Hydrology failure from FY 2009-10 to FY 2011-12 may be allowed as per the CERC norms along with the compensation of Rs.48.73 Crs. on account of restriction in generation for the FY 2012-13. The total claim pending is summarized in the following table.

Table – 37

| Sl. No. | PARTICULARS | AMOUNT |
|---------|--|----------------------|
| 1 | Hydrology Failure for FY 2009-10 | Rs.52.23Crs. |
| 2 | Hydrology Failure for FY 2010-11 | Rs.22.69Crs. |
| 3 | Hydrology Failure for FY 2011-12 | Rs.36.00Crs |
| 4 | Restriction in generation for FY 2012-13 | Rs.48.73Crs. |
| | Total | Rs.159.65Crs. |

Commission's Observation

Para-143: 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}."

Till date Hon'ble OERC has not recognized the secondary energy fund submitted by OHPC in each Tariff Application. Presently the hydrology fund is Rs125.031Crs negative. For details Annexure-6 of the Original Application may please be referred.

Hence, OHPC prays before the Hon'ble Commission to recognize the 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 as per the Para 6.5(e) of Order dt.10.06.2005 of Hon'ble Commission.

Para-3 to6: Additional Capitalisation :

Objection of GRIDCO: About OHPC submission on Additional Capitalization & Regulation 12 of OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2020.

Compliance of OHPC: No Comments.

Para-7a: Objection of GRIDCO: "In this regard the submissions of GRIDCO are as follows:

It may be noted that the Petitioner has not referred the Regulations under which it has claimed such huge amount of additional capitalisation total amounting to Rs.414.543 Crs. The Petitioner has not referred any Regulation under which such additional capitalisation has been claimed. This raises question about the reasonableness of the additional capital expenditure incurred by the Petitioner and hence any further view cannot be provided in absence of such crucial information."



Compliance of OHPC on Para 7(a):

OHPC have applied for Additional Capitalization as per Clause No12 (3) of OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2020 & Clause 4.1.1 of approved PPA. The relevant Clauses of the Regulation & PPA are stipulated as follows:

Clause No.12 (3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020:

"In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

(a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;

(b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;

(c) The replacement of such asset or equipment is necessary on account of Obsolescence of technology; and

(d) The replacement of such asset or equipment has otherwise been allowed by the Commission."

(ii) Relevant portion of Approved PPA:

4.1.1 The Approved Capital Cost shall be:

(a) Increased by the cost incurred by OHPC in OHPC's complying with its obligations pursuant to and in accordance with clause 2.1(e) & also any additional capital expenditure on case to case basis duly approved by OERC can only be passed through tariff.

Para-7b: Objection of GRIDCO:

"The Regulation 9(3) of the OERC Generation Tariff Regulations, 2020 provides that the capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff which shall be subject to prudence check by the Hon'ble Commission and may include scrutiny of the reasonableness of the capital expenditure, financing plan, interest during construction, cost over-run and time over-run and such other matters as may be considered appropriate by the Commission for determination of tariff. The relevant extract of the Regulations is reproduced below for reference:

Quote:

"9 (3) The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff."



Provided further that prudence check may include scrutiny of the reasonableness of the capital expenditure in the light of capital cost of similar projects based on past historical data, wherever available, reasonableness of financing plan, interest during construction, incidental expenditure during construction, use of efficient technology, cost over-run and time over-run, procurement of equipment and materials through competitive bidding and such other matters as may be considered appropriate by the Commission for determination of tariff; ”

Para-7c: Objection of GRIDCO:

It may be noted that the Petitioner has requested to consider the Capital Work in Progress or to be taken up for FY 2022-23 and FY 2023-24 for calculation of ARR and determination of tariff with a plea that it is going to lose its opportunity cost. The Petitioner has failed to appreciate that the interest cost during the period of construction is a part of the capital cost as per Regulation 9(1)(a) which is recoverable through ARR and may be allowed by the Hon'ble Commission for which prudence check is necessary. Further, the reasonableness, cost over-run and time over-run cannot be predicted during the period of construction and may not allowed without prudence check. ”

Para-7d: Objection of GRIDCO:

“It is submitted that there may be cases of Cost Over-run and Time Over-run and the Petitioner shall get the benefit in terms of Interest on Loan and Return on Equity in absence of disallowance of such factors in calculation of Capital cost. ”

Compliance of OHPC on Para 7(b),7(c)&7(d):

OHPC had proposed additional capitalization of RM & U of Unit-5&6 of HHEP, Burla & R&M of Unit-1 and 2 of BHEP, Balimela. Similarly Capital Maintenance work of Unit-2 & 4 of UIHEP and Unit-1 of CHEP are considered as Estimated Capital expenditure for FY2022-23 & FY2023-24. All these major Capital works do have prior approval of Hon'ble OERC. The details are submitted at Table no.6 of the Original Tariff Application of OHPC for the FY2023-24, which may please be referred.

OHPC has considered the Estimated Capital Expenditures for the FY2022-23 & FY2023-24 as per the provision of Clause 6(2) & 7(6) of OERC (Terms & Condition for Determination of Generation Tariff) Regulations 2020. These Capital works are likely to be completed within the approved Tariff period of FY2023-24. Any deviation in actual Capital Expenditure due to cost over- run, time over- run etc. w.r.t the approved estimated Capital expenditure shall be trued up as per the provisions of OERC (Terms & Condition for Determination of Generation Tariff) Regulations 2020 and shall be submitted to Hon'ble OERC accordingly for approval.

Para-7e: Objection of GRIDCO: About OHPC submission of additional capitalization.

Compliance of OHPC on Para 7(e): No Comments.

Para-7(f): Objection of GRIDCO:

“In view of the above the Hon'ble Commission is requested to kindly consider the additional capitalization as reflected in the Annual Audited Accounts of FY 2021-22 only for calculation of capital cost of the individual power plants of OHPC for FY 2023-24 after prudence check as per the applicable Regulations for greater interest of the consumers and to avoid tariff shock.”



Compliance of OHPC on Para 7(f):

| OHPC Stations | Approved Tariff for FY 22-23 | Proposed Tariff for FY 23-24 | Increase in P/U | Proposed Additional Capitalization for FY 21-22 | Proposed Capitalization for FY 22-23 & FY 23-24 |
|---------------|------------------------------|------------------------------|-----------------|---|---|
| | P/U | P/U | P/U | Rs. Cr. | Rs. Cr. |
| RHEP | 150.89 | 135.87 | -15.02 | 0.76 | 0.00 |
| UKHEP | 74.61 | 77.2 | 2.59 | 0.40 | 4.30 |
| BHEP | 66.25 | 84.75 | 18.50 | 61.22 | 61.00 |
| HHEP | 117.28 | 163.07 | 45.79 | 132.93 | 37.00 |
| CHEP | 84.03 | 94 | 9.97 | 0.31 | 38.81 |
| UIHEP | 85.27 | 93.36 | 8.09 | 32.55 | 45.26 |
| Total | 89.48 | 101.4 | 11.92 | 228.17 | 186.37 |

OHPC claim of Additional Capitalization shown in the Table above are justified due to the following reasons:

- OHPC has claimed additional capitalization as per clause no. 12(3) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation. Also para no.4.1.1 of approved PPA.
- All major capitalization proposals has prior approval of the Hon'ble Commission.
- OHPC has considered the Estimated Capital Expenditure for the FY2022-23 & FY2023-24 as per the provision of Clause 6(2) & 7(6) of OERC (Terms & Condition for Determination of Generation Tariff) Regulations 2020.
- If Hon'ble OERC does not allow estimated Capital Expenditure then it shall be the violation of Clause No. 6(2) & 7(6) of OERC Generation Tariff Regulation 2020. Also OHPC shall not be able to True Up the Capital Cost if estimated capital expenditure is not allowed.
- Considering the benefits to be derived in the longrun due to the above renovation / capital expenditure which is in the greater interest of the consumers of the state & GRIDCO, OHPC's claim may kindly be considered by OERC.

Return on Equity :

Para-8: Objection of GRIDCO: "GRIDCO submits that Clause No. 20(2) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2020 states that RoE for OHPC will be as per PPA executed between OHPC & GRIDCO. Excerpts of the Regulations are reproduced below:

"Provided that return on equity in case of OPGC (Unit - I & II) and OHPC stations shall be as per the provisions of the PPA."

Further Clause 11.6.5 of PPA executed between OHPC & GRIDCO states that amendment to tariff shall be made consequent upon amendment in Regulations issued by OERC. Excerpts of the PPA is provided below:

"Amendment to this Agreement and/or tariff schedule 5 herein shall be made consequent upon any changes/amendment in rules/regulations/directives issued by GOI/GOO/CERC/OERC."

Para-9: Objection of GRIDCO: As per the Regulation 20(2) of the OERC Determination of Generation Tariff Regulations, 2020, RoE shall be calculated at a rate of 14%. Relevant extracts of the regulation are presented below:

"Return on equity shall be computed at the base rate of 14% for all generating stations;"



7
Para-10: Objection of GRIDCO: However, OHPC in its application for approval of ARR for FY 2023-24 has calculated the Return on Equity (RoE) at rate of 15.5% for old Power stations and 16% for UIHEP instead of 14% as mentioned in the OERC Determination of Generation Tariff Regulations, 2020. GRIDCO humbly submits before the Hon'ble Commission may consider the above provision while approving the ARR of OHPC for FY 2023-24."

Compliance of OHPC on Para 8 to 10:

The Clause No. 20(2) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2020 stipulates that, "Provided that return on equity in case of OPGC (Unit - I & II) and OHPC stations shall be as per the provisions of the PPA."

The schedule-5 (2) (v) of mutually agreed PPA of UIHEP between OHPC & GRIDCO stipulates as follows:

"Return on Equity" means 16% of approved equity capital relatable to the generating unit and the Dam/ Civil Works allocable to power generation.

Similarly schedule-5 (11) of mutually agreed PPA of UIHEP between OHPC & GRIDCO stipulates as follows:

"The tariff shall be subject to revision at the time of renewal, replacement or extension of this agreement or if required as a result of any guidelines/ directives that Govt. of Odisha and/or GOI may issue from time to time regarding tariff and its application."

Hon'ble Commission in the recent past years has approved the Return on Equity as per the provisions of PPA. OHPC in the present Tariff has followed the same principle for computation of RoE.

Hence OHPC pray before the Hon'ble Commission to allow RoE @16% for UIHEP and @15.5% for Old power station as per the proposal of OHPC for the FY2023-24.

Depreciation and Interest on Loan:

Para-11 & 12: Objection of GRIDCO: Hon'ble OERC observation on Review Order dated 30.09.2022 in Case No.31 of 2022.

Compliance of OHPC on Para 11&12: OHPC have submitted compliance to the directives of Hon'ble OERC of the Review Order dated 30.09.2022 in Case No. 31 of 2022 at para no 10(c) (viii) of the Original Tariff Application of OHPC which may please be referred.

Para-13: Objection of GRIDCO: "From Annexure-23 of the Petition it has been observed that the Petitioner has not been able to recover the full depreciation as approved by the Hon'ble Commission in various Orders for the past years. A comparison of the total depreciation approved by the Hon'ble Commission from FY 1996-97 to FY 2021-22 and that recovered by the Petitioner is provided below for reference:

Cumulative Depreciation Approved Vs. Recovered by the Petitioner (Rs. Cr.)



| Particulars | Formula | RHEP | BHEP | UKHEP | HPS | CHEP | UIHEP | Total |
|-------------|---------|-------|--------|-------|--------|-------|--------|---------|
| Approved | A | 91.93 | 250.96 | 98.66 | 271.91 | 42.42 | 697.94 | 1453.83 |
| Recovered | B | 91.03 | 230.04 | 74.95 | 208.56 | 28.02 | 662.37 | 1294.96 |
| Unrecovered | A-B | 0.90 | 20.92 | 23.72 | 63.35 | 14.40 | 35.57 | 158.86 |

Note: The figures mentioned above may not match due to rounding off

In view of above, it is requested that the Hon'ble Commission may give necessary directions to the Petitioner to provide justification for the unrecovered depreciation amount."

Compliance of OHPC on Para 13:

OHPC could not recover the approved depreciation due to the following reasons:

- The securitized due of Rs.619Cr towards energy dues alongwith interest of Rs.202.45 Crs upto FY-2021-22 is still unrecovered from GRIDCO. The portion of depreciation in this Rs.821.45 Crs is still pending with GRIDCO as per the terms of securitization agreement dtd.23.02.2015.
- OHPC ARR is fixed normatively assuming OHPC power station shall generate its Design Energy to recover the approved Energy Charges & maintain availability of approved NAPAF to recover its approved Capacity Charges in ARR. But in reality the generating station of OHPC generate more or less than the Design Energy depending upon hydrology condition and availability of water in Reservoirs. Similarly OHPC could maintain availability either more or less than approved NAPAF. So approval of depreciation shall never match with recovery of depreciation.
- The D.E approved by Hon'ble OERC for CHEP as 490MU is unrealistic and needs revision.
- UKHEP could not achieve its Design Energy due to its constant hydrology failure. However the percentage of recovery of Depreciation w.r.t its Project Cost approved is shown in the Table-17 of the Original Tariff Application which is reproduced below:

Table-17

| Power Stations | Total approved Project Cost as 31.03.22 (in Crs) | 90% of total approved Project Cost as 31.03.22 (in Crs) | Total approved Depreciation as 31.03.22 (in Crs) | Total Depreciation recovered from GRIDCO as on 31.03.22 (in Crs) | % of Depreciation recovered as on 31.03.22 (in %) |
|----------------|--|---|--|--|---|
| RHEP | 151.34 | 136.02 | 91.93 | 91.011 | 60.14 |
| UKHEP | 135.46 | 121.91 | 98.68 | 74.954 | 55.33 |
| BHEP | 339.89 | 305.90 | 251.26 | 230.041 | 67.68 |
| HHEP | 338.66 | 304.79 | 210.67 | 162.432 | 47.96 |
| CHEP | 143.97 | 129.57 | 103.63 | 74.162 | 51.51 |
| UIHEP | 1250.78 | 1125.70 | 697.85 | 662.007 | 52.93 |
| Total | 2360.10 | 2123.89 | 1454.02 | 1294.607 | 54.85 |



Para-14&15: Objection of GRIDCO:

"The details of the loan repayment made by the Petitioner as per information shared in Annexure 24 of the Petition is provided below:

| Rs. Cr. | | | |
|---------|--------|-----------|----------|
| Station | Actual | Normative | Approved |
| HHEP | 98.07 | 62.50 | 160.56 |
| CHEP | 0.87 | 28.55 | 29.42 |
| UKHEP | 10.85 | 13.63 | 24.48 |
| RHEP | 9.13 | 35.41 | 44.54 |
| BHEP | 107.79 | 55.21 | 163.00 |
| Total | 226.71 | 195.29 | 422.00 |

It may be observed that the Petitioner has been approved repayment of loan more than the actual by the Hon'ble Commission.

From Annexure 24 of the Petition, it has been observed that the Hon'ble Commission has approved cumulative repayment of loan more than the actual loan amount. Therefore, the contention of the Petitioner that the depreciation amount allowed by the Hon'ble Commission towards repayment of loan is not sufficient does not hold good."

Compliance of OHPC on Para 14 &15:

As per Regulation 9 of OERC Regulation, 2020 Capital cost for a Project shall include: (a) The expenditure incurred or projected to be incurred, including Interest During Construction (IDC) & Incidental Expenditure During Construction (IEDC) and financing charges, any gain or loss on account of foreign exchange risk variation during construction on the loan (i) Being equal to 70% of the funds deployed in the event of the actual equity in excess of 30% of the funds deployed, by treating the excess equity as normative loan or (ii) Being equal to the actual amount of loan in the event of the actual equity less than 30% of the funds deployed, - up to the date of commercial operation of the project, as admitted by the Commission, after prudence check;

As per Regulation 23 of OERC Regulation, 2020, Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. (2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset;

The actual loan repayment amounting to Rs 226.71Cr comprises of State Govt. Loan & PFC Loan of the different Generating Stations of OHPC. Similarly Normative Loan repayment amounting to Rs195.29Cr are Loan investment of OHPC. Both the Loans (Outside & Normative) are to be recovered through depreciation. So. Actual Loan (Outside Loan) amounting to Rs226.71Cr plus Normative Loan amounting to Rs195.29Cr is equal to Approved Loan amounting to Rs422.0 Crs is correct as submitted by OHPC. Hence the contention of GRIDCO is not correct.



Para-16&17: Objection of GRIDCO:

Para-16: "That, the concept of computation of depreciation @2.57% of the Project cost (Gross Fixed Asset) of old assets and actual repayment, whichever is higher has been followed by the Hon'ble Commission for calculation of depreciation to facilitate loan repayment. This methodology for calculation of depreciation was followed by the Hon'ble OERC till FY 2020-21. In ARR Orders for FY 2021-22 and FY 2022-23, the Hon'ble Commission has approved depreciation @2.57% of the Project cost for each of the generating stations as per Clause 23(4) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020.

Para-17: That, in this regard the Petitioner has followed pick and choose approach while analyzing the impact of depreciation on the repayment of loan ignoring the overall impact of all the generating stations. The Petitioner has conveniently ignored the benefits derived out of higher depreciation charges allowed for other generating stations with lower loan repayment obligations. For instance, for FY 2022-23 the Petitioner has not considered the fact that the actual loan repayment obligation for UKHEP, BHEP and CHEP stations are lower than the depreciation allowed by the Hon'ble Commission. The Petitioner has gained around Rs.3.70 Crs. in terms of depreciation, considering all the hydro stations of the Petitioner.

Depreciation for FY 2022-23 (Rs. Cr.)

| Sl. No. | Power Stations | Loan Repayment Amount | Depreciation Approved for FY 2022-23 |
|---------|----------------|-----------------------|--------------------------------------|
| 1 | RHEP | 4.22 | 3.97 |
| 2 | UKHEP | 1.24 | 3.49 |
| 3 | BHEP | 1.53 | 8.77 |
| 4 | HHEP | 9.31 | *8.87 |
| 5 | CHEP | 4.91 | 5.27 |
| 6 | UIHEP | 37.49 | 32.04 |
| | Total | 58.71 | 62.40 |

* It appears that there might be a typographical error in the Order while mentioning the depreciation amount for HHEP. Rs. 8.87 Cr. has been inadvertently mentioned as Rs. 9.31 Cr. in the Order."

Compliance of OHPC on Para 16 &17:

Depreciation @2.57% of project cost does not exist in the Appendix of Depreciation Schedule in the OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2020. The majority of Hydro Asset is having depreciation @5.28%. OHPC had replied to the quarry no-03 of Hon'ble Commission and have calculated depreciation as per clause no 23 of OERC (Terms and Conditions for determination of Generation Tariff) Regulations 2020 which may please be referred. However the abstract of computing depreciation as per OERC Generation Tariff Regulation 2020 & Depreciation computed @2.57% of Project Cost or loan repayment whichever is higher submitted to Hon'ble OERC is shown in the Table below:

| Sl. No. | Power Stations | Depreciation @2.57 % for FY2023-24 or loan repayment whichever is higher (in Crs) | Depreciation @5.28% for FY2023-24 (in Crs) |
|---------|----------------|---|--|
| 1 | RHEP | 3.99 | 7.25 |
| 2 | UKHEP | 3.59 | 7.33 |
| 3 | BHEP | 11.72 | 23.93 |
| 4 | HHEP | 20.79 | 25.38 |
| 5 | CHEP | 7.61 | 12.18 |
| | UIHEP | 42.75 | 66.11 |
| | Total | 90.45 | 142.18 |



From the above calculation it is clear that if the previous practice of approving depreciation is allowed then OHPC shall be able to clear its loan repayment and consumer of Odisha shall have fewer burdens. OHPC pray before the commission to ensure loan repayment in full and recovery of 90% of project cost at the end of useful life of project.

OHPC has to recover 90% of the Project Cost at the end of useful life. Those power station where the loan repayment is lower than 2.57% of the Project Cost the differential amount is kept in the depreciation fund as recovery 70% to 90% of project cost and recovery of historic cost. Moreover the accumulated depreciation of old replaced asset is deducted as decapitalization. Thus GRIDCO's impression of choose & pick approach is not appropriate.

Para-18 &19: Objection of GRIDCO:

"That, in order to avoid any ambiguity regarding consideration of depreciation, it is submitted that all the OHPC stations except UIHEP have outlived their useful life period, hence the depreciation amount for different plants as per the actual loan repayment obligation may be considered instead of considering depreciation calculated @ 2.57%. That, it is humbly submitted that depreciation should not be allowed to be used to earn additional return over and above the return on equity allowed by the Hon'ble Commission. Moreover, such approach will result in increase in overall tariff for the end consumers."

Compliance of OHPC on Para 18 &19:

Some of the Old power stations may have outlived their life but there were lot of additional capitalization in the form of R&M and Capital Maintenance with due approval of Hon'ble Commission. The debt component of these additional capitalization is still unrecovered. Also 90% of the project cost is still unrecovered in most of the power station. In this regard Table No. 17 of the Original application may please be referred.

Miscellaneous earning of OHPC:

Para-20: Objection of GRIDCO: *"OHPC in addition to earning from sale of power have other sources of earning like interest from fixed deposit, House Rent Recovery, Electricity Charges from employees etc. As per the annual audited accounts for FY 2021-22 the miscellaneous earning has been mentioned to be Rs. 108.02 Cr. However, OHPC have deducted an amount of Rs.11.23 Crs. as non-Tariff income from the total ARR of OHPC as per Regulation 41 of OERC Generation Tariff Regulation, 2020. It is requested that the Hon'ble Commission may give necessary directions to the petitioner to pass on the balance miscellaneous earning of OHPC to the consumers through Tariff. The Hon'ble Commission is humbly requested :*

- a. to clarify that the term miscellaneous earning / other income have the same meaning as Non-tariff income.*
- b. to clarify that treatment of the share of Non-tariff income to be retained by the Generating company as per Regulation 41"*

Compliance of OHPC on Para 20:

The compliance to para no-11 of Sri Soumya Ranjan Pattanaik, Hon'ble MLA, Khandapada may please be referred.

However, the detail break-up of Other Income of OHPC as per the Audited Account of FY2021-22 is furnished in the Table below for kind reference.



| Sl. No. | Description | Amount |
|---------|---|-------------|
| 1. | Total other Income | Rs 108.03Cr |
| 2. | Less: House Rent Recovery | Rs 0.51Cr |
| 3. | Less: Sale of Scrap | Rs 22.41Cr |
| 4. | Less: Total Non-tariff Income under Regulation 41 of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020. (Sl. No. 2+3) | Rs 22.92Cr |
| 5. | Less: Dam Share from DoWR | Rs 11.07Cr |
| 6. | Less: Reimbursement from GRIDCO on A/C of Income Tax | Rs 35.19Cr |
| 7. | Less: Interest on Bank Deposits (Interest on accumulated RoE Fund, Depreciation Fund, and other ARR components generated from core business) | Rs 29.50Cr |
| 8. | Balance other income [Sl. No.1-4-5-6-7] | Rs 9.35Cr |

Hence, the **Balance Other Income** is calculated as **Rs 09.35Cr.**

Moreover, there are no such provisions in OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2020 to deduct the balance other income from the ARR to determine the Tariff of generating stations.

Recently Hon'ble Commission has also directed to meet the proposed capital expenditure of Rs.70.45 Crore towards proposed construction of quarters and drinking water supply system at Balimela & Rengali power stations of OHPC and construction of training hostel at Balimela and Bhubaneswar from the miscellaneous income of OHPC instead of approving for capitalisation.

Upcoming Hydro Projects of OHPC:

Para-21&22: Objection of GRIDCO:

In order to promote Hydro Power Sector in India, the Ministry of Power have come up with an Office Memorandum dtd.8th March 2019 wherein a separate category i.e. Hydro Purchase Obligation (HPO) came into existence within Non-Solar Renewable Purchase Obligation (RPO). As per the MoP Order dtd 22.07.2022 and subsequent corrigendum dtd. 19.09.2022, the projection for the Hydro Power Purchase Obligation (HPO) of the State is prepared from FY- 2022-23 up to FY- 2029-30 & accordingly GRIDCO requires around 279 MW of Hydro Power at the end of the FY- 2029-30 in order to meet the HPO Obligation as specified by the MoP, GoI.

*From the submission of OHPC it is understood that there are many Hydro Electric Projects are in pipeline to come up under OHPC. As per the letter of OHPC at **Annexure-I** it may be seen that the COD of all these projects will be after FY-2029-30. In view of this, it is requested to give necessary timeline/directions to the Petitioner to complete the Upcoming Hydro Projects at an early date (before FY-2029-30) so that the HPO Obligation of the State can be met by utilising the Hydro Potential of the State itself."*

Compliance of OHPC on Para 21&22:

In compliance to the directives of the Hon'ble Commission in the Tariff Order of OHPC for the FY2022-23, OHPC has furnished the details of upcoming hydroelectric project at Para no -18 of the Original Tariff Application for the FY2023-24 which may please be referred.



PRAYER

OHPC pray before the Hon'ble Commission to kindly approve the following in the ARR & Tariff Order of OHPC Power Stations for the FY 2023-24:

- i) The ARR amounting to Rs 568.127 Crs. of OHPC Power Stations at an average tariff @ 101.40 Paise/Unit;
- ii) The ACC, AEC & ECR of different Power Stations of OHPC as shown in the Table-23;
- iii) The miscellaneous reimbursement of Rs 36.645 Crore by OHPC from GRIDCO;
- iv) The tariff for energy billing to CSPDCL @ 2.19674 Rs / kWh considering Up-valued cost of HHEP and the norms of CERC (Terms & Conditions of Tariff) Regulations, 2019;
- v) The tariff of MHEP (Joint Scheme) @ 1.16972 Rs/unit with provision of Rs 30.3983 Crores in the ARR of OHPC & GRIDCO to enable OHPC to make payment of O&M cost to APGENCO as per the new Agreement;
- vi) The average available Installed Capacity as 1681 MW for payment of SLDC charges;
- i) Approval of Table No-16 towards Schedule of Payment for recovery of 90% of Project Cost along with interest in respect of UIHEP;
- ii) To approve useful life of Unit-5&6 HHEP after RM&U works and Unit-1 &2 of BHEP after R&M works for 35 years as per the recommendation of OEM;

Place : Bhubaneswar

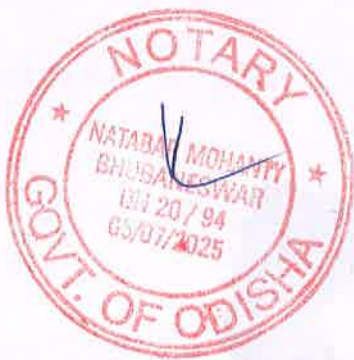
Date : 27.01.2023

N. Mohanty

Deponent

Director (Finance) 1/c

Odisha Hydro Power Corporation Ltd.
Bhubaneswar-751022



SWORN BEFORE ME

N. Mohanty

**N. MOHANTY
NOTARY**

Regd. No. ON 20/94
382, Bhoi Nagar,
Bhubaneswar-751022

27.01.2023

GREEN ENERGY DEVELOPMENT CORPORATION OF ODISHA LIMITED

Standalone Balance Sheet as at 31st March, 2022

(₹ in Lakhs)

| Particulars | Note No. | As at 31 st March, 2022 | As at 31 st March, 2021 |
|--|----------|------------------------------------|------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 3 | 12,434.97 | 13,023.84 |
| Capital work-in-progress | 4 | 2,710.32 | 1,283.64 |
| Intangible Assets | | - | - |
| Financial Assets | | | |
| Investment | 5 | 740.00 | 740.00 |
| Other Financial Assets | 6 | 4,769.96 | - |
| Deferred tax assets (net) | | - | - |
| Other non-current assets | | - | - |
| TOTAL NON-CURRENT ASSETS | | 20,655.25 | 15,047.48 |
| CURRENT ASSETS | | | |
| Financial Assets | | | |
| Trade Receivables | 7 | 984.80 | 1,012.92 |
| Cash and cash equivalents | 8 | 11,639.81 | 12,053.69 |
| Loans & Advances | 9 | 185.50 | 478.58 |
| Others Financial Assets | 10 | 186.71 | 6.51 |
| TOTAL CURRENT ASSETS | | 12,996.82 | 13,551.70 |
| TOTAL ASSETS | | 33,652.07 | 28,599.18 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity Share capital | 11 | 5,032.00 | 5,032.00 |
| Other Equity | 12 | 4,135.96 | 2,846.57 |
| TOTAL EQUITY | | 9,167.96 | 7,878.57 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Borrowings | | - | - |
| Trade payables | | - | - |
| Other financial liabilities | | - | - |
| Provisions | | | |
| Deferred tax liabilities (Net) | 13 | 641.38 | 362.18 |
| Other non-current liabilities | 14 | 15,416.17 | 11,690.00 |
| TOTAL NON-CURRENT LIABILITIES | | 16,057.55 | 12,052.18 |
| CURRENT LIABILITIES | | | |
| Financial Liabilities | | | |
| Borrowings | 15 | 4,951.33 | 4,809.67 |
| Trade payables: | | | |
| Total Outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 17 | 172.27 | 368.91 |
| Other financial liabilities | 16 | 402.76 | 403.42 |
| Other current liabilities | 18 | 2,504.77 | 2,940.75 |
| Provisions | 19 | 395.43 | 145.68 |
| TOTAL CURRENT LIABILITIES | | 8,426.56 | 8,668.43 |
| TOTAL EQUITY AND LIABILITIES | | 33,652.07 | 28,599.18 |
| See accompanying notes to the financial statements | I to 39 | | |

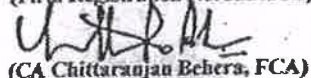
The Accompanying Notes form an integral part of the Financial Statements.

As per our report of even date attached

For MDC & ASSOCIATES

Chartered Accountants

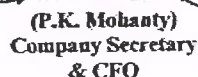
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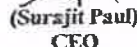

 (CA Chittaranjan Behera, FCA)

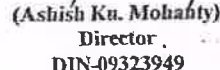
 Partner
 Membership No.- 058416

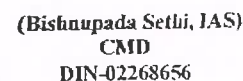
Date: 16/09/22


 For & on behalf of the Board of Directors
 Green Energy Development Corporation of Odisha Ltd


 (P.K. Mohanty)
 Company Secretary
 & CFO


 (Surajit Paul)
 CEO


 (Ashish Ku. Mohanty)
 Director
 DIN-09323949


 (Bishnupada Setthi, IAS)
 CMD
 DIN-02268656


GREEN ENERGY DEVELOPMENT CORPORATION OF ODISHA LIMITED

Standalone Statement of Profit and Loss for the year ended on 31st March, 2022

(₹ in Lakhs)

| Particulars | Note No. | 31 st March, 2022 | 31 st March, 2021 |
|---|----------------|------------------------------|------------------------------|
| REVENUE FROM OPERATIONS | | | |
| Sale of Energy(Solar Power) | 20 | 1,462.20 | 1,522.46 |
| Other Income | 21 | 1,577.49 | 427.32 |
| TOTAL INCOME | | 3,039.69 | 1,949.78 |
| EXPENSES | | | |
| Operational Expenses. | 22 | 117.64 | 158.56 |
| Employee Benefits Expenses | 23 | 116.15 | 84.11 |
| Finance Costs | 24 | 268.51 | 365.69 |
| Depreciation and Amortization expenses | 3 | 588.87 | 574.61 |
| Other Expenses | 25 | 47.84 | 85.39 |
| TOTAL EXPENSES | | 1,139.01 | 1,268.36 |
| Profit before exceptional items and tax | | 1,900.68 | 681.42 |
| Exceptional Items | | - | - |
| PROFIT BEFORE TAX | | 1,900.68 | 681.42 |
| Tax expense: | | | |
| Current Tax | 13 | 332.09 | 113.74 |
| Tax of Earlier Years | | - | - |
| Deferred Tax | 13 | 279.20 | 36.30 |
| TOTAL TAX EXPENSES | | 611.29 | 150.04 |
| PROFIT FOR THE YEAR | | 1,289.39 | 531.38 |
| Other Comprehensive Income | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 1,289.39 | 531.38 |
| Earnings per equity share (of Rs. 1000/- each): | | | |
| Basic | | 256.24 | 105.60 |
| Diluted | | 256.24 | 105.60 |
| See accompanying notes to the financial statements | I to 39 | | |

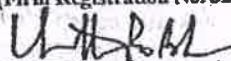
The Accompanying Notes form an integral part of the Financial Statements.

As per our report of even date attached

For M D C & ASSOCIATES

Chartered Accountants

(Firm Registration No. 322691E)


(CA Chittaranjan Behera, FCA)

Partner

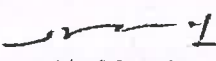
Membership No.- 058416

Date: 16/09/22

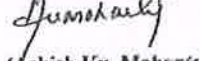
Place: Bhubaneswar

UDIN-22058416 ATWCHS7916

For & on behalf of the Board of Directors
Green Energy Development Corporation of Odisha Ltd.


(P.K. Mohanty)
Company Secretary
& CFO


(Surajit Paul)
CEO


(Ashish Ku. Mohanty)
Director
DIN-09323949


(Bishnupada Sethi, IAS)
CMD
DIN-02268656



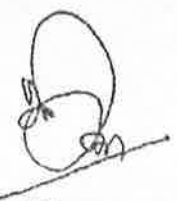


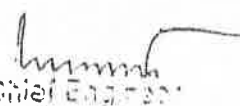
ଓଡ଼ିଶା ଗୋଡ଼ିନା ODISHA


L 423402

This stamp paper forms an integral part of this Agreement of Machkund Hydro Electric (Jt.) Scheme executed between GOVERNMENT OF ODISHA, GOVERNMENT OF ANDHRA PRADESH, ODISHA HYDRO POWER CORPORATION LIMITED (OHPC) AND ANDHRA PRADESH POWER GENERATION CORPORATION (APGENCO) to renovate, modernize and up-date the Machkund Power House at Machkund.


 Chief Engineer
 Odisha Hydro Power Corporation Ltd.
 BHUBANESWAR-22


 Additional Secretary to Govt.
 Energy Department


 Chief Engineer
 APGENCO, Visakhapatnam


 Deputy Secretary to Government
 Energy Department, A. P. Secretariat,
 Vilegaonudi, Amaravati

Page 1



AGREEMENT BETWEEN GOVT OF ODISHA, GOVT OF ANDHRA
PRADESH OHPC LTD AND APGENCO ON MACHKUND HYDRO
ELECTRIC (JOINT) SCHEME

This Agreement is made on this the October 23rd day of 2020 by and between the State of Andhra Pradesh, through Governor of the State represented by Sri B.A.V.P. Kumara Reddy, Deputy Secretary to Government, Energy Department, Govt. of Andhra Pradesh Secretariat, Andhra Pradesh (Hereinafter called the Government of Andhra Pradesh) and Andhra Pradesh Power Generation Corporation Ltd (APGENCO), a company registered under Companies Act, wholly owned by Government of Andhra Pradesh (GOAP) represented by Sri M.Sujaya Kumar, Chief Engineer (HPC & Hydel Projects), APGENCO, (Hereinafter called APGENCO), which expression shall mean and include, unless the context otherwise require, its Successors-in-Office and assigns on the first part, herein after be called as first party.

AND

The State of Odisha, through Governor of the State represented by Sri Dhananjaya Swain, OAS(SAO), Additional Secretary to Govt., Department of Energy, Govt. of Odisha, Secretariat, Bhubaneswar, (Hereinafter called the Government of Odisha) and Odisha Hydro Power Corporation (OHPC) a company registered under Companies Act, wholly owned by Govt. of Odisha represented by Sri Manoranjan Biswal, Director(Operation), OHPC Ltd., Bhubaneswar, (Hereinafter called as OHPC) which expression shall mean and include, unless the context otherwise requires its Successors-in-Office and assigns on the second part, herein after be called as second party.

WHEREAS On request of Odisha Government to restitute their 20% share of power from Machkund Hydro Electric Joint Scheme, both the states agreed for convening a High-Level Meeting at Energy Ministers level to sort out several pending issues including taking up of Renovation, Modernization & Up-rating (R, M & U) works on Machkund Hydro Electric Project. Accordingly, High Level Meeting was held at Energy Ministers level of Government of Andhra Pradesh and Government of Odisha on 03.03.2008, and the two states decided in principle to take up R, M & U works at the earliest for the benefit of both the states. Modalities discussed regarding sharing of expenditure for carrying out R, M & U works and both the states accepted for sharing of benefits and costs in the ratio 50:50 subject to the condition that Government of Odisha/OHPC should compensate Government of Andhra Pradesh/APGENCO the 20% present worth of capital cost of the project less depreciation as stipulated in the interstate 1945 agreement.

WHEREAS another meeting was held on 09-02-2010 for final settlement of all the outstanding issues as on 31-03-2009 between APGENCO, APTRANSCO, GRIDCO & OHPC.

WHEREAS subsequently a high level meeting at Principal Secretary level was convened on 27-05-2013 & 28-05-2013 at Hyderabad and on 25-06-2013 & 29-01-2014 at Bhubaneswar to resolve the issues pertaining to finalizing draft modified agreement to be entered between the states of Andhra Pradesh and Odisha to proceed

to carryout R,M&U works and other issues discussed relating to Machkund Project and proposed projects on Machkund River downstream of existing Machkund Power House viz Jalaput Dam Toe Project (3x6MW), Balimela Dam Toe Project (2x 30MW) and Lower Machkund Project (2x10MW).

- WHEREAS further another meeting was also held on 30-07-2016 between the APGENCO officials and OIIPC, GRIDCO, SOUTHCO, SLDC, EIC (Electricity) – cum- PCEI, Govt. of Odisha officials to resolve the issues involved in finalizing and signing the modified agreements between the two States i.e., Govt. of Odisha & Govt. of Andhra Pradesh.

NOW THEREFORE, IN CONSIDERATION OF THE FOREGOING AND MUTUAL CONVENANTS AND PROMISES CONTAINED HEREIN AND KEEPING IN VIEW THE MORE SOPHISTICATED DEVELOPMENTS IN THE TECHNOLOGY OF POWER GENERATION, THE BOTH PARTIES HEREIN ABOVE, AFTER MUTUAL DELIBERATIONS, HAVE AGREED TO RENOVATE, MODERNIZE AND UP-RATE THE MACHKUND POWER HOUSE ON THE TERMS AND CONDITIONS, AS HERE UNDER AND THE PARTIES HEREBY CONVEANT AND AGREES AND THIS AGREEMENT WITNESSTII AS FOLLOWS: -

1. DEFINITION:

- (a) R, M & U means and includes renovation, modernization and uprating works of Machkund Hydro Electric Project, Onukudelli.
- (b) GoO means Govt. of Odisha, Department of Energy
- (c) GOAP means Govt. of Andhra Pradesh, Energy Department
- (d) OHPC LTD. Means Odisha Hydro Power Corporation Ltd.
- (e) APGENCO means Andhra Pradesh Power Generation Corporation Ltd.
- (f) APTRANSCO means Andhra Pradesh Power Transmission Corporation Ltd.
- (g) GRIDCO means Grid Corporation of Odisha Ltd.
- (h) SOUTHCO means Southern Electricity Supply Company of Odisha Ltd
- (i) SLDC means State Load Despatch Centre.
- (j) EIC (electricity) means EIC (Electricity) – cum – PCEI, Govt of Odisha.
- ✓(k) DRF means Depreciation Reserve Fund.
- ✓(l) SRF means Special Reserve Fund.
- (m) CERC means Central Electricity Regulatory Commission /Central Commission.
- (n) CEA means Central Electricity Authority.

2. The first party and the second party agree that the Machkund Power House shall be Renovated, Modernized & Up-Rated as expeditiously as possible to derive the fullest and maximum benefit of the project for both the states.

3. The first party shall transfer to the second party forever the right to use 20% out of its 70% of installed capacity share which it had under the terms of the Interstate Agreement Dt 14.01.1945, subject to the condition that the second

party shall pay Rs.27.42 Crores towards value of 20% installed capacity being computed as per the updated/indexed depreciated cost of the project based on the RBI wholesale price index as on 31-03-2016 to the first party. And thereafter the second party shall be entitled to 50% share of the installed capacity from the date of payment of the above amount to the first party towards acquiring additional 20% share of the project from the first party over and above the 30% share it already holds. This agreement shall come into operation from the date of payment of said amount by second party to first party.

4. The first party shall invest 50% of cost of Renovation, Modernization & Up-rating works and shall have full right to the use of 50% of the ultimate power generated at the Machkund Powerhouse for all intent and purposes.
5. The second party shall invest 50 % of cost of Renovation, Modernization & Up-rating works and shall have full right to the use of 50% of the ultimate power generated at the Machkund Power house after complying with the requirements as mentioned in **Clause-3** above for all intent and purposes.
6. The claim of Payment of Royalty charges to second party towards 20% share at the rate of Rs 20/- per kilowatt on 20% of the maximum demand recorded at the power house every year by the first party shall be withdrawn from the date when this modified agreement comes into effect. However other statutory dues applicable if any shall be paid and shared equally by both parties.
7. [The Original Agreement dated: 14.01.1945 with modifications shall continue to be applicable together with this agreement upon its execution. The agreement Dated 15.12.1978 shall stand superseded and become unenforceable.
8. All the previous pending issues arose earlier between the parties as on 31-03-2009 were discussed and settled by paying an agreed amount by APGENCO to OHPC under minutes of meeting dtd:09-02-2010 (the said document is enclosed as an Annexure-VI). Thus, both parties acknowledged the said agreement. The issues that arise after dtd:31-03-2009 out of relating to earlier agreements shall be settled as per the terms of those agreements as if those agreements are in force.
9. The first party shall be responsible for all the works of Renovation, Modernization & Up-rating and Operation & Maintenance of Machkund Hydro Electric (Joint) Scheme, which is situated in the territories of Andhra Pradesh and Odisha State. The cost towards establishment charges for monitoring and supervising the Renovation and Modernization works shall be chargeable to Renovation, Modernization & Up-rating expenditure. Each party shall however, be separately responsible for the modification, maintenance and operation of the power evacuation system to evacuate their respective share of power beyond switchyard.
10. Both parties hereby agree that R, M &U works on Machkund Hydro Electric Project by sharing costs and benefits in the proportion of 50:50 ratio shall be proceeded with after execution of this modified Agreement even pending finalization of DRF and SRF amounts. Further, it is agreed to constitute a

committee consisting of officers from both APGENCO and OHPC to pursue the reserve funds issue with respective AG/Accounts for finalization of the DRF and SRF fund. After finalization of the DRF & SRF funds, contributions of respective States towards their share for R, M & U works shall be adjusted accordingly. Further it was also agreed that the said Committee shall reconcile the Debit and Credit amount regarding O&M and Interest on Capital Receipt which was raised by Accountant General (AG) Andhra Pradesh to AG Odisha. Accordingly, final settlement shall be made between AG Odisha and AG Andhra Pradesh.

11. The second party hereby agrees that the first party may forthwith proceed with the execution of the Renovation schemes in a manner which in the opinion of first party as a prudent utility is best suited to meet the power house requirements as and when arises. Both parties further agree to permit Engineers and employees to enter freely into all lands and property for the purpose of implementation of the renovation scheme, and for the transmission system thereof subject to the law of the land in force.
12. The cost for Renovation, Modernization and Up-rating of the Machkund Project shall be shared equally by both parties. Interest during construction of any part of the scheme, till such time that part comes into operation for generation of power, shall be shared equally by both parties. A separate account exclusively for R, M & U is to be maintained by the project authorities and funds in the said account shall be exclusively used for R, M & U works related to Machkund Project. Requirement of funds as and when needed is to be decided by the Project Administration Committee (PAC). R, M & U works shall be taken up in a phased manner as may be decided by PAC.
13. After complying with the requirements of **Clause-3**, the parties hereto shall equally share the cost of Operation and Maintenance charges as may be required / actually incurred for the project every year on energy share of 50:50 basis.
14. The net energy available at 132KV bus i.e., total export from 132 KV feeders will be shared on 50:50 basis by both parties.
15. Under this agreement, the total energy that could be drawn by either of the parties will be limited to 50% of the net energy available for sharing. In case the total energy that is drawn by either of the parties exceeds 50% of the total net energy generated at Machkund Hydro Electric Joint Scheme and available at 132KV Bus, the same shall be adjusted as per **Clause-25** of this modified agreement.
16. An advance payment / working capital equal to 15% of O&M Budget shall be provided to the first party on interest free basis by the second party for the operation of the MHE (Joint) Project. To maintain 15% of advance of O&M budget for the ensuing year, the actuals of previous year shall be the basis and the variations (plus or minus) shall be paid /adjusted along with/in final bill of the year as per the audited accounts. Bills shall be raised on monthly basis. All the payments are to be settled within 60 Days of billing, failing which interest at the rate of 1.25% per month shall be chargeable or at the rate as per the CERC guidelines. If default persists for over six months, then it would attract tripartite agreement involving GRIDCO with ESCROW feature implementation. For the said purpose, the second party agreed to open

Director (Operation)

Odisha Hydro Power Corporation Ltd

BK/IR/AM/ SWP 9 23

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Deputy Secretary to Government

Energy Department, A.P. Secretariat

Venkatadri Amaravati

ESCROW account enabling the first party to invoke the same if the default is not cleared within six months in respect of O&M charges dues.

17. The first party shall maintain due accounts of Renovation, Modernization & Up-rating expenditure and Operation & Maintenance charges incurred by both parties which are attributable to the scheme. The C&AG of India will be requested to arrange for the audit of the accounts relating to the R, M & U of the scheme.
18. It is agreed by both parties to hand over the distribution network of Machkund Power House and adjoining areas under the jurisdiction of the DISCOM to SOUTHCO free of cost on as-is-where-is-basis to avoid public displeasure. SOUTHCO need to strengthen its distribution network at Machkund for supply of power independently. Until such time, they will avail the power from Machkund power house for distribution to the power house colony and other local areas with proper metering arrangement. SOUTHCO shall be responsible for billing of energy and collection of revenue from the consumers under its jurisdiction of Machkund. The power supplied to SOUTHCO from Machkund Power House shall be adjusted from the share of State of Odisha, the second party. The electricity charges of the power supplied to the employees of the project shall be reimbursed to the SOUTHCO by Machkund Project Authorities and booked under the O&M charges and shared by APGENCO and OHPC accordingly. Further, the project employees would be provided with the power supply as per the practice in other generating stations of APGENCO.
19. The Officers and staff employed in the project will be on 50:50 ratio from the date of acquisition of 50 percent share by second party and during the process of R, M & U, and also thereafter. After Completion of Renovation, Modernization & Up-rating of the scheme, 50% of the executive and supervisory staff and other establishment shall be drawn from second party for Operation & Maintenance of the project.
20. In the interest of effective implementation and transparency, it is hereby agreed by both the parties to constitute a "Project Administration Committee" to take all decisions regarding administrative, financial and on overall functioning of the Machkund Project and other proposed projects on Machkund river. The Project Administration Committee shall consist of the following members. Namely: -

APGENCO:


1. Director (Hydel)
2. Director (Finance & Commercial)
3. Company Secretary
4. Chief Engineer (HPC & Hydel Projects) - Member Convener
5. FA&CCA (Accounts) shall be an invitee as and when required.

OHPC:

1. Director (Operation)
2. Director (Finance)
3. Chief General Manager (Elec.)/ Sr. G. M. (Elect.)
4. Company Secretary /G.M (Finance) shall be an invitee as and when required.


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It is proposed to constitute the Project Administration committee (PAC) within a month of execution of this Modified Agreement. The Project Administration Committee shall have full powers in both administrative and financial matters with regard to O&M as well as R, M and U of the Machkund project. It is hereby agreed to convene the meeting of the PAC regularly, at least once in a quarter.

21. The PAC shall also take all decisions with regard to implementation of Balimela Dam Toe Project (2x30MW), Jalaput Dam Toe Project (3x6MW), and Lower Machkund (2x10MW) Hydro Electric Projects. It is agreed to have Principal Secretaries of Energy Departments of Government of Andhra Pradesh and Odisha or their nominees as Chairman of the PAC on rotational basis for every period of three years after execution of this modified agreement. The Director/GRID Operation/APTRANSCO and the Director/GRIDCO/Commercial are the designated invitees for the PAC meetings.
22. Both the Governments of A.P and Odisha or the Project Administration Committee, as the case may be, at any time may call for such information as may be required. Upon calling of such information, the same shall be furnished forthwith or within reasonable time. The policy issues on which members of committee could not take a decision shall be referred to respective Governments.
23. Vehicles pertaining to administrative authority & the Project shall be permitted to freely move without any encumbrances within the 100 Km range of project region subject to required statutory compliance.
24. It is agreed to replace all the equipment of Machkund Hydro Electric Project as they have served for more than 50 to 60 years except the embedded parts and water conducting system such as Penstocks etc. It is suggested to examine the firm up-rating capacity of Units of the Machkund project during R, M & U works based on discharge through water conducting system. The R, M & U works shall be carried out in a phased manner as decided by Project Administration Committee.
25. It is agreed that annual over drawl / under drawl of energy shall be adjusted and carried forward on banking arrangement to next financial year based on Peak and Off-Peak hour over drawls /under drawls after execution of this agreement and after payment of 20% depreciated Project cost of Machkund project by second party to the first party.
26. The O&M expenses excluding depreciation and Return on Equity (ROE) shall be shared equally during and after the R, M & U work. Similarly, the repayment of the said project loan towards R, M & U works shall also be shared equally. The preparation of detailed project report shall be taken up by APGENCO and will be sent to OHPC for concurrence.
27. It is agreed to go for construction of new quarters for the employees of the Project, Administrative building, Guest House, School Building and Hospital Building in Onukudelli & Jalaput camps. The new quarters to be constructed should be in the same premises of the old quarters and shall be taken up in a phased manner. The expenditure for the construction of Quarters, Administrative building, Guest House shall be charged as a part of R, M & U.

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works. During demolition of the existing old quarters, some of which are unauthorizedly occupied by outsiders may lead to law and order problems. Therefore, assistance of the local administration shall be required. APGENCO shall submit the detailed layout for the residential colony with programme of construction of new quarters and demolition of old quarters, which will be placed before the State Government of Odisha for providing administrative support for effective control of law and order issue which may arise.


28. It is agreed to have a meeting with District Collector, Koraput along with project officials in the presence of the Principal secretary/Energy Department, Government of Odisha to finalize the issue of winding up of Machkund Camp. It is also agreed to list out the number of occupants of those who have illegally occupied the quarters as well as land of the Project by the Project authorities and furnish the same to OHPC to have a detailed discussion with Revenue officials for finalizing the issue.
29. The Tripartite agreements in respect of implementation of Jalaput Dam Toe SHEP (18MW) and Lower Machkund SHEP (20MW) shall be executed and implementation of Balimela Dam Toe (60MW) Power House shall be taken up as per the decisions of PAC only after execution of this modified agreement.
30. It is agreed to take up Balimela Dam Toe (2X30MW) Power House jointly by APGENCO and OHPC duly sharing costs & benefits on 50:50 basis in the similar lines of existing Machkund Hydro Electric Project.

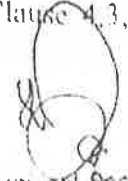
Regarding Jalaput Dam Toe H.E.P (3X6MW), M/s OPCL has withdrawn the writ petition filed by it in Honorable High Court of A.P. subject to entrusting the Jalaput Project to them for implementation. It was decided to allow the private developer M/s OPCL to take up construction of the Jalaput Dam toe project subject to obtaining an undertaking (As per the format to be furnished by OHPC)/Govt. of Odisha) from M/s OPCL stating that they will not make any claims on Balimela Dam Toe (2X30MW) project which will be executed by OHPC and APGENCO jointly. The allocation made earlier by second party to M/s OPCL for implementation of the above two projects and MOU concluded for only 18MW Jalaput Dam Toe project shall be reviewed accordingly on receipt of the above undertaking from M/s. OPCL.

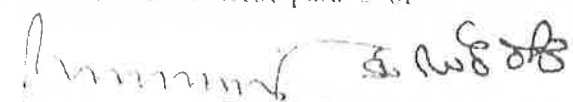
It was already agreed to utilize the equipment procured by erstwhile APSEB earlier, for implementation of Balimela Dam Toe (2X30MW) project duly sharing the cost of the equipment 50:50 ratio. The cost of the equipment will be taken into consideration as per the assessment made in DPR for sharing the costs.

The major milestones of Jalaput Dam Toe H.E.P (3X6MW) & Balimela Dam Toe (2x30MW) Project are Annexed (Annexure-II & III).

31. With regard to the Construction of Lower Machkund HEP by a Private developer i.e. M/s Venus Energy Private Limited, the changes proposed on clauses of Draft Tripartite Agreement by OHPC/GOO, APGENCO and APTRANSCO have been discussed in detail. It was agreed by OHPC/GOO that they would consider the Clauses (enclosed at Annexure-V) viz para 5 of page No.2, Clause 1.1 (20), Clause 1.1 (39), Clause 1.1 (54), Clause (2.6), Clause (3.4), Clause 4.3, para No 1 of Clause 4.8, Clause 4.13, para 3 of


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Clause 4.26, para No 1 of Clause 4.28, Clause 5.3, para No.3 of Clause 5.4, para No.5 of Clause 6.1, Clause 7.1K and Clause 9.2 (vi) and minor modifications on few other clauses need to be incorporated as agreed in the said proposed clauses.

Regarding the changes on clauses proposed by APPCC/APTRANSCO, it was agreed to modify the same as follows:

| CLAUSE | CHANGE PROPOSED |
|--|--|
| 1) clause 5.1, (a) to (g) article (g) IE Rules 1956. | In place of IE rules 1956, it should be 'CEA (measures relating to safety & Electric supply) Regulation 2010. |
| 2) Clause 1.1 (50) "Prudent Utility Practices" means those practices, methods, techniques and standards that are generally accepted Nationally from time to time by electric utilities for the purpose of ensuring safe, efficient and economic design, engineering construction, commissioning testing, operation and maintenance of various components of the project of the type specified in this agreement and which practices, methods and standards shall be adjusted as necessary to take account of installation, operation and maintenance guidelines recommended by the manufactures of plant and equipment to be incorporated in the project. The requirements of Indian Law; and Physical conditions at the site, Practices, methods, techniques and Standard as changed from time to time that are generally accepted Nationally for use in electric utility and for power generation in India. | Add the word Nationally/internationally in place of the word "Nationally" wherever existing. |
| 3) Article-4.4. Para-5. The procurers shall have the right of first refusal on the power generation from the project. In case one of the procurers don't avail a part or the whole of its entitled share of capacity, it shall be first offered to the other procurer. The third-party sales shall not be permitted. | Article-4.4. Para-5. The procurers shall have the right of first refusal on the power generation from the project. In case one of the procurers don't avail a part or the whole of its entitled share of capacity, it shall be first offered to the other procurer. Third party sales shall be permitted on written approval of both the procurers. |

4) Article 13.2

Notwithstanding with anything contained in any law in force, all the disputes that arose under/in consequence of this agreement or the power purchase agreement that may be entered, as per this agreement, shall be decided by CERC

For Arbitration Clause it was proposed to modify the existing Clause as follows.

Notwithstanding with anything contained in any law in force, all the disputes that arose under/in consequence of this agreement or the power purchase agreement that may be entered, as per this agreement, shall be decided by

a) For any Tariff related disputes, the parties may approach to Central Electricity Regulatory Commission (CERC).

b) In case of contractual dispute, either party may approach the court of law and the decision of appropriate judicial court(s) shall be final and binding.

32. It is agreed to stipulate time lines for completion of major mile stones of the Lower Machkund Hydro Electric project and applicable penalties in the Tripartite Agreement. The proposed inclusions in the Tripartite Agreement as a major mile stones clause in achieving completion of project is given in the Annexure-I.


33. The developer shall complete the Lower Machkund Hydro Electric project as early as possible. In order to ensure the early completion, the following milestones are fixed. In case of failure of the developer to achieve the milestones, the Security Deposit amount will be encashed. The following are the timelines for Lower Machkund Hydro Electric Project:


I. Clearances and financial closure: The developer shall achieve financial closure and obtain all clearances within stipulated period as per annexure-I. In case of failure, the penalties will be imposed for delays.


a) If the Financial Closure could not be achieved and required clearances are not obtained within the stipulated period, then 10% of Security Deposit amount shall be encashed.

b) If the Financial Closure could not be achieved and not obtained clearances within next 6 months from the stipulated period, the project allotment shall be reviewed for cancellation and entire security money shall be forfeited.

Penalty clauses relating to clearances and financial closure may be incorporated in 4.1 & 4.6 under rights and obligations of the developer i.e. clause no.4 in the TPA;


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Vijayawada

II. Completion of draft tube erection and major civil works: (Intermediate milestone).

- a) The developer shall complete draft tube erection and civil works like earth work excavation, and at least 50% of diversion weir, diversion channel, and intake structure construction etc., within the stipulated period. In case of failure, 10% Security Deposit amount shall be encashed.
- b) If the developer fails to complete draft tube erection and major civil works as mentioned above within next 6 months from the stipulated period, project allotment will be reviewed for cancellation duly forfeiting the entire Security Deposit.


III. Commissioning of the Project: The developer shall achieve completion of the project within the stipulated period as per annexure-I. In case of failure, the penalties will be imposed for delays as follows:

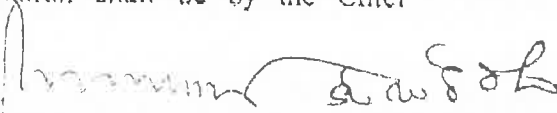
- a) If the delay is up to three months over and above the stipulated period from the zero date then 10% of Security Deposit amount shall be encashed.
- b) If the delay is more than six months over and above the stipulated period from the zero date, then balance Security Deposit amount shall be encashed and project allotment will be cancelled.

The penalty clauses relating to commissioning of the project may be incorporated in Clause 4.8 under heading construction & commissioning of the project in the TPA. The above penalty clauses vis-à-vis the milestones shall be incorporated in the Tripartite Agreement (TPA). In line with the TPA of Lower Machkund SHEP, an agreement shall be signed for (3x6 MW) Jalaput Dam Toe SHEP also. No penalty shall be imposed for Balimela Dam Toe (2X30MW) project and R, M and U of Machkund HE (Joint) Project.

34. With regard to Writ petition no. WPMP.no.12910 of 2013 in WP.no.10411 of 2013 filed in the Honorable High Court of Andhra Pradesh by M/s. Shalivahana Green Energy regarding issuance of NOC for proposed small Hydro Electrical project on Machkund River at downstream of existing Power House, it is decided by both APGENCO and OHPC to file a counter affidavit in the Honorable High court as the project allocation is not technically feasible.
35. Road map for the R, M&U of Machkund Hydro Electric (Jt.) Project, Implementation of Balimela Dam Toe (2x30MW) Hydro Electric (Jt.) Project, Implementation of (2x10 MW) Lower Machkund and (3x6 MW) Jalaput Dam Toe small hydro power project is Annexed (Annexure I to IV).
36. It is mutually agreed that the disputes that arise under or in consequence of agreement shall be resolved between the parties as per the following terms:
 - a) The first level of conciliation shall be by both the Secretaries of Energy department of both the States.
 - b) The Second and final level of conciliation shall be by the Chief Secretaries of both the states.


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Additional Secretary to Govt.


Deputy Secretary to Government
Energy Department, A.P. Secretariat

- c) In case such bipartite conciliation fails to resolve the disputes arising out of the agreement, the same shall be referred for arbitration by any of the parties to the agreement through any mutually agreed arbitrator. The arbitration proceedings shall be in terms of the Arbitration and Conciliation Act, 1996 and any amendment made thereof from time to time.

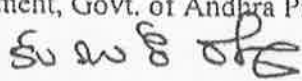
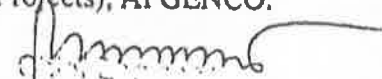
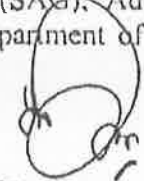

The venue of arbitration shall be at Delhi other than Bhubaneswar.

Any dispute that may arise out of the agreement or otherwise between the parties, in any event shall be under the territorial jurisdiction of the Hon'ble High Court of Orissa.



"This agreement shall remain in force for 35 years from the date of signing."

However, it can be modified or replaced or changed by signing supplementary agreement as required from time to time on mutual consent.



The parties mentioned above, have set their hands on this the October 23rd day of 2020 at VIJAYAWADA.

| For and on be-half of Governor of Andhra Pradesh: | For and on be-half of Governor of Odisha: |
|---|--|
| <p>1. Government of AP: Sri B.A.V.P. Kumara Reddy, Deputy Secretary to Government, Energy Department, Govt. of Andhra Pradesh.</p> <p></p> <p>Deputy Secretary to Government Energy Department, A.P. Secretariat, Velagapudi Amaravati</p> <p>2. APGENCO: Sri M.Sujaya Kumar, Chief Engineer (HPC & Hydel Projects), APGENCO.</p> <p></p> <p>HPC & Hydel Projects APGENCO, Vidyut Shiksha, VIJAYAWADA - 520 001</p> | <p>1. Government of Odisha: Sri Dhananjaya Swain, OAS(SAG), Additional Secretary to Govt., Department of Energy, Govt. of Odisha.</p> <p></p> <p>Additional Secretary to Govt. Energy Department, Govt. of Odisha</p> <p>2. OHPC: Sri Manojanjan Biswal, Director(Operations), OHPC, Bhubaneswar.</p> <p></p> <p>Director(Operations) Odisha Hydro Power Corporation Ltd, Bhubaneswar-75</p> |

Witnesses:

1. 
(L.V. SWAMY NAIDU, SE (HYDEL))
APGENCO
2. 
(K SYAMA SUNDAR)
EME-4 (I/c), APGENCO


Witnesses:


1. 
Sri A.K Mohanty, DGM(EL), OHPC
2. 
Sri B.N. Mallik, DGM(EL), OHPC


ANNEXURE-I

Milestones for completion of 2x10 MW Lower Machkund Small Hydro Electric Project.

| | | |
|---|-----------------------------|--|
| 1 | ZERO DATE | Date of Tripartite Agreement signing. |
| 2 | PLUS Three Months | Revised DPR must be prepared in line with the guidelines of Central Electricity Authority and incorporate any changes to both technical and financial in the earlier DPR. DPR is to be submitted to both the Governments i.e. Government of Odisha (Engineer-in-Chief Electricity), Government of Andhra Pradesh (APGENCO). |
| 3 | PLUS One Month | DPR is to be approved by both Governments. Thereafter Techno Economic Clearance (TEC) is to be submitted to Central Electricity Authority (CEA) for concurrence since it is an inter-state river project. |
| 4 | PLUS Three Months | CEA concurrence is expected and to be obtained by Developer. |
| 5 | PLUS Five Months | (a) Financial Closure (FC) and all statutory clearances i.e. OSPCB, MOEF (if any), Land acquisition, PPA etc. shall be completed by the developer. Detailed power evacuation proposal shall be approved from OPTCL and APTRANSCO during this period. (b) Design and drawings of major civil structures are to be cleared by both Governments. (c) "Notice to Proceed" (Implementation Agreement) will be issued to Developer by Government of Odisha under intimation to Government of Andhra Pradesh. |
| 6 | PLUS Eighteen Months | Completion of Civil works like earth excavation work, 50% diversion weir, diversion channel and intake structure and draft tube. |
| 7 | PLUS Twelve Months | (a) Completion of balance 50% diversion weir and other Civil works including power house. (b) Completion of transmission line and Erection of all electro-mechanical components. |
| 8 | Total 42 Months | Commissioning of the project is to be completed within 42 months from Zero date. |


Director (Operation)
Odisha Hydro Power Corporation Ltd.
BILBAKESWAR-22


Additional Secretary to Govt.
Energy Department



Deputy Secretary to Government
Energy Department, A.P. Secretariat
Velagapudi, Amaravati


ANNEXURE-II


Milestones for Completion of 3x6 MW Jalaput Dam Toe Small Hydro Electric Project.

| | | |
|---|-----------------------------|---|
| 1 | ZERO DATE | Date of tripartite Agreement signing |
| 2 | PLUS Three Months | Revised DPR must be prepared in line with the guidelines of Central Electricity Authority and incorporate any changes to both technical and financial in the earlier DPR. DPR is to be submitted to both the Governments i.e. Government of Odisha (Engineer-in-Chief Electricity), Government of Andhra Pradesh (APGENCO). |
| 3 | PLUS One Month | DPR is to be approved by both Governments. Thereafter Techno Economic Clearance (TEC) is to be submitted to Central Electricity Authority (CEA) for concurrence since it is an inter-state river project. |
| 4 | PLUS Three Months | CEA concurrence is expected and to be obtained by Developer. |
| 5 | PLUS Five Months | (a) Financial Closure (FC) and all statutory clearances i.e. OSPCB, MOEF (if any), Land acquisition, PPA etc. shall be completed by the developer. Detailed power evacuation proposal shall be approved from OPTCL and APTRANSCO during this period. (b) Design and drawings of major civil structures are to be cleared by both Governments. (c) "Notice to Proceed" (Implementation Agreement) will be issued to Developer by Project Administration Committee. |
| 6 | PLUS Eighteen Months | (a) Completion of Civil works which includes the balance head works in the existing Dam, draft tube and Power house. (b) Completion of transmission line and Erection of all electro-mechanical components. |
| 7 | Total 30 Months | Commissioning of the project is to be completed within 30 months from Zero date. |

Note - Tripartite Agreement will be signed with M/s. OPCL in line with the Lower Machkund (2x10 MW) TPA presently in draft form.


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Odisha Hydro Power Corporation Ltd.
BILUBANESWAR-22


Additional Secretary to Govt.
Energy Department


Deputy Secretary to Government
Energy Department, A.P. Secretariat
Velagapudi, Amaravali

ANNEXURE-III


Milestones for Completion of 2x30MW Balimela Dam Toe Power House

| | | |
|---|--|--|
| 1 | ZERO DATE | Date of signing of Tripartite Agreement |
| 2 | PLUS Three Months | Tender for preparation of DPR & Issuance of Work Order. |
| 3 | PLUS Six Months | Submission of DPR by the consultant for acceptance by APGENCO & OHPC. |
| 4 | PLUS Six Months | Submission of DPR for clearance of CEA & CWC. |
| 5 | PLUS Six Months | <ul style="list-style-type: none"> • Clearance to be obtained from MOEF and other statutory authorities. • Power evacuation proposal to be finalized with OPTCL & APTRANSCO. • Preparation of Tender Document for EPC contract. |
| 6 | PLUS Six Months | Tendering & Tender to be finalized for EPC contract. PPA with GRIDCO and APDISCOM. |
| 7 | PLUS Three Months | Construction of project including transmission line, Commissioning of the project. |
| 8 | Total Fifty Seven Months (4 Years & 9 Months) From Zero Date To Commissioning | |

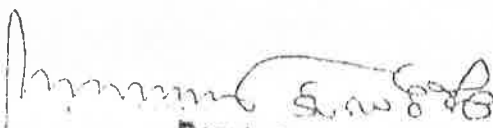
ANNEXURE-IV

Schedule of Activities for Renovation & Modernization of Unit-1 to 6 of MHEP, MACHKUND

| | | |
|---|--|--|
| 1 | Zero Date | Date of signing of agreement |
| 2 | Plus Three Months | Tender for preparation of DPR & Issuance of Work Order. |
| 3 | Plus Six Months | Submission of DPR by the consultant for acceptance by APGENCO & OHPC. |
| 4 | Plus Six Months | Submission of DPR for clearance of CEA & CWC, if required. |
| 5 | Plus Three Months | Preparation of Tender Document for EPC Contract. |
| 6 | Plus Six Months | Tendering & Tender to be finalized for EPC contract. |
| 7 | Plus Thirty Months | Erection of renovated machines and other allied mechanical & electrical works and commissioning. |
| 8 | Total Four Years Six Months from zero date to Commissioning | |


 Director (Operation)
 Hydro Power Corporation Ltd.
 BALAKRISHNAN




 Deputy Secretary to Government
 Energy Department, A.P. Secretariat
 Vologapudi, Amaravati

ANNEXURE-A

**Draft TPA of Lower Machkund Hydro Electric Project
Changes Proposed by Government of Odisha**

| Sl. No. | Proposed by A.P. | Changes proposed by Odisha | Remarks after joint meeting |
|---------|--|---|--|
| 1. | Page 2 para no.5: "And whereas the "DEVELOPER" is desirous of setting up the Hydro Electric power station at Lower Machkund in the district of Koraput, Orissa had signed MOU with GOO on 10.05.2002 & 30.05.2005. Since the MOU has been initially executed by the GOO with the Developer prior to the Electricity Act, 2003, this agreement has been written in accordance with the provisions of the then prevailing National Policy for Hydro Power Development, 1998 and is in accordance with the Inter State Laws, regulations and policies of the State (s) of Andhra Pradesh and Orissa." | deleted the clause proposed by AP and Replaced with "Whereas this Agreement has been written in accordance with the interstate agreements, reached during discussion between the Chief Minister of both the states held on 10.06.1992, laws, regulations and policies of the State(s) of Orissa and Andhra Pradesh and the Act and rules made there under (copy of the Minutes of the discussion dated 10.06.1992 is at Annexure-III):" | The clause as proposed GOAP/ APGENCO shall be retained. |
| 2. | Clause 1.1 (20) "VEPL" shall mean the Developer selected for the purpose of implementation of project under PPP. | Clause 1.1 (22) "Developer" shall mean a company or a body desirous of setting up of the Hydro Electric Power Station at Lower Machkund in the District of Koraput, i.e. M/s. Venus Energy Private Limited (VEPL) | The clause as proposed by GOAP/ APGENCO shall be retained. |
| 3. | Clause 1.1 (39) "Nominees" shall together constitute Andhra Pradesh Power Generation Corporation Limited (APGENCO), nominee of the GOAP and the Orissa Hydro Power Corporation Limited (OHPC), nominee of the GOO. | Clause 1.1 (41) "Nominees" shall together constitute Andhra Pradesh Power Generation Corporation Limited (APGENCO), nominee of the GOAP and the Orissa Hydro Power Corporation Limited (OHPC), nominee of the GOO/agency of the Govt. of GOAP/ and GOO/ Developer. | 'agency of the Govt. of GOAP/ and GOO/ Developer; to be deleted. |

| | | | |
|---|--|---|--|
| 4 | <p>Clause 1.1 (54) "Tariff" shall mean the Tariff determined by the CERC for the sale of power generated from this Project to the Procurers.</p> | <p>Clause 1.1 (57) "Tariff" shall mean the Tariff determined by the CERC/CEA/APERC/OERC, as the case may be</p> | <p>The word CEA shall be deleted</p> |
| 5 | <p>Clause 2.6 Notwithstanding anything contained in this Agreement, if any provision of this Agreement is found to be repugnant to, or in conflict with any provision of the Interstate agreement, then the provisions of the interstate agreement shall prevail over the provisions of this agreement.</p> | <p>Clause 2.6 Notwithstanding anything contained in this Agreement, if provisions of this Agreement are found to be repugnant to, or in conflict with the provisions of the Interstate agreement at Annexure-A(III), then the provisions of the interstate agreement shall prevail over the provisions of this agreement</p> | <p>The clause as proposed by GOAP/ APGENCO shall be retained.</p> |
| 6 | <p>Clause 3.4 The acquisition of land required for the Project shall be undertaken jointly by the Nominees who shall also obtain the forest and other clearances required for such land acquisition. The Nominees shall permit the Developer to develop the Project on such land on DBFOT basis. However, the cost of such acquisition shall be reimbursed by the Developer who shall reimburse such cost to the Nominees as per Clause 4.13 of this Agreement.</p> | <p>"The acquisition of land required for the Project shall be undertaken jointly by the Nominees/State Government Agency/ Developer who shall also obtain the forest and other clearances required for such land acquisition. The state Government Agency/ Developer shall permit the developer to develop the Project on such land on DBFOT basis. However, the cost of such acquisition shall be reimbursed by the Developer who shall reimburse such cost to the Nominees State Government Agency/ Developer as per Clause 4.13 of this Agreement.</p> | <p>The word 'Developer' is to be deleted.</p> |
| 7 | <p>Clause 4.3 Within 6 (six) months of the approval of the DPR by the CEA, GOAP and GOO and the completion of the land acquisition, grant of permit to develop the project, obtaining of clearances by the developer and receipt of the reimbursement towards land acquisition as mentioned in Clause 4.13, detailed design and</p> | <p>Clause 4.3 (i) Within 6 (six) months of the approval of the DPR by the CEA, GOAP and GOO and the completion of the land acquisition, grant of permit to develop the project, obtaining of clearances by the developer and receipt of the reimbursement towards land acquisition as mentioned in Clause 4.13, detailed designs and drawings related to civil, electrical and mechanical works that</p> | <p>...submitted to the Nominees or appropriate Govt. as the case may be, for approval and issue a 'Notice to Proceed'.</p> |

Director (Operations)

Odisha Hydro Power Corporation Ltd.
 P.O. Box 242, Bhubaneswar-751 005

Additional Secretary

Deputy Secretary to Government
 Energy Department, A.P. Secretariat


| | | | |
|----|--|--|--|
| | drawings related to civil, electrical and mechanical works that comprise the Project shall be submitted to the Nominees which shall jointly approve and issue a "Notice to Proceed". | comprise the Project shall be submitted to the respective Competent authorities. Nominees or appropriate Government, as the case may be, shall issue a "Notice to Proceed". | |
| 8 | Clause 4.8 Para 1 The proposed barrage shall be constructed after arranging model testing of the entire scheme by a reputed independent testing agency/ laboratory at the cost of the Developer duly considering the hydrology of the Machkund River and Machkund Power House and with the joint approval of the Nominees. | Clause 4.8 Para 1 The proposed barrage shall be constructed after arranging model testing of the entire scheme by a reputed independent testing agency/laboratory at the cost of the Developer duly considering the hydrology of the Machkund River and Machkund Power House and with the joint approval of the Nominees/competent authority. | ...by reputed independent testing agency/ laboratory like CWPRS, Pune/ IRI, Roorkee, at the cost of the Developer... |
| 9 | Clause 4.13 The cost of land acquisition and clearances required for such acquisition shall be reimbursed to the Nominees by the Developer at actuals within fifteen (15) days of intimation to the Developer. However, the ownership of the land shall vest with the Nominees. | Clause 4.13 The cost of land acquisition and clearances required for such acquisition shall be reimbursed to the Nominees State Government Agency/Developer by the Developer at actual within fifteen (15) days of intimation to the Developer. However, the ownership of the land shall vest with the Nominees State Government Agency/ developer. | The clause as proposed by GOAP/ APGENCO shall be retained. |
| 10 | Clause 4.26 para.3 If the date of expiry of this Agreement or date of Termination as the case may be falls prior to March 31 st of that financial year, such amount of 1% of the Project Cost or 20% of the profit after tax of previous year, whichever is higher shall be paid by the Developer to the GOAP and GOO on equal proportion basis on the Date of Expiry or Date of Termination as the case may be. | Clause 4.26 para.3 If the date of expiry of this Agreement or date of Termination as the case may be falls prior to March 31 st of that financial year, such amount of 1% of the Project Cost or 20% of the profit after tax of previous year, whichever is higher shall be paid by the Developer to the GOAP and GOO on equal proportion basis on the Date of Expiry or Date of Termination as the case may be. | In place of 'on' it is 'or' it is typing mistake. |

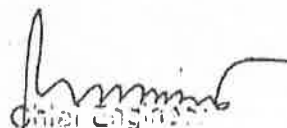
| | | | |
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| 11 | <p>Clause 4.28 para 1</p> <p>An additional period of sixty (60) days shall be given subsequent to the time period of the payments as mentioned in clause 4.26 for making the payments. However a penalty of one point five (1.5%) percent per month or part thereof shall be levied for the period of delay. After expiry of such period of sixty (60) days, the Nominees shall have the right to request the Procurers to deduct such pending amounts under this Agreement, including the penalty applicable, from the payment due to the Developer from the Procurers under the terms of the PPA. The Procurers shall consequently reimburse such amounts to the Nominees.</p> | <p>Clause 4.28 para.1</p> <p>An additional period of sixty (60) days shall be given subsequent to the time period of the payments as mentioned in clause 4.26 for making the payments. However, a penalty of one point five (1.5%) percent per month or part thereof shall be levied for the period of delay. After expiry of such period of sixty (60) days, the Nominees/ appropriate Government shall have the right to request the Procurers to deduct such pending amounts under this Agreement, including the penalty applicable, from the payment due to the Developer from the Procurers under the terms of the PPA. The Procurers shall consequently reimburse such amounts to the Nominees/appropriate Government, as the case may be.</p> | <p>GoO proposal shall also be considered. It shall be retained.</p> |
| 12 | <p>Clause 5.3</p> <p>In case of any loss of generation to the existing Machkund Power House due to operational drawbacks at the said Project, the Developer agrees to compensate for such loss by foregoing the payment for equivalent energy from the payment due from the Procurer as per the terms of the Nominees accordingly.</p> | <p>Clause 5.3</p> <p>In case of any loss of generation to the existing Machkund Power House due to operational drawbacks at the said Project, the Developer agrees to compensate for such loss by foregoing the payment for equivalent energy from the payment due from the Procurer as per the terms of the Nominees/appropriate Government accordingly.</p> | <p>GoO proposal shall also be considered. It shall be retained.</p> |
| 13 | <p>Clause 5.4 Para 3</p> <p>The Developer shall undertake all capital overhauls by the twenty fifth (25th) year of the COD of each unit of the Project. During such period of capital overhaul, the Developer shall duly notify the Nominees of the ongoing capital overhaul. Subsequently, the Nominees</p> | <p>Clause 5.4 Para 3</p> <p>The Developer shall undertake all capital overhauls by the twenty fifth (25th) year of the COD of each unit of the Project. During such period of capital overhaul, the Developer shall duly notify the Nominees of the ongoing capital overhaul. Subsequently, the Nominees shall appoint an Independent Inspection Agency</p> | <p>In place of 'Development' it is 'Developer' it is a typing mistake</p> |


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| | shall appoint an Independent Inspection Agency (IIA) for conducting a stage-wise inspection on the ongoing capital overhaul and subsequently determining the useful life of the Project. The Developer shall take all further measures, as directed by the IIA to ensure the useful life of the Project upon expiry of this Agreement and subsequent transfer of the Project to the Nominees is at least twenty (20) years. The cost of such capital overhauls shall be solely borne by the Developer. The cost of the IIA shall also be solely borne by the Developer. | (IIA) for conducting a stage-wise inspection on the ongoing capital overhaul and subsequently determining the useful life of the Project. The Development shall take all further measures, as directed by the IIA to ensure the useful life of the Project upon expiry of this Agreement and subsequent transfer of the Project to the Nominees is at least twenty (20) years. The cost of such capital overhauls shall be solely borne by the Developer. The cost of the IIA shall also be solely borne by the Developer. | |
| 14 | Clause 6.1 para.5 The Developer has duly paid all rents, royalties and all public demands, including provident fund dues, gratuity dues, employees State Insurance dues, income tax, sales tax, corporation tax and all other taxes and revenues due and outstanding and that no attachments or warrants have been served on the Developer in respect of sales tax, income tax, Government/GOI Revenues and other taxes. | Clause 6.1 para.5 The Developer has duly paid all rents, royalties and all public demands, including provident fund dues, gratuity dues, employees State Insurance dues, income tax, sales tax, corporation tax and all other taxes and revenues due and outstanding and that on attachments or warrants have been served on the Developer in respect of sales tax, income tax, Government/GOI Revenues and other taxes. | In place of 'on attachments' it is 'no attachment' it is a typing mistake |
| 15 | Clause 7.1 k Undertakes not to sublease, pledge, or hypothecate the Project assets except for the purpose of arranging finances. The Developer has no right to sublease, pledge or hypothecate the land. | Clause 7.1 k Undertakes not to sublease, pledge, or hypothecate the Project assets except for the purpose of arranging finances as it has no right to sublease, pledge or hypothecate the land. | Both are correct. Hence, either one can be accepted. |

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| 16 | <p>Clause 9.2 (vi)</p> <p>The transfer of (a) pursuant to law of either the Developer's rights and/or its obligations under this Agreement or all or a substantial portion of the Developer's assets or undertakings; or (b) the dissolution of the Developer pursuant to law including, by way of merger or consolidation, liquidation and reconstitution or re-organization unless otherwise the same is approved by the GOO and/or GOAP explicitly. Thus, any change in ownership structure or the shareholding of the Developer shall only take place after due consent from the GOO and/or GOAP.</p> | <p>Clause 9.2 (vi)</p> <p>The transfer of (a) pursuant to law either the Developer's rights and/or its obligations under this Agreement or all or a substantial portion of the Developer's assets or undertakings; or (b) the dissolution of the Developer pursuant to law including, by way of merger or consolidation, liquidation or re-organization unless otherwise the same is approved by the GOO and/or GOAP explicitly. Thus, any change in ownership structure or the shareholding of the Developer shall only take place after due consent from the GOO and/or GOAP.</p> | <p>The clause as proposed by GOAP/ APGENCO shall be retained.</p> |
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 Director (Operation)
 Srisa Hydro Power Corporation Ltd.
 BHIMESWAR-22


 Additional Secretary to Govt.
 Energy Department


 Chief Engineer
 H.P.C. & Hydel Projects
 APGENCO, Vidyut Soudha,
 VIJAYAWADA - 520 004


 Deputy Secretary to Government
 Energy Department, A.P. Secretariat,
 Velagapudi, Amaravati

ANNEXURE VI

Minutes of meeting dt.09.02.2010 on final settlement of all the outstanding issues as on 31.03.2009 between APGENCO, APTRANSCO, GRIDCO & OHPC.

Subsequent to the joint discussions held between APGENCO / APTRANSCO / GRIDCO & OHPC at Director's Level on 11th to 12th August, 2009 and reconciliation of the Billings /Accounts thereafter between the Officials of APGENCO, GRIDCO & OHPC for the years from 1996 - 97 to 2008 - 09 on 4th to 6th February 2010.

Members present is at Annexure - I, II & V

At the outset Director (Finance) and Director (Hydel), APGENCO welcomed the delegates from OHPC and GRIDCO. After detailed deliberation on each of the disputed issues with due presentation of facts and figures from either end, the following decisions were taken to resolve long pending issues with regard to settlement of dues payable/receivable and Renovation, Modernization and Up-rating pertaining to Machkund Hydro Electric (Joint.) Project. These are however subject to approval of the respective Boards of APGENCO/ APTRANSCO /OHPC/GRIDCO.

A. Settlement of dues payable/receivable by OHPC/APGENCO.

All the pending issues relating to accounts of Machkund Hydro Electric (jt.) Project including adjustment of Rs30.00 Crores by APTRANSCO from the payments due to GRIDCO were discussed in detail and following was agreed as one time settlement of all the issues in toto between four companies i.e., OHPC, GRIDCO, APGENCO and APTRANSCO. Further, there shall be no correspondence and reconciliation on the amounts settled as one time settlement and these issues shall not be re-opened in future.

1. It was agreed to adopt a pooled cost of Rs.0.25 per unit for the following energy draws.
 - i. 276.4 MU energy exported from Upper Sileru (APSEB) from 01.02.1978 to 15.08.1985 drawn by erstwhile OSEB.
 - ii. Drawl of 289.94 MU power by Orissa from Machkund Hydro Electric (joint.) Project for the period 1979 - 80 to 1995 - 96 over and above 50%.
 - iii. Drawl of 261.206 MU power from Balimela Power House from 15.08.1973 to 30.06.1975 by erstwhile APSEB.

11/11/10

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APSEB, a total sum of Rs. 7,82,500/- is payable by OHPC/GRIDCO to APGENCO for the net drawl of energy to the extent of 305.134 M.U.

Both the sides i.e. OHPC and APGENCO agreed that the over drawl of energy by APSEB (more than 70%) prior to supplementary agreement and short drawl of energy by Orissa / OHPC ($> 30\%$ and $< 50\%$) after supplementary agreement remain settled once for all up to 31st March 2009 and shall not be reopened in future. Hence forth the energy drawl between the two states shall be reconciled every month and adjustment shall be made for any over drawl / under drawl by both the states. Machkund authorities shall furnish day ahead availability to SLDC/OHPC everyday.

2. The following outstanding dues for the period 1979 - 80 to 1995 - 96 payable by Ex OSEB/OHPC/GRIDCO to APGENCO were accepted.
 - i. O&M charges for 1973-74 to 1978 - 79 (differential amount - admitted) Rs. 1,53,08,000/-.
 - ii. Share of O&M charges of MHE (joint.) Scheme from 1979 - 80 to 1995 - 96 after adjustment of Royalty. Revenue receipt Rs. 14, 59, 34,117/-
 - iii. Cost of energy drawn above 30% but below 50% (i.e. towards 20% purchase of energy as per 1978 agreement) from Financial Year 1979 - 80 to 1995 - 96 for Rs. 16,81,96,612/-
 - iv. Central Excise duty payable on account of Machkund energy for Rs. 4, 12, 59,872/-.
 - a. From 3/78 to 3/79 - Rs. 54, 16,872/-.
 - b. From 1979 - 80 to 9/84 - Rs. 3, 58, 43,000/-
 - v. Machkund power wheeled through Upper Sileru corresponding CED and wheeling charges for the period 10/80 to 1/81 for Rs. 21,71,041/-.
 - vi. Cost of power made to DVC through OSEB during 24.06.79 to 07.07.79 for Rs.15, 88,224/-.
3. Against the total claim of Rs 45,07,41,386/- as per items (1) and (2) above, an amount of Rs 47,10,12,964/- has already received by Ex-APSEB/APGENCO by 31.03.1996. Hence amount refundable by APGENCO to OHPC/GRIDCO works out to Rs 2,02,71,578/-.

Attn: Mather



APGENCO agreed to refund/adjust excess amount received from OHPC and OHPC will in turn settle payment if any payable to GRIDCO towards adjustment of Rs 30.00 Crores by APTRANSCO from payments to GRIDCO. APTRANSCO, APGENCO, GRIDCO and OHPC will not claim charge any interest/Delayed Payment Charges for excess/short payment/adjustments as a part of full settlement upto 31st March 2009 subject to payment of Rs 31,50,94,416/- immediately by APGENCO to GRIDCO through OHPC after final settlement of the case by Appellate Tribunal for Electricity. The final figure is arrived at as under as on 31.03.09:-

| Dues payable/receivable by Ex-OSEB/GRIDCO/ OHPC | | Rs. |
|---|---|-----------------------|
| a.(i) | Dues payable by Ex-OSEB/OHPC on different heads as mentioned at para 2 (two) above for the period 1979 - 80 to 1995 - 96. | 37,44,57,886/- |
| (ii) | Amount to be paid by Ex-OSEB/OHPC for net Excess energy drawl 305.134 MU as mentioned at para 1 (one) above. | 7,62,83,500/- |
| | Sub Total (i + ii) | 45,07,41,386 |
| b. | Payment received from Ex-OSEB/OHPC from 1979 - 80 to 1995 - 96 | (-) 47,10,12,964/- |
| c. | Amount refundable by APGENCO to OHPC/GRIDCO up to the year 1995 - 96 (b-a). | 2,02,71,578/- |
| d. | Payment to be received by GRIDCO from APTRANSCO/APGENCO towards adjustment made during 2001 - 02. | 30,00,00,000/- |
| e. | Amount payable by OHPC towards O&M charges and energy charges for the period 1996 - 97 to 2008 - 09. (Annexure -III) | 47,00,63,276 |
| f. | Payment received from OHPC towards O&M charges and energy charges for the period 1996 - 97 to 2008 - 09. (Annexure -IV) | (-) 46,48,86,114/- |
| g. | Balance amount payable by OHPC/ GRIDCO to APGENCO for the period 1996 - 97 to 2008 - 09 (e-f) | 51,77,162/- |
| | Total amount payable by APGENCO to OHPC/ GRIDCO as on 31.03.2009 (c+d-g) | <u>31,50,94,416/-</u> |



No company has any right to claim charge interest on this full time settlement amount and no further reconciliations on the past events

GRIDCO, OHPC, APTRANSCO and APGENCO shall file such joint Memo and for application before the Appellate Tribunal for Electricity in the pending appeals so as to dispose of the appeals in terms of this settlement which also settles all outstanding issues involved in the appeals

B. Renovation, Modernization and Up-rating of Machkund Hydro Electric (Joint) Project

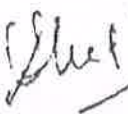
1. It was decided to go for complete replacement of generator turbine and auxiliaries in R, M & U works, which inter-alia should also include the cost towards construction of new quarters, rest houses at Onukudelli and Visakhapatnam, as detailed hereunder:
 - i. The construction of new quarters at Machkund for the employees of Machkund Power House shall be taken up immediately in a phased manner as a part of RM & U pending finalization of RM & U scheme.
 - ii. A new rest house shall be constructed at Onukudelli in lieu of the old one that has already outlived its utility.
 - iii. The land area earmarked for the Machkund Project of APGENCO at Visakhapatnam shall also be developed with dismantling of the existing old building and then constructing a multistoried building for the purpose of Rest House to be utilized both for APGENCO & OHPC.
 - iv. The cost towards construction of new quarters, rest houses etc shall be shared by OHPC and APGENCO on 50:50 basis.
 - v. For the above, estimate is to be prepared by APGENCO and sent OHPC for consent and approval.
2. Government of Orissa/OHPC shall be entitled for 50% of generation of Machkund Power House from the date of payment of present worth of 20% of capital cost. Since OHPC has already submitted the proposals towards payment of 20% capital cost at present worth, APGENCO agreed to expedite its finalization and communicate the same to OHPC soon. The same shall be referred to CEA/CERC for determination of the



present worth of the said 20% share to be owned by OHPC in addition to the existing 30% share in the joint project.

3. OHPC mentioned about the recent availability of the records from AG, Andhra Pradesh & Orissa to finalize the up to date DRF & SRF accounts. Both OHPC & APGENCO agreed to expedite the reconciliation of records as made available now, and finalize the DRF & SRF accounts to be shared by A.P and Orissa.
4. In view of sharing of investment on 50:50 basis for the R.M & U works and payment towards the 20% share in the joint project, APGENCO opined that payment of Royalty charges does not arise. OHPC intimated that this matter will be apprised to the Government of Orissa for approval.
5. It was agreed that modified agreement shall be entered for carrying out R,M & U works and the modified agreement shall be valid for 35 (thirty five) years, as per the CERC norm for plant life. The modified agreement shall be renewed further as per mutually agreed terms.
6. A format of O&M expenditure will be finalized by OHPC/APGENCO and monthly bills of O&M expenditure shall be furnished in this format by Superintending Engineer, O&M/Machkund to OHPC.


APGENCO

1. b. u. L (S.K. Pattnayak)
(D. PABHAKAR RAO)
DIRECTOR/fin
2. 
(G. ADISESHU)
Director/H&M.


OHPC


GRIDCO

APTRANSCO


V. A. K. Saha



ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR - 751 012

Present : Shri S. P. Nanda, Chairperson
Shri B. K. Misra, Member
Shri S. P. Swain, Member

Case No.121 of 2009

In the matter of: APPLICATION FOR APPROVAL OF REVISED DESIGN
ENERGY OF HYDRO STATIONS.

Managing Director,
ODISHA HYDRO POWER CORPORATION LTD

Petitioner

Vrs.

The Managing Director, GRIDCO,
CSO, WESCO, NESCO & SOUTHCO
The Deputy General Manager, CESU
Shri R. P. Mohapatra,
Shri R. C. Satpathy.

Respondent

For the Petitioner: Shri Sahadev Khatua, Managing Director, OHPC
Shri M. K. Mishra, Director(Operation), OHPC

For the Respondent: Shri Ranjit Das, Sr.GM(PP.) for GIRDICO
Shri Lingaraj Padhi, D.G.M., CESU
Shri Manas Das, for WESCO, NESCO & SOUTHCO
Shri R. P. Mohapatra
Shri R. C. Satpathy.

Date of Hearing: 02.11.2012

Date of Order: 30.01.2013

ORDER

Managing Director, OHPC filed an application on 31.5.2008 for approval of reassessment of Design Energy of Hydro Power Stations under OHPC. The said application was registered on 23.10.2009 as Case No.121/2009. The matter was last heard on 02.11.2012. During hearing Shri R. P. Mohapatra submitted that as per Interim Order dated 22.9.2012 of the Commission, OHPC and WR Department have



not served the copy of their submission on him. The Commission directed to serve the copy of the submissions to Shri R. P. Mohapatra and Shri R. C. Satpathy. Accordingly, the said submissions were served on Shri R. P. Mohapatra and Shri R. C. Satpathy with a directive to file their written note of submission if any, within 15 days. But till date the issuance of this order they have not submitted anything on this matter.

2. OHPC submitted before the Commission to approve the revised Design Energy of 4903.63 MU in place of existing Design Energy of 5676 MU for OHPC Power Stations. The Commission during the hearing dated 28.12.2010 directed that Department of Water Resources and Department of Energy should be treated as Respondents to this case and should offer specific views after examining data used by M/s SPARC on reassessment of Design Energy of all Hydro Power Stations under OHPC. Further, OHPC & Govt. of Odisha should give reservoir wise data of the approved industrial consumption in the upstream of generators.
3. OHPC vide letter No.5004 dated 08.8.2011 had submitted that data with respect to all reservoir (except Upper Indravati) which are under the control of Department of Water Resources. However, a copy of drawal of water from the upstream of HHEP, Burla received from DOWR and the permission letter of DOWR for Rathi Steel and Power drawing water from upstream of CHEP was submitted before the Commission.
4. According to the Hon'ble High Court Order dated 30.3.2012 in WP(C) No.8409 of 2011 and subsequent UOI Note No.217/SE dated 30.4.2012 of the Commissioner-cum-Secretary, Department of Energy regarding implementation of Order of Hon'ble High Court; the Department of Water Resources, Govt. of Odisha should recover the compensation for generation loss for the water used by the Industrial Units and pay the amount to OHPC within a period of 3 months from the date of the above Order of the Hon'ble High Court.
5. The Commission in its hearing dated 21.9.2012 has directed that OHPC should resubmit its application in such a way that it captures change in hydrology and loss due to industrial consumption simultaneously. Accordingly, OHPC resubmitted its



application for reassessment of Design Energy considering the effect of industrial consumption of water. (All other effects like Hydrology failure, change in live storage capacity, irrigation and domestic uses are adequately taken care in the report submitted by M/s SPARC). After eliminating the effect of industrial use of water from the upstream sides of reservoir OHPC has reassessed the design energy of its different power houses as follows:-

Reassessed Design Energy

| Sl. No. | Power Stations | Existing D.E. (MU) | Revised D.E. proposed earlier by OHPC (MU) | Revised D.E. proposed by OHPC now (MU) after industrial use |
|---------|----------------|--------------------|--|---|
| 1. | HHEP | 684 | 601.27 | 627.44 |
| 2. | CHEP | 490 | 356.16 | 356.67 |
| 3. | BHEP | 1183 | 928.56 | 928.56 |
| 4. | UKHEP | 832 | 643.86 | 653.37 |
| 5. | UIHEP | 1962 | 1703.82 | 1703.82 |
| 6. | RHEP | 525 | 669.96 | 669.96 |
| | Total | 5676 | 4903.63 | 4939.82 (-736.18 MU) |

6. GRIDCO, the Respondent has submitted that for upstream utilization of water by industries from Burla, Chiplima and Upper Kolab Hydro Electric Projects, OHPC is getting adequate compensation from the industries concern for the loss of energy. Further, the full generation during rainy season for 3 ½ -4 months (i.e. July to October) gives a Plant Load Factor(PLF) of around 25-30%. Thus, any additional generation over and above the Design Energy/Secondary Energy due to better monsoon; priced at the same rate as that of Design Energy accrues additional profit in the hand of OHPC in addition to normative ROR.
7. GRIDCO has further submitted that reduction in design energy will raise per unit cost of both primary and secondary energy which will be subsequently passed on to the consumers of the State, thus affecting them severely.
8. After hearing the representatives of OHPC, the consultant SPARC and the respondents the Commission observes that there is no immediate requirement of



reduction of design energy as proposed by OHPC. The Commission has gone through the technical details submitted by OHPC from time to time. As per the directive of the Hon'ble High Court dated 30.3.2012 in WP© No.8409 of 2011 for compensation of generation loss for the water used by industrial units, OHPC is being compensated adequately for upstream utilization of consumption for all reservoir which has been computed at Rs.10.108 crore @ Rs.5.31 /KWH for FY 2011-12 as revealed by OHPC's submissions.

9. Secondly, the rate of secondary energy in case of hydro stations is equal to the rate of primary energy. OHPC gets the full annual revenue requirements on the basis of design energy approved by the Commission. However, in the event of hydrology failure and worse monsoon years when the energy generation of any hydro projects falls short of its design energy not attributable to the generator, the Commission would consider the revenue short fall occurred on this count in subsequent years as per the CERC Tariff Regulations, on the submission of specific petition by the generator.
10. Considering all these factors, the Commission decides at the moment not to approve the proposed reduction of design energy as submitted by OHPC.
11. Accordingly the case is disposed of.

Sd/-
(S. P. Swain)
Member

Sd/-
(B. K. Misra)
Member

Sd/-
(S. P. Nanda)
Chairperson

