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ODISHA ELECTRICITY REGULATORY COMMISSION
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Present : **Shri P.K. Jena, Chairperson**
Shri S. K. Ray Mohapatra, Member
Shri B. Mohanty, Member

CASE NO.118 OF 2025

DATE OF HEARING : **06.02.2026**
DATE OF ORDER : **24.03.2026**

IN THE MATTER OF : **An application for approval of Annual Revenue Requirement (ARR) and Determination of Generation Tariff of OHPC Stations for FY 2026-27 under Sections 61, 62, 64(2) & 86 of the Electricity Act, 2003 read with related provisions of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and OERC (Conduct of Business) Regulations, 2004.**

ORDER

The Odisha Hydro Power Corporation (OHPC) Ltd. has filed this application before the Commission for determination of Annual Revenue Requirement (ARR) and Generation Tariff for its different Power Stations for FY 2026-27.

PROCEDURAL HISTORY (Para 1 to 6)

1. The OHPC is a “Generating Company” within the meaning of Sec.2 (28) of the Electricity Act, 2003 (herein after referred to as ‘the Act’). After the unbundling of the Odisha State Electricity Board (OSEB) in the year 1996, the assets, liability and personnel of the Board were transferred to this generating company to carry out business of generation of hydro-electricity. The entire power produced by OHPC through its various generating stations is fully dedicated to the State of Odisha. Thus, OHPC is supplying its entire power to GRIDCO Ltd., who in turn is supplying it to the Distribution Utilities of the State. After the Act came into force and promulgation of the Government of Odisha Transfer Scheme, 2005, GRIDCO as the deemed trading licensee was entrusted with the bulk supply business

and the existing Bulk Supply Agreements and Power Purchase Agreements (PPAs) have been assigned to it.

2. As per Regulation 61(2) of the OERC (Conduct of Business) Regulations, 2004, a generating company is required to file an application by 30th November of each year before the Commission for determination of tariff for any of its generating stations, for sale of energy in the State of Odisha giving the details of costs associated with the generation and sale of energy. Accordingly, as per the requirement of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020, OHPC filed the Annual Revenue Requirement (ARR) and fixation of generation tariff i.e. Capacity and Energy Charge application for FY 2026-27 in respect of each of its generating stations separately on 28.11.2025. Some queries were raised by the Commission to which OHPC filed its response on 16.01.2026. Upon due scrutiny and admission of the application for hearing, the Commission directed OHPC to publish its application in the approved format. In response thereto, public notice was issued on 18.12. 2025 in leading and widely circulated newspapers besides being posted in the Commission's website inviting objections / suggestions from the general public. The applicant was also directed to file its rejoinder to the objections/suggestions of the Objectors. In response to the public notice, the Commission received objections / comments from the following individuals /organizations.
 - (a) Shri Basudeb Bhatta, Co-Convenor, Aama Janata Adhikar, 226, Kharavel Nagar, Unit-3, Bhubaneswar-751001;
 - (b) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012;
 - (c) M/s. GRIDCO Ltd., Janapath, Bhubaneswar-751022; and
 - (d) Sri Ananda Kumar Mohapatra, Power Analyst, Old Town, Bhubaneswar-751002.
3. In exercise of the power under section 94(3) of the Act and to protect the interest of the consumers, the Commission appointed Deloitte, Gurgaon, as the Consumer Counsel for objective analysis of the applicant's petition.
4. The hearing was fixed to 06.02.2026 at 10.30 A.M. It was duly notified in the leading and widely circulated newspapers mentioning the list of objectors. The Commission also issued individual notice to the objectors and the Department of Energy, Government of Odisha informing them about the date and time of hearing through hybrid mode with a request to furnish their individual e-mail ID, if they wished to participate in the hearing virtually, for

enabling the Office of the Commission to provide links of hearing. The hearing was taken up as per the schedule.

5. The Director (Finance), OHPC made a brief presentation on the application for approval of ARR & Determination of Generation tariff of OHPC stations for the FY 2026-27 followed by the presentation by the Consumer Counsel appointed by the Commission. Shri Basudeb Bhatta, Co-Convenor, Aama Janata Adhikar, Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Shri Debashis Das, Director (Finance) along with Shri Padmalochan Sahoo, GM (PP) representing GRIDCO, Shri Anand Kumar Mohapatra, Power Analyst and Shri S.B.K. Pradhan, the representative of the State Government participated in the hearing. The Petitioner was represented by Shri Pranab Kumar Mohanty, Director (Finance) and Shri Akshya Kumar Das, AGM (Electrical). The Commission has extensively heard all those participated in the hearing. Their submissions, both verbal and written, were taken note of by the Commission for consideration.
6. The Commission convened the State Advisory Committee (SAC)) meeting on **16.03.2026 at 11.00 A.M.** through hybrid mode at OPTCL's Training Centre, Chandaka for discussion on the ARR application and generation tariff proposal of the Petitioner for FY 2026-27. The Members of SAC presented their valuable suggestions and views on the matter for consideration of the Commission.

ARR PROPOSAL OF OHPC FOR FY 2026-27 (Para 7 to 24)

OHPC has submitted the following:

7. Installed Generation Capacity

The present installed Generation capacity of various Hydro Power Stations owned by OHPC is 2099.80 MW including 50% share of Odisha from Machkund Hydro Electric Project [i.e. 60 MW out of 120 MW (3x17 MW + 3x23 MW)] and the net capacity addition of OHPC has increased by 36.3 MW (24MW of MHEP due to acquisition of additional 20% stake + 12.3 MW due to uprating of Unit-5 & 6 of HHEP, Burla).

8. Design Energy

(a) The Design Energy (DE) of a Hydro Power Station is an important parameter for determination of Tariff. The Design Energy of OHPC's Power Stations and saleable energy approved for FY 2025-26 and proposed for FY 2026-27 is given in Table-1 below:

Table - 1

Design energy of Hydro Power Stations of OHPC for FY 2025-26 and FY 2026-27

(in MU)

Sl. No.	Name of the Power Station with Installed Capacity (in MW)	Design Energy approved for FY2025-26	Saleable Design Energy for approved for FY 2024-25	Design Energy proposed for FY 2026-27	Saleable Design Energy proposed for for FY 2026-27
1	RHEP (5x50 MW=250 MW)	525.00	519.75	525.00	519.75
2	UKHEP (4x80 MW=320 MW)	832.00	823.68	832.00	823.68
3	BHEP (6x60 MW+2x75 MW=510 MW)	1183.00	1171.17	1183.00	1171.17
4	HHEP (2x49.5 MW+2x32 MW+2x43.65MW+1x37.5MW=287.8 MW)	684.00	660.52	684.00	660.52 (*)
5	CHEP (3x24 MW=72 MW)	490.00	485.10	490.00	484.12
6	UIHEP (4x150 MW=600 MW)	1962.00	1942.38	1962.00	1942.38
Sub Total		5676.00	5601.62	5676.00	5601.62
7	MHEP Odisha Share 50% of (3x23 MW+3x17 MW=120 MW)	262.50	259.875	262.50	259.35
Total		5938.50	5862.97	5938.50	5860.97

(*) Considering Auxiliary consumption of 1% & reduction of 16.644 MU allocated to CSPDCL from HHEP generation.

(b) OHPC has submitted that during years of Hydrology failure, it sustains substantial loss of revenue due to shortfall in the recovery of Energy Charges. In response to the OHPC's claim towards Hydrology Failure, the Commission in the Tariff Order of OHPC for FY 2014-15 while denying compensation claimed towards hydrology failure had directed OHPC 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.

The following Table shows the details of energy sold by different Power Stations of OHPC during the last five years:

Table - 2
Energy Sold by different power stations from FY 2020-21 to FY 2024-25
(in MU)

Sl. No.	Name of the Power Station	Design Energy (DE)	Saleable Design Energy (DE)	Actual Sale of 2020-21 (In MU)	Actual Sale of 2021-22 (In MU)	Actual Sale of 2022-23 (In MU)	Actual sale of 2023-24 (In MU)	Actual sale of 2024-25 (In MU)
1	RHEP	525.00	519.75	980.77	837.92	732.53	754.79	850.17
2	UKHEP	832.00	823.68	771.26	440.01	531.94	565.33	787.39
3	BHEP	1183.00	1171.17	1594.30	1001.96	980.72	1012.07	1632.93
4	HHEP	684.00	677.16	613.82	700.72	886.34	850.22	747.39
5	CHEP	490.00	484.12	322.37	263.24	319.53	294.70	217.60
6	UIHEP	1962.00	1942.38	1713.10	1124.80	1351.49	1687.00	1392.77
Sub-Total		5676.00	5601.62	5995.62	4368.65	4802.55	5164.11	5628.25
7	MHEP	262.50	259.35	298.97	315.24	254.23	386.13	224.96
Total		5938.5	5860.97	6294.59	4683.89	5056.78	5550.24	5853.21

9. Reservoir Level and Anticipated Generation for FY 2026-27

(a) OHPC has submitted the details of actual generation of different Power Stations from 01.04.2025 to 15.11.2025. The anticipated generation up to 31.03.2026 for FY 2025-26 has been estimated in co-ordination with Department of Energy (DoE), Department of Water Resources (DoWR), GRIDCO and SLDC on the basis of the availability of water, irrigation requirement and peak load requirement of power.

(b) OHPC has submitted the Reservoir Level of OHPC Power Stations as on 15.11.24 and 15.11.25. It is shown in the following Table-3. The actual / anticipated Energy Generation of Hydro Power Stations of OHPC for FY 2025-26 is shown in Table-4 below.

Table - 3
Reservoir level of Hydro power stations of OHPC

Sl. No.	Reservoirs	As on 15.11.2024	As on 15.11.2025
1.	Rengali	120.75mtr.	122.31mtr.
2.	Kolab	855.38mtr.	856.21mtr.
3.	Balimela	1505.80ft.	1508.90ft.
4.	Hirakud	626.04ft.	629.62ft.
5.	Indravati	634.33mtr.	640.69mtr.

Table - 4
Actual /Anticipated Energy Generation of Hydro Power Stations of OHPC
for FY 2025-26

Sl. No.	Name of the power stations	Approval of the Commission for state drawl of energy for the FY 2025-26 (in MU)	Actual generation from 01.04.25 up to 15.11.25 (In MU)	Anticipated generation from 16.11.25 to 31.03.26 based on DoWR & DoE Schedule (in MU)	Total Anticipated generation for the FY 2025-26 based on DoWR & DoE Schedule (in MU)
1.	RHEP	845.1676	189.0516	1034.2192	845.1676
2.	UKHEP	601.7790	312.4580	914.2370	601.7790
3.	BHEP	981.7190	637.5780	1619.2970	981.7190
4.	HHEP	802.6120	201.6410	1004.2530	802.6120
5.	CHEP	190.9430	133.1030	324.0460	190.9430
6.	UIHEP	1134.8415	692.6275	1827.4690	1134.8415
Total		5602.60	4557.0621	2166.4591	6723.5212

(c) OHPC has submitted that there shall be surplus energy generation of 856.3801 MU against the approved designed energy of 5676MU. The extra/ shortfall in generation from the design energy approved for respective Power Stations shall be accounted towards the secondary energy as per order of the Commission which presently stands as (-) Rs 141.254Crs. It has requested the Commission to recognize the deficit of secondary energy fund and make suitable provisions for recovery of short fall of energy charges due to hydrological failure, beyond the control of its generators.

(d) The saleable design energy, proposed by OHPC for GRIDCO in respect of various HEP for FY 2026-27 is given in the following Table:

Table -5

Power Station	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Sub-total	MHEP	Total
Saleable design energy in MU	519.75	823.68	1171.17	660.52	484.12	1942.38	5601.62	259.35	5860.97

10. Project Cost

- a) The revalued cost of old power stations under OHPC is Rs.1196.80 Crs as on 01.04.1996 as per the notification *vide* S.R.O No. 254/96 dtd. 01.04.1996 of Department of Energy, Government of Orissa. The Commission in its Order dated 23.03.2006 at clause no. 5.4 (C) had approved the same. Further, the Commission, in order dated 20.03.2008 had approved Rs.1194.79 Cr as final capital cost of UIHEP for the purpose of determination of tariff. However, the Tariff of Old power stations was determined based on the Historic cost of Rs.479.80 Cr of old power station of OHPC (against revalued cost of Rs.1196.80) as per the Notification No. 1068 dated 29.01.2003 of DoE, GoO.
- b) The Project Cost / GFA of old power stations is equal to Historic Cost as on 01.04.1996 (Rs.479.8 Cr.) plus New additions after 01.04.1996 up to FY 2024-25 (audited) (Rs.1158.542 Cr.) plus estimated additional capitalization for FY 2024-25 (Rs.59.236) minus decapitalization (audited) (Rs.33.183 Cr.) plus PSDF Grant upto FY 2022-23 (Rs. 10.402 Cr.). Accordingly, Project Cost/ GFA of old power station is considered as Rs.1654.083 Crs. and the Project Cost / GFA of UPHEP is considered as Rs.1445.78 Cr (Rs.1194.790 Cr+Rs.189.476 Cr-Rs.6.563 Cr. + Rs.3.776 Cr) for calculation of ARR & Tariff for FY 2026-27.
- c) Harping on Regulation 8(2) and 9(7) of OERC (Terms & Condition for Determination of Generation Tariff) Regulations 2024, OHPC has proposed for additional capitalization for different power stations for different works like Power House Electrical & Mechanical (E&M) Works, Water Supply Installation, Electrical Installation, Buildings, Power House Civil Works, Hydraulic Works, Dam, Tunnel & Substation Equipment etc.
- d) It is submitted that the total additional capital expenditure of Rs.2544.853 Crs. (Rs.1154.131 for old station + Rs.1390.722 Cr. for UIHEP) has been considered as per the proposed truing up as on 31.03.2024 for calculation of Tariff for FY 2025-26.
- e) The major estimated additional capitalization proposed by OHPC in the tariff approval for FY 2026-27 (Rs.131.137 Cr.) based on the approval of the Commission is furnished in the Table below:

Table – 6

Power Station	Details of Capitalization	Details of approval by the Commission	Amount proposed for capitalization (Rs in Crs.)
UIHEP	Capital Maintenance of Unit-2 & 4	Order dated 11.06.2020 in Case No 56 of 2019.	10.938
UIHEP	Replacement of MIV with MIV Seal control system of all Units	Order dated 24.03.2025 in Case No 59 of 2024.	44.406
UIHEP	105 MVA 400/220/33KV Auto Transformer including Radiator, OLTC & Bushing.		10.53
BHEP	Renovation & Modernization of Unit-1 to 6 of BHEP, Balimela	Order dated 31.03.2014 in Case No 68 of 2013.	43.071
HHEP	Capital Maintenance for Procurement and Commissioning of One No. of Generator Transformer.	Order dated 11.06.2020 in Case No 56 of 2019.	4.51
UKHEP	Capital Maintenance for Procurement and Commissioning of One No. of Generator transformer.	Order dated 11.06.2020 in Case No 56 of 2019.	5.94

- f) The additional capitalization considered for tariff for FY 2026-27 is furnished in the Table below:

Table - 7

(Rs. in Crs)

Sl. No	Power Stations	New additions for FY 2024-25(Audited)	Additional capitalisation less than Rs 20 Lakhs Capital Spares valuing up to Rs 10 Lakhs as per audited account 2024-25	Proposed New additional capitalisation in Tariff calculation for FY 2026-27
1	2	3	4	5=3-4
1	RHEP	1.284	0.177	1.107
2	UKHEP	9.055	1.214	7.841
3	BHEP	44.766	0.635	44.131
4	HHEP	6.588	0.666	5.922
5	CHEP	2.862	2.539	0.323
6	Sub Total	64.555	5.231	59.324
7	UIHEP	72.571	0.76	71.811
8	Total	137.126	5.991	131.135

OHPC has proposed new additional capitalization of Old Power Stations for FY 2026-27 from audited accounts of FY 2024-25 for Rs 131.135 Cr.

- g) Taking note of Regulation 22(3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024, OHPC has considered the decapitalization of Gross Fixed assets for computation of tariff for FY 2026-27. The same is shown in the Table below:

Table - 8

Sl. No.	Name of the Power Stations	Asset reduction during the FY 2011-12 to FY 2024-25 (Considering in Truing up of GFA for FY2024-25)
1	RHEP	-2.267
2	UKHEP	0.732
3	BHEP	3.632
4	HHEP	24.856
5	CHEP	6.231
	Sub Total	33.183
6	UIHEP	6.563
	Total	39.746

It is submitted that the decapitalization of the assets of different power stations of OHPC from FY 2011-12 to FY 2024-25, as proposed in Truing up of Project Cost/ GFA was Rs 39.746 Crs out of which Rs 33.183 Crs has been deducted from the Historic Cost for old power stations of OHPC as most of the assets decapitalized belong to transfer asset. Similarly, Rs 6.563 Crs has been deducted from the Project Cost/ GFA of UIHEP towards decapitalization for determination of Tariff.

- h) Considering the total approved capitalization up to FY 2023-24 & audited expenditure for FY 2024-25 on account of Additional Capitalization; Historic cost of old power station; Project cost of UIHEP, IDC for HHEP, Burla & PSDF grant as described above, the total Project Cost/GFA considered by OHPC for computation of Tariff for FY 2026-27 are furnished in the Table below.

Table - 9
Project Cost/GFA for tariff calculation for FY 2026-27(in Rs. Cr.)

Name of the power stations	New Additional capitalization from 01.04.1996 to 31.03.2024 as per Truing up Petition submitted by OHPC	Estimated additional capitalization for the FY2024-25	Historic Cost as on 01.04.1996 for old Power stations of OHPC	Approved original Project Cost/ GFA of UIHEP	Total Asset reduction/decapitalisation during the FY 2011-12 to FY 2024-25 as per Truing up Petition submitted by OHPC	PSDF Grant upto FY 2022-23	Project Cost/ GFA considered Tariff calculation
	(a)	(b)	(c)	(d)	(e)	(f)	(g)=a+b+c+d-e-f
RHEP	93.053	1.107	91.090	0.000	-2.267	3.133	184.384
UKHEP	49.219	7.842	108.310		0.732	3.299	161.340
BHEP	417.012	44.131	115.420		3.632	2.412	570.519
HHEP	447.052	5.923	72.750		24.856	0.982	499.887
CHEP	152.206	0.323	92.230		6.231	0.576	237.952
Sub Total	1158.542	59.326	479.800	0.000	33.183	10.402	1654.083
UIHEP	189.476	71.811	0	1194.790	6.563	3.776	1445.738
Total	1348.018	131.137	479.800	1194.790	39.746	14.178	3099.821

OHPC has requested the Commission to approve project cost / GFA of different power stations of OHPC amounting to Rs.3099.821 Cr for determination of tariff for FY 2026-27.

11. Determination of Annual Fixed Cost

The OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2020 and OERC (Terms & Conditions for determination of Generation Tariff) Regulations, 2024 specify methodology for computation of tariff for supply of electricity from a hydro generating station. The tariff shall comprise of capacity charge and energy charge to be shared on 50:50 basis for recovery of annual fixed cost. As per these Regulations, the Annual Fixed Cost of a hydro generating station shall consist of the following components:

- a) Return on Equity (RoE)
- b) Interest on loan capital
- c) Depreciation

- d) Operation and Maintenance expenses
- e) Interest on working capital
- f) Income Tax
- g) Less: Non-tariff Income

a) Return on equity (ROE):

- (i) The equity component of OHPC has been decided in the Commission's Tariff order dtd. 19th April, 2002 in Case No. 65 of 2001 & Case No. 04 of 2002. Based on the above order and subsequent Government Notification dated 29.01.2003, the Return on Equity was allowed to OHPC on new investments made after 01.04.1996.
- (ii) Regulation No. 28(2) of the OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024 provides that return on equity in case of existing generating stations of OPGC (Unit - I & II) and existing hydro stations of OHPC shall be as per the provisions of the PPA. However, the PPA of old power stations of OHPC & that of UIHEP have provisions for revision of tariff norms as per the regulations, issued by OERC/CERC from time to time.
- (iii) Clause No.9(ii) of Schedule-5 of PPA of old power stations under the head "Revision of Tariff" provides that fresh guidelines / rules / Regulations, issued by OERC/CERC on tariff shall be applicable from the date of its notification. Clause No.11 of Schedule-5 of PPA of UIHEP under head "Revision of Tariff" stipulates that the tariff shall be subject to revision at the time of renewal, replacement or extension of the PPA or as per any guidelines / directives of State Government and / or GOI on the tariff. Accordingly, the base rate of RoE for the power stations of OHPC is considered as 16.5% as per OERC's Generation Tariff Regulations, 2024 as all the power stations of OHPC are storage/pondage type.
- (iv) OHPC has submitted that the Commission, *vide* order dated 20.03.2008, has approved Rs.1194.79 Crs. as final capital cost of UIHEP for the purpose of determination of tariff. Since UIHEP was commissioned after 01.04.1996, the investment in UIHEP is considered as new investment. Equity Base for Govt. investment in UIHEP was considered as Rs 298.70 Crs (i.e.,25% of the Project Cost/ GFA). All decapitalization relating to UIHEP has been deducted from the Original Approved Project Cost/ GFA and Equity has been calculated @ 25%

on balance Original Project Cost / GFA. However, for additional capitalization over Original Project Cost / GFA of UIHEP after COD, the equity base of 30% has been considered as per the Regulation 26(3) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024. The Commission has approved the same in the past years. OHPC, it is submitted, has followed the same principle in the present petition.

- (v) OHPC has submitted that in case of old power Stations, OHPC has considered 30% of additional capitalizations as Equity Base as per Regulation 26(3) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 which includes the approved Additional Capitalization from 1996-97 onwards up to FY2024-25.
- (vi) The Commission in the Tariff approval of OHPC for FY2023-24 had calculated RoE on Equity base excluding the CWIP portion for FY 2022-23 and approved Rs.91.521 Cr towards Return on Equity for all stations of OHPC for FY 2023-24. Accordingly, OHPC has requested the Commission to consider new investment for each power station for computation of RoE for FY 2026-27, the details of which are furnished in the Table below:

Table - 10

Computation of RoE for different power stations of OHPC for FY 2026-27 (in Rs. Cr.)

Name of the Power Station	Capital Addition considered for RoE upto FY 2024-25 as per audited account (in Crs)	Share of Equity (%)	Value of Equity capital (in Crs)	ROE @16.5% as per New OERC Regulations 2024 & provisions under PPA
(1)	(2)	(3)	(4)=(2)*(3)	(5)=16.5% of (4)
RHEP	91.027	30	27.308	4.506
UKHEP	53.762	30	16.129	2.661
BHEP	458.731	30	137.619	22.707
HHEP	451.993	30	135.598	22.374
CHEP	151.953	30	45.586	7.522
UIHEP	1445.738	25&30	374.310	61.761
Total	2653.204		736.550	121.531

NB: Approved Project Cost/ GFA of UIHEP is Rs1194.79Cr.

It is submitted that decapitalization of Rs.6.563Cr. in respect of UIHEP for FY 2013-14 to FY 2024-25 has been deducted from the approved initial Project Cost / GFA. It is submitted that updated Project Cost/ GFA (excluding Additional Capitalization) of UIHEP is Rs.1188.227 Cr. (Rs. 1194.79Cr – Rs.6.563Cr) and additional capitalization of UIHEP from FY 2013-14 to FY 2024-25 is Rs.261.291 Cr. whereas PSDF Grant approved up to FY 2022-23 is Rs.3.130Cr.

Project Cost/ GFA for Tariff of UIHEP = Rs1188.227Cr. + Rs261.291Cr – Rs.3.780Cr. = Rs 1445.738 Cr.

The Equity Capital of UIHEP has been considered @ 25% of Project cost / GFA (i.e.) Rs.1188.227 Cr, which is Rs.297.056 Crs. The equity capital @ 30% for net additional capitalization from FY 2013-14 to FY 2025-26 i.e. Rs.261.291Cr. but considering PSDF Grant of Rs. 3.780 Cr. it comes around Rs.257.511 Cr. which therefore, works out to Rs.77.253 Crs. So, the total equity capital of UIHEP comes out to Rs.374.310 Cr. (Rs.297.056Cr + Rs.77.253 Cr.).

Thus, OHPC requests the Commission to approve Return on Equity of its different power stations amounting to Rs121.531Cr for FY 2026-27.

b) Interest on Loan Capital

(i) The present status of Govt. loan in respect of UIHEP is given in the following Table:

**Table – 11
Present Status of Govt. Loan in respect of UIHEP based on the approvals
of the Commission**

(Rs. Cr.)

Original Approved Project Cost/ GFA	1195.42
Project Cost/ GFA after deducting the infirm power cost	1194.79
Equity capital @25%	298.70
Govt. Loan	497.86
Depreciation allowed from 2010-11 to 2025-26 @ Rs30.23 Crore	483.68
Loan Repayment made till FY 2024-25 & to be paid for FY2025-26	483.68

Balance Outstanding Loan as on 01.04.2025	14.18 Crore
Cumulative interest on Govt. Loan from FY 2006-07 to FY 2025-26 @ 7%	426.14 Crore (Govt. proposed to consider as regulatory asset)
Cumulative interest on normative loan from FY 2001-02 to FY 2025-26 @ 7%	145.94 Crore (Not paid)

Note: PFC loan of Rs.319.49 has already been repaid in full by FY 2009-10.

- (ii) OHPC has so far paid Rs.453.45 Cr to Govt. by March 2025. The depreciation amount of Rs.30.23 Cr. approved for FY 2025-26 shall be paid by the end of this Financial Year (2025-26). The Commission in Tariff Order of OHPC for FY 2013-14 observed that after the total repayment of Govt. loan, this loan repayment may start at the same rate of Rs.30.23 Cr. each year i.e., beginning with 2026-27 and that the interest component will be considered after the total repayment of the principal in line with the Govt. loans.
- (iii) The Commission in the Tariff Order of OHPC for FY 2024-25 observed that OHPC has not considered the impact of interest on Govt Loan & Normative Loan of Rs.78.74 Crs in respect of UIHEP for Tariff calculation for FY 2024-25 nor has it claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset.
- (iv) **Normative loan:** OHPC has submitted that though, State Govt. loan (at interest rate of 9.8%) has been repaid, the normative loans of the respective units are still outstanding. The normative loans of CHEP, RHEP & UKHEP for FY 2025-26 is considered at interest rate of 9.8% as per Regulation 22 of OERC (Terms & Conditions for determination of Generation Tariff) Regulations, 2024. The normative loan of BHEP, Balimela is considered at interest rate of 9.6 % for FY 2026-27 based on PFC interest rate applicable to BHEP. Similarly, the normative loan of HHEP, Burla is considered at interest rate of 8.75 % for FY 2026-27 based on PFC interest rate applicable to HHEP, Burla. The Normative loan of UIHEP for FY 2026-27 due to the additional capitalization based on audited accounts of FY 2024-25 is considered at interest rate of 7% being the prevailing rate of interest for State Govt. Loan as per the OERC's tariff norms. Based on the earlier directions of the Commission, OHPC has not considered the impact of interest on Govt Loan & Normative Loan of Rs.78.74 Cr. in respect of

UIHEP for Tariff calculation for FY 2026-27. Likewise, it has not claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset. The details of interest on loan claimed by OHPC for FY 2026-27 are provided in the Table below:

Table - 12

Statement of Outstanding Loan & Interest thereon for the FY 2026-27

(Rs. in Crore)

Sl. No.	Source of Loans	Loan O/S as on 01.04.2026	Interest on Loan for the FY 2026-27
1	State Govt. Loan for UIHEP @7%*	14.180	0.00
2	Normative Loan for Rs78.74Cr for UIHEP, Mukhiguda @ 7%	78.74	0.00
3	Normative Loan for CHEP@ 9.80%	50.642	4.798
4	Normative Loan for UKHEP@ 9.80%	18.795	1.781
5	Normative Loan for HHEP@ 8.75%	106.513	9.009
6	Normative Loan for BHEP@ 9.60%	144.642	13.423
7	Normative Loan for RHEP@ 9.80%	19.214	1.820
8	Normative Loan for UIHEP@ 7.0%	150.207	10.164
Total		582.933	40.994

- (v) Thus, OHPC has requested the Commission to approve Rs 40.994 Cr for FY2026-27 towards payment of interest on normative loan for different Power Stations of OHPC as mentioned in the above table.

Table - 13

Interest on loan of different power stations of OHPC (Rs. Cr.)

Source of loan	Interest on loan for FY 2026-27						(Rs. In Crs)
	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	TOTAL
Normative loan	1.820	1.781	13.423	9.009	4.798	10.164	40.994

c) **Depreciation:**

Depreciation is the refund of capital subscribed and is a constant charge against an asset to create a fund for its replacement. It is an important component of Annual Fixed Cost of the Generating Station. Regulation 31(5) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 guides towards computation of depreciation. The comparative statement for actual loan repayment and depreciation @ 2.57% of the Project Cost / GFA (pre-1992 Norms) for FY2026-27 are shown in the Table below to arrive at the total depreciated amount (Rs.82.754 Cr.), which OHPC has claimed for FY 2026-27.

Table - 14

Depreciation Claim for FY 2026-27 (Rs. in Cr)

Sl. No.	Power Stations	Project Cost/ GFA	Depreciation @ 2.57%	Loan Repayment	Depreciation Claimed@2.57% of the Project Cost/ GFA or Loan repayment whichever is higher
1.	RHEP	184.384	4.739	1.281	4.739
2.	UKHEP	161.340	4.146	1.253	4.146
3.	BHEP	570.519	14.662	9.643	14.662
4.	HHEP	499.887	12.847	7.101	12.847
5.	CHEP	237.952	6.115	3.376	6.115
6.	UIHEP	1445.738	37.155	40.244	40.244
Total		3099.82			82.754

d) **Operation and Maintenance (O&M) Expenses:**

- (i) Based on Regulation 3(1)(vv), Regulation 21(2) and Regulation 34(2)(f) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024, OHPC has submitted the power station wise and asset wise estimated additional capitalization (less than Rs 20 lakhs) and Capital Spares (valuing up to Rs. 10 lakhs) as per budgetary provisions, approved by OHPC for FY 2024-25 & FY 2025-26 amounting to Rs.5.991 Crs, which have not been considered as estimated additional capitalization and the same are included in the O & M expenses. The power station-wise and asset-wise details of the estimated capital

expenditures less than Rs.20 lakhs and Capital Spares valuing up to Rs.10 lakhs are given in the Table below.

Table - 15
CAPITAL EXPENDITURES CONSIDERED UNDER O&M FOR FY 2025-26
(Rs.in Crs)

SL. No	Power Stations	Estimated Capital Spares valuing up to Rs. 10 lakhs for FY2024-25	Estimated Additional capital expenditure costing less than Rs. 20 lakhs FY2024-25	Total Additional Capitalisation of the audited account not capitalised but considered in O&M for FY 2026-
(1)	(2)	(3)	(4)	(5)=(3)+(4)
1	RHEP	0.00	0.177	0.177
2	UKHEP	0.00	1.214	1.214
3	BHEP	0.00	0.635	0.635
4	HHEP	0.00	0.666	0.666
5	CHEP	1.750	0.789	2.539
6	Sub Total	1.750	3.481	5.231
7	UIHEP	0.384	0.376	0.760
8	Total	2.134	3.857	5.991

(ii) It is submitted that the Commission in the previous years has approved O&M expenses of different power stations of OHPC by escalating the average of actual O&M expenses of last two years @ 5.72% per year and deleted the Dam Maintenance Expense against UIHEP received from DoWR. As per the existing practice of computation of O&M, OHPC, it is stated, has computed the O&M Expenses of its power stations for the FY 2025-26 by escalating the average of actual O&M expenses for FY 2022-23 & FY 2023-24 @ 5.72% for FY 2024-25 & FY 2025-26 and has deducted an amount of Rs.2.43Crs from the O&M Expenses of UIHEP, Mukhiguda towards the Dam Maintenance Expense received from DoWR in FY 2023-24 (audited) as per the principle adopted by the Commission in the tariff orders of OHPC for FY 2022-23, FY2023-24 & FY 2024-25.

(iii) OHPC has included estimated other spares of capital nature valued up to Rs 10 lakhs, additional capital expenditure of an individual asset costing less than Rs.20

lakhs for FY 2024-25 & FY 2025-26, in the O&M expenses as per Regulation 3(vv) & 21(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024. The same is computed as Rs.5.991Cr. These expenses have been added to the escalated value of average O&M expenditure of FY 2023-24 & FY 2024-25.

(iv) After deducting losses from assets, inventory, CSR, rebate on sale of scrap, and donations (as noted by the Commission), the audited O&M expenses for FY 2021-22 and 2022-23 are Rs.278.646 Cr and Rs.316.973 Cr. respectively. Hence, the O&M expenses for FY 2024-25 stand at Rs. 332.854 Cr. compared to Rs.317.89 Cr approved by the Commission.

(v) Accordingly, the computation of O & M Expenses of different power stations of OHPC for FY 2026-27 are shown in the Table below.

Table - 16
Statement of O & M Expenses for different power stations of OHPC for FY 2026-27
(Rs. Cr.)

Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	CO	Total
1	O & M expenses for FY 2025-26 approved by OERC	56.130	71.790	59.180	55.020	25.660	267.780	67.130	-	334.910
2	O & M expenses for FY 2023-24 as per Audited Account.	47.826	52.889	49.620	47.392	23.187	220.914	55.380	35.640	311.934
3	O & M expenses for FY 2024-25 as per Audited Account.	52.095	62.588	53.139	56.678	31.589	256.089	71.742	48.323	376.154
4	Average of O&M expenses (2023-24 & 2024-25)	49.961	57.739	51.380	52.035	27.388	238.502	63.561	41.982	344.044
5	Escalation @5.47% for FY 2025-26	52.693	60.897	54.190	54.881	28.886	251.548	67.038	44.278	362.863
6	Escalation @5.47% for FY 2026-27	55.576	64.228	57.154	57.883	30.466	265.307	70.705	46.700	382.712
7	Add: Estimated Additional capitalization less than Rs 20lakhs and	0.177	1.214	0.635	0.666	2.539	5.231	0.760	-	5.991

Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	CO	Total
	Capital Spares valuing up to Rs. 10 lakhs for the FY2024-25 & FY2025-26 (Corporate Office apportioned)									
8	Total O & M Expenses for the FY 2025-26(6+7)									
9	Corporate Office expenses apportioned to different units under OHPC based on Installed Capacity	5.724	7.326	11.676	6.589	1.648	32.963	13.737	46.700	-
10	Total O & M Expenses for the FY 2025-26(8+9)	61.476	72.768	69.465	65.138	34.653	303.501	85.202	46.7	388.703

(vi) Thus, OHPC has requested the Commission to approve Rs.388.703 Cr towards O&M Expenses for FY 2026-27 for its different Power Stations.

e) Interest on Working Capital

(i) OHPC has computed Interest on Working Capital of different power stations for FY 2025-26 as per Regulation 32(4) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024.

(ii) It is submitted that the Reserve Bank of India has issued guidelines for setting lending rate (on loans) by commercial banks under the nomenclature Marginal Cost of Funds based Lending Rate (MCLR). The MCLR of SBI (as on 1st April 2025) for one year was 9%. OHPC has considered the MCLR rate of SBI (as on 01.04.2024) plus 300 basis point for computation of Interest on working capital as per Regulation 32(3) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. Accordingly, basing upon the above principles, the Interest on working Capital of different power stations of OHPC for FY 2026-27 has been calculated, the details of which are given in the Table below.

Table - 17
Interest on Working Capital for FY 2026-27 (Rs. in Crs)

Sl. No.	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
1	Interest on Loan & GC	1.820	1.781	13.423	9.009	4.798	30.830	10.164	40.994
2	RoE	4.506	2.661	22.707	22.374	7.522	59.770	61.761	121.531
3	O & M Expenses	61.476	72.768	69.465	65.138	34.654	303.501	85.202	388.703
4	Depreciation	4.739	4.146	14.662	12.847	6.115	42.510	40.244	82.754
5	Less Non-Tariff Income	1.931	1.099	4.994	1.259	0.302	9.585	2.782	12.367
6	Adjustment of Non-Tariff Income of FY2024-25	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.954
7	Less Sale of Power to CSPDCL				3.403		3.403		3.403
8	Total [1+2+3+4-5+6-7]	71.218	81.034	116.502	105.405	52.962	427.120	196.045	623.166
10	O & M Expenses for One Month	5.123	6.064	5.789	5.428	2.888	25.292	7.100	32.392
11	Maintenance spares @15% of O & M Expenses	9.221	10.915	10.420	9.771	5.198	45.525	12.780	58.305
12	Receivable equivalent to 45days of Annual Fixed Cost	9.127	10.395	14.822	13.418	6.749	54.513	24.831	79.344
13	Total Working Capital	23.472	27.375	31.031	28.617	14.835	125.330	44.712	170.042
14	Interest on Working Capital calculated @ 12.00%	2.817	3.285	3.724	3.434	1.780	15.040	5.365	20.405

OHPC has requested the Commission to approve Rs 20.40 Crs towards Interest on Working Capital for the FY 2026-27 for the different Power Stations of OHPC.

f) Non- Tariff Income (NTI)

- (i) OHPC has submitted the details of Non-Tariff income of each power station, as per the requirement of Regulations 35(1) & (2) & 60 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2024. The details of non-tariff Income for FY 2024-25 (audited) are given in the following Table:

Table - 18
Non-Tariff Income of different Power Stations of OHPC for FY 2026-27 (Rs Cr.)

Sl. No	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Net sharable Non-Tariff Income	1.93	1.10	4.99	1.26	0.30	2.78	12.37
2	50% of net sharable Non- Tariff Income to be considered in ARR	-	-	-	-	-	-	12.37

(ii) Adjustment of excess payment of Non-Tariff Income (NTI) by OHPC in the tariff for FY 2021-22:

It is submitted that the Commission in its order dated 05.09.2022 in Case No.65 of 2021 had observed on treatment of NTI & recovery of excess deduction of NTI in FY 2021-22. Accordingly, OHPC has adjusted Rs.4.954 Crs (i.e. Rs.24.77 Crs/5=Rs.4.954 Crs) as 3rd instalment of recovery of excess Non-tariff income deducted by OERC in the Tariff of OHPC for FY 2021-22. The above amount is apportioned among the different Power stations of OHPC in the ratio of their installed capacity. Accordingly, OHPC has requested the Commission to approve the sharable non-tariff income of Rs.4.954 Cr. for different power stations for FY 2026-27.

12. Aggregate Revenue Requirement (ARR) & Tariff for the FY 2026-27

Based on the above parameters, the power station-wise ARR and tariff of OHPC, as proposed for FY 2026-27 are shown in the following Table:

Table – 19
Station wise ARR and Tariff for FY 2026-27 considering saleable D.E. of 5601.62 MU

Details expenses	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Existing Saleable Design Energy (MU)	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
(Rs. in Crs.)								
Return on Equity	4.506	2.661	22.707	22.374	7.522	59.770	61.761	121.531
Interest on Loan	1.820	1.781	13.423	9.009	4.798	30.830	10.164	40.994
Depreciation	4.739	4.146	14.662	12.847	6.115	42.510	40.244	82.754

Details expenses	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
O & M expenses	61.476	72.768	69.465	65.138	34.654	303.501	85.202	388.703
Interest on Working Capital	2.817	3.285	3.724	3.434	1.780	15.040	5.365	20.405
Total Cost	75.358	84.641	123.981	112.802	54.868	451.651	202.736	654.387
Less Non-Tariff Income as per Audited Account for FY2024-25	1.931	1.099	4.994	1.259	0.302	9.585	2.782	12.367
Adjustment of recovery of 3rd instalment of excess Non-Tariff income deducted in ARR of OHPC for FY2021-22 (Apportioned as per Installed Capacity)	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.954
Less Sale of power to CSPDCL for 2026-27				3.403		3.403		3.403
Total ARR for FY2026-27	74.034	84.319	120.226	108.839	54.742	442.160	201.411	643.571
Average Tariff (p/u)	142.44	102.37	102.65	164.78	113.08	120.83	103.69	114.89

13. Application Fee and Publication Expenses

(i) Application and Publication Expenses are governed under Regulation 66 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. In Notification No. 1992 dated 31.08.2009 the Commission has fixed a fee of Rs.5000/- per MW as application fee for determination of tariff of conventional fuel based plant / hydel plants subject to maximum limit of Rs.25,00,000/- (Rupees Twenty-five lakhs). In consideration of the above order, OHPC has to deposit application fee of Rs.25 Lakhs for FY 2026-27. Further, OHPC has proposed Rs.2 Lakhs reimbursement towards publication expenses for FY 2026-27. It has requested the Commission to approve Rs.27 Lakhs under this head to be reimbursed from GRIDCO. The details are given in Table below:

Table - 20
Application Fees and Publication Expenses FY 2026-27

(Rs. In lakhs)

Sl. No.	Particulars	Amount to be reimbursed
1	Application fee for FY2026-27	25.00
2	Publication expenses for FY2026-27	2.00
	Total	27.00

14. Electricity Duty on Auxiliary Consumption

- (i) As per the PPA, the taxes and duties including ED on auxiliary consumption etc payable by OHPC to the State Government and other statutory bodies shall be passed on to GRIDCO in the shape of supplementary bill raised by OHPC. GRIDCO will make payment accordingly within 30 days of receipt of bills. As per the Odisha Electricity (Duty) Amendment Act, 2016, notified in Gazette Notification No. 1981 Dtd. 05.11.2016, the electricity duty (ED) shall be paid on auxiliary equipment consumption and the transformer losses within the power stations. The Auxiliary Energy Consumption (AUX) has been defined in CERC Tariff Regulation 2024 & OERC (Terms & condition for determination of generation Tariff) Regulation, 2024.
- (ii) Based on the subsequent implementation of Odisha Electricity (Duty) Amendment Rules, 2017 by Dept. of Energy, Govt. of Odisha *vide* Notification No.617 dated 24.01.2017, OHPC is paying Electricity Duty payable on total Energy Generated minus total Energy Sold in “J” format. It is asserted by OHPC that the Electricity Duty is payable on the Auxiliary Equipment consumption and Transformer loss within the Power Station.
- (iii) Further, the Dept. of Energy, GoO has revised the rate of ED *vide* notification No.912 dated the 12.05.2017. Accordingly, the Rate of Electricity Duty / Unit has been revised from 30 paise per unit to 55 paise per unit with effect from 12th May 2017. OHPC has computed ED @ 55paise per unit for all power stations and has requested the Commission to approve the reimbursement of ED amounting to Rs.3.176 Cr for FY 2026-27 by GRIDCO. The details are given in Table below.

Table - 21
ED claim for OHPC's power station for FY 2026-27

(Rs. in Crs)

Power Stations	Design Energy (in MU)	Proposed Percentage of Auxiliary Energy Consumption (in %)	Auxiliary Energy Consumption to be approved (in MU)	ED Rate Applicable (in Rs/Unit)	ED proposed for Reimbursement by OHPC @55p/u (in Crs)
RHEP	525	1	5.25	0.55	0.289
UKHEP	832	1	8.32	0.55	0.458
BHEP	1183	1	11.83	0.55	0.651
HHEP	684	1	6.84	0.55	0.376
CHEP	490	1.2	5.88	0.55	0.323
UIHEP	1962	1	19.62	0.55	1.079
Total	5676		57.74	0.55	3.176

15. License Fee for Use of Water for Generation of Electricity

- (i) As per the gazette Notification dated 01.10.2010, OHPC has to pay @ Rs. 0.01/KWh as Licence Fee on water used for generation of electricity from all Hydro Electric Project and the same would be reimbursed from GRIDCO. Govt. of Odisha in the Revenue & Disaster Management Department has amended the Odisha Irrigation (Amendment) Rule, 2016, which was published in Odisha Gazette on 27.09.2016. As per Rule-23-A (2) (f) of the Odisha Irrigation Rule, the license fee for drawl or allocation of water was enhanced @ 10% per annum w.e.f. 1st day of April earlier each year or specified year. Accordingly, OHPC was paying water cess @ 1.1paise/ unit in FY 2017-18, @ 1.2 paise / unit in FY 2018-19, @ 1.3paise/ unit in FY 2019-20, @ 1.4paise / unit in FY2020-21, @ 1.5paise / unit in FY 2021-22, @ 1.6paise / unit in FY 2022-23, @ 1.7paise / unit in FY 2023-24 , @ 1.8paise/ unit in FY 2024-25, @ 1.9 paise/ unit in FY 2025-26 and got it reimbursed from GRIDCO. In similar manner it shall pay Licence Fee on water used for generation of electricity for FY 2026-27 @ 2.0 paise/ unit amounting to Rs.11.352 Cr based on the approved design energy for generation as shown in the Table below, which shall be reimbursed from GRIDCO on actual basis. As per Clause 6 of New Machkund Agreement, 2020, the Water Cess for Odisha Share of MHEP (jt.) Scheme is to be approved by the Commission as reimbursement on payment to Govt. of Odisha as statutory dues. Accordingly, OHPC has included the

reimbursement of Water Cess on sale of Odisha Share of MHEP in Table-22 below.

Table - 22
License fee for Consumption of water for generation of electricity during the FY 2026-27
(Rs. in Crs)

Power Stations	Design Energy (in MU)	Licence Fee on water Proposed by OHPC @0.019Rs/Kwh of Generation (in Crs)	Remarks
RHEP	525	1.050	OHPC will claim reimbursement @Rs 0.020/Kwh on actual generation of each Power Station.
UKHEP	832	1.664	
BHEP	1183	2.366	
HHEP	684	1.368	
CHEP	490	0.980	
UIHEP	1962	3.924	
Total	5938.5	11.352	

Thus, OHPC prays before the Commission for approval of provisional amount of Rs.11.352 Cr towards License fee, which is to be reimbursed by GRIDCO subject to approval to the extent of actual water Cess paid to the Govt. based on actual generation pattern for FY 2026-27.

16. SLDC Charges

- (i) As per OERC (fees & charges of State Load Dispatch Centre and other related matters) Regulations, 2010, SLDC has to levy and collect annual charges from the users towards System Operation Charges (SOC) and Market Operation Charges (MOC).
- (ii) The Commission has provisionally approved Rs.1.60 Cr towards payment of SLDC fees & charges in FY 2025-26 considering 1635 MW of average available Capacity from OHPC's power Stations, which is to be collected by SLDC from OHPC on monthly basis and OHPC has to reimburse the same from GRIDCO. Since OHPC has not received the ARR, fees & charges of SLDC for FY 2025-26, the previous year approved charges applicable to OHPC has been escalated @ 5.47% to arrive at the charges payable by OHPC in FY 2025-26. Accordingly, Rs.1.6875Crs. has provisionally been considered as fees & charges of SLDC payable by OHPC

assuming average available Capacity of 1795 MW from OHPC’s Power Stations for FY 2026-27 considering the shutdown of different generating units on account of renovation & modernization & other planned maintenance. Accordingly, OHPC has requested the to provisionally approve Rs.1.6875 Crs to be reimbursed by GRIDCO towards payment of SLDC fees & charges for FY 2026-27 considering 1795 MW of average available Capacity from OHPC’s power Stations.

17. Reimbursement of Contribution Made to ERPC

OHPC has been paying annually Rs.15 Lakhs towards contribution to ERPC Establishment Fund & Rs 01 Lakh towards contribution to ERPC Fund. Assuming the same claim of ERPC, OHPC has claimed Rs.16.0 Lakhs as a pass through in the tariff for FY 2025-26, which is to be reimbursed by GRIDCO. Any excess claim (above Rs.16.0 Lakhs) made by ERPC in FY 2026-27 will be claimed as additional reimbursement in the subsequent Tariff year.

18. Income Tax

Regulation 29(1) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 governs Tax on Income. Income Tax paid by OHPC for the FY 2024-25 is detailed below:

Table - 23
Calculation of Income Tax for Reimbursement for FY 2026-27 based on Audited Account of FY 2024-25

Statement of Computation of income Tax Reimbursement from GRIDCO		
(Rs. In Crs)		
Sl. No	Particulars	As per OERC Generation Tariff Regulation 2024
A	Total Other Income as Per Audited Accounts (Refer Note No- 31 of Audited Accounts)	424.47
B	Non Tariff Income reduced From ARR	12.37
C	Reimbursement from GRIDCO on A/C of Income Tax	25.27
D	Dam Share from DOWR	11.97
E	Net Other income	374.86

Statement of Computation of income Tax Reimbursement from GRIDCO		
(Rs. In Crs)		
Sl. No	Particulars	As per OERC Generation Tariff Regulation 2024
F	Income Tax on other Income @25.168%	104.30
G	Total Tax liability as per Audited Accounts	130.55
H	Income Tax to be claimed from GRIDCO (G-F)	26.25

Accordingly, OHPC prays for approval of Rs 26.25 Cr towards reimbursement of income tax for FY 2026-27 on core business.

Therefore, OHPC pending pronouncement of order in case No. 49/2025 prays before the Commission to kindly approve Rs26.25Crs towards income tax reimbursement of income tax for FV 2026-27 on core business.

19. Details of Reimbursement Cost:

Total reimbursement cost claimed for FY 2026-27 by OHPC is given in the following Table.

Table - 24
Details of Reimbursement for FY 2026-27

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
<i>(a) License fee for use of water for generation of electricity for FY 2026-27.</i>	1.050	1.664	2.366	1.368	0.980	3.924	11.352
<i>(b) ED on Auxiliary Energy Consumption for FY2026-27.</i>	0.289	0.458	0.651	0.376	0.323	1.079	3.176
<i>(c) SLDC charges for FY 2026-27.</i>							1.688
<i>(d) Application fees and publication expenses for FY2026-27.</i>							0.27

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
<i>(e) ERPC charges for FY2026-27.</i>							0.16
<i>(f) Income Tax for tariff Year 2026-27 as per Audited Account of FY 2024-25</i>							26.25
Total							42.896

Thus, OHPC has requested that the Commission to approve the total reimbursement of Rs.42.896 Cr. The above expenditure, it is requested, may be included in GRIDCO's ARR and shown as revenue requirement in OHPC filing for FY 2026-27.

20. Aggregate Revenue Requirement & Tariff for Machhkund H.E. (Jt.) Scheme

- (i) OHPC has submitted that the Final bill received from APGENCO towards 50% share of O&M expenditure payable by OHPC to APGENCO for FY 2023-24 amounts to Rs 37.158 Cr. The total expected annual expenditure towards 50% power purchase cost from MHEP is calculated as Rs.37.158 Cr for FY 2026-27 by applying escalation factor of 5.72% per year. The cost per unit is derived as Rs.143.272 paisa/ unit considering drawl of 50% share of saleable design energy of Machhkund i.e. 259.35 MU.

Table - 25
Projected Tariff of Machhkund H. E. (J) Scheme for FY 2026-27

PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2026-27	
Present Installed Capacity of MHEP (Jt.) Scheme (MW)	120
(50%) Odisha Share as per New Agreement dated 23.10.2020 (MW)	60
Design Energy of MHEP for Generation (MU)	525
Normative Auxiliary Energy Consumption (AUX) (%)	1.2%
Normative Auxiliary Energy Consumption (AUX) (MU)	6.3
Saleable Design Energy for sharing between Andhra Pradesh & Odisha (MU)	518.7
(50%) Saleable Design Energy Share of Odisha (MU)	259.35
Drawl of Total Share of Odisha Energy by GRIDCO (MU)	259.35

PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2026-27	
O&M Escalation factor @ 5.47 % for two years over the O&M Bill of MHEP for FY 2024-25.	1.112
	(Rs. in Crs.)
1. Total Audited Cost of O&M Bill of MHEP (Jt.) for the FY 2024-25.	66.80665
2. 50% O&M Expenditure share (Orissa share of Actual O&M Expenditure for 2024-25)	33.403325
3. O&M Expenditure for FY 2026-27 applying the escalation factor	37.1576
4. Total Expected Expenditure during the FY 2026-27	37.1576
5. Provisional Tariff (Paise/Kwh)	143.272
Reimbursements of Statutory Dues/Duty/Cess as applicable shall be considered under the O&M Expenses.	

OHPC has requested the Commission to approve the provisional tariff of MHEP (Joint Scheme) @ 143.272 Paise/unit for FY 2026-27 and to make provision of Rs 37.1576 Crores in the ARR of OHPC & GRIDCO. The differential amount payable to APGENCO, if any, shall be determined after annual joint reconciliation between OHPC & GRIDCO and shall be considered on the next Tariff for approval.

21. Tariff for Energy Billing to Chhattisgarh State Power Distribution Company Limited (CSPDCL):

(i) OHPC has submitted that the erstwhile Chhattisgarh State Electricity Board (CSEB), presently Chhattisgarh State Power Distribution Company Limited (CSPDCL), has been drawing 5MW share of Chhattisgarh State (erstwhile share holder being Madhya Pradesh) from Hirakud and is taking a plea since FY 2006-07 to pay the energy charges as per the tariff approved by the Commission for HHEP, Burla, applicable for the consumers of Odisha, considering the supportive measures extended by the Govt. of Odisha, which is considerably less than the actual cost of generations from HHEP on which billing is made to them as per the Minutes of Meeting dated 24.12.2004.

(ii) It is submitted that the energy billing and other applicable terms & conditions have been decided by the Hon'ble High Court, Jabalpur, MP (vide orders dated 16.12.2004 & 02.09.2005 in W.P. No. 1241/2002); Order dated 17.08.2006 of the Ministry of Power, Govt. of India; Minutes of Meeting dated 24.12.2004 under the

Chairmanship of the Chief Secretary, Govt. of Odisha. In spite of this CSPDCL, Chhattisgarh did not accept the concept of energy billing of generation from Hirakud Power. Finally in a meeting at Raipur between OHPC & CSPDCL on 28.10.2014, it was decided as under:

“Signing of PPA:

It is jointly agreed that PPA shall be executed between OHPCL & CSPDCL for purchase of 5 MW power from Hirakud Hydro Electric Project, Burla. For execution of PPA a draft power purchase agreement shall be sent by OHPC which is after getting approved by Chhattisgarh State Electricity Regulatory Commission, execution shall be done.

Applicable tariff for power purchase from HHEP, Burla

CSPDCL suggested that as power is being purchased from a hydel power project situated in Orissa it has status of inter-state project, as such tariff should be decided in accordance to norms approved by Central Electricity Regulatory Commission. Further OHPC has submitted that OERC has jointly agreed to decide the tariff from 2006-07 onwards in accordance to regulation notified by CERC, treating HHEP Burla as a inter-state entity. In case OERC advises to apply CERC for fixation of tariff for this inter-state transaction, then OHPC shall file a petition before CERC for fixation of tariff.

Presently it is decided that from 2008-09 onwards CSPDCL shall pay at a rate as approved by OERC provisionally till the rate is approved by appropriate Commission and afterwards necessary adjustment shall be done in accordance to law.”

- (iii) OHPC has submitted that the Commission have provisionally fixed the Energy Charge Rate (ECR) for billing the CSPDCL for FY 2015-16 to FY 2025-26. For FY 2026-27, OHPC has computed the tariff for billing of Energy to CSPDCL as per the CERC (Terms and Conditions of Tariff) Regulation’2024. The same is furnished in the Table below.

**Table - 26
Tariff for CSPDCL for 2026-27**

Details of Expenses HHEP	Amount (Rs in Crs)
Salable Design Energy of HHEP (in MU)	677.16
Project Cost/ GFA (Up-valued cost as on 01.04.1996 + Capitalization up to 31.03.2025 - Decapitalization)	557.30

Details of Expenses HHEP	Amount (Rs in Crs)
Return on Equity (@ 22.0494%)	36.86
Interest on Loan	10.37
Depreciation (@ 5.28%)	29.43
O & M expenses (Escalated @ 5.47%)	58.03
Interest on Working Capital (@ 11.90%)	3.75
Total ARR	138.44
Average Tariff (p/u)	204.440
Total amount to be billed for 16.644MU for FY2025-26 (Rs in Crs)	3.403

OHPC has requested the Commission to approve the tariff for energy billing on CSPDCL @ 204.440 paisa/unit for FY 2026-27.

22. Normative Plant Availability Factor (NAPAF)

- (i) Regulation 50(c) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 governs the field for fixing of NAPAF for different power stations of OHPC. Further, the Commission in Case No. 52 of 2019 had fixed the NAPAF of different power stations as follows:

Table -27

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

In view of the above, the NAPAF of different power stations of OHPC for FY 2026-27 for computation of Capacity Charges, it is requested, be extended, as mentioned in the Table below:

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

23. Two-Part Tariff

- (i) OHPC has stated that as per Regulation 45(1) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024, the fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified

therein and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge. Further, as per Regulation 45(12) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024, the computation and payment of capacity charge and energy charge for existing plants of OHPC will be determined by the Commission from time to time. Annual capacity charges, annual energy charges and energy charge rate of different power stations of OHPC for FY 2026-27 are shown below.

Table - 28
Capacity charge and energy charge of OHPC power stations for FY 2026-27

Name of the Power Stations	Annual Fixed Cost (AFC) (Rs in Crs.)	Annual Capacity Charges (ACC) (Rs in Crs.)	Annual Energy Charges (AEC) (Rs in Crs.)	Saleable Design Energy (in MU)	Energy Charge Rate (ECR) (in P/U)
RHEP, Rengali	74.034	37.017	37.017	519.75	71.221
UKHEP, Baraniput	84.319	42.159	42.159	823.68	51.184
BHEP, Balimela	120.226	60.113	60.113	1171.17	51.327
HHEP, Burla	108.839	54.420	54.420	660.52	82.389
CHEP, Chiplima	54.742	27.371	27.371	484.12	56.538
UIHEP, Mukhiguda	201.411	100.705	100.705	1942.38	51.846

OHPC has requested the Commission to approve the AFC, ACC, AEC & ECR of its power stations as indicated in Table above for FY 2026-27.

24. Views of Objectors and Reply/Rejoinder on various issues of OHPC

The observation/comments/views of objectors and corresponding Rejoinder/Reply of OHPC on various issues are as follows:

(a) Annual Fixed Cost (AFC)

Views of Objector(s) :

- (i) Mr. Basudeb Bhatta has submitted that the proposed Annual Fixed Costs (AFC) and Energy Charge Rates (ECR) for various power stations show significant hike compared to the approved figures for FY2025-26. For instance, the AFC for Rengali HEP is proposed at Rs.74.034 Cr (an increase of approximately 8% from Rs. 68.490 Cr), with ECR at 71.221 p/u (up ~ 8% from 65.887 p/u); Balimela HEP at Rs.120.226 Crs (up ~ 15% from Rs.104.269 Cr) and ECR 51.327 p/u (up ~ 15% from 44.515 p/u); Chiplima

HEP at Rs.54.742 Cr (up ~ 22% from 44.847 Cr) and ECR 56.538 p/u (up ~ 22% from 46.345 p/u). Similar escalations are noted for other stations like Mukhiguda (up ~ 21%). He requests the Commission to direct OHPC to provide a detailed breakdown of cost drivers (e.g., O&M expenses, interest on loans, depreciation) and conduct a prudence check under the OERC Regulations, 2024 to disallow any unjustified escalations. This, according to him, would prevent unnecessary tariff hikes, thereby stabilizing or reducing retail power bills for Odisha's households, industries, and agricultural consumers.

(ii) Mr. Anand Kumar Mahapatra has submitted that the Commission had approved total ARR of Rs.561 Crs against the OHPC's proposed Rs.671.12 Crs for the current FY. Similarly, the average Tariff was proposed for 119.80P/U against which the Commission had approved 100 P/U for the current FY. OHPC has proposed ARR of Rs.643.57 Crs for the ensuing FY 2026-27 indicating thereby that OHPC is in the habit of proposing excess ARR and excess Average Tariff.

Rejoinders/Reply of OHPC:

OHPC has submitted that O&M expenses have increased from Rs.334.90 crore to Rs.388.703 crore (increase of Rs.53.803 crore) based on actual expenses in FY 2024-25 after permissible deductions. As a result, the total cost has risen from Rs.571.888 crore to Rs.654.387 crore. Non-tariff income and revenue from sale of power have marginally increased based on audited figures and applicable norms of the Central Electricity Regulatory Commission Regulations, 2024. Accordingly, the total ARR has increased to Rs.643.571 crore, and the average tariff has been proposed at 114.89 paise per unit as against 100.23 paise per unit in FY 2024-25.

Regulations 3(1), 21, 22, 23, and 31(8) of the OERC Generation Tariff Regulations, 2024 provide for generators to approach the Commission for approval of additional capitalization aimed at improving reliability and extending the useful life of generating units by another 10 to 15 years. In this context, the proposed tariff hike is justified from a long-term perspective.

OHPC has further submitted that in line with the above Regulations, the timely preventive measures such as Capital Maintenance and/or Renovation & Modernization (R&M) are to be undertaken, otherwise these units may suffer prolonged forced outages, leading to de-rating or even de-commissioning as the generating units of OHPC are aging and are nearing the end of their useful life. OHPC's tariff is among the lowest in the Country.

Therefore, both the consumers of the State and the Commission need to extend their support for preserving these hydro assets enabling continued harnessing of inexpensive power and improving overall grid reliability.

(b) Saleable design energy

View of Objector(s):

Mr. Basudeb Bhatta has submitted that the saleable design energy figures remain unchanged from FY 2025-26 (e.g., 519.75 MU for Rengali, 1942.38 MU for Mukhiguda), despite Historic shortfalls attributed to hydrology situation or maintenance issues, which have been identified in past hearings as inefficiencies. He seeks a direction from the Commission to OHPC to seek revision of design energy from the Central Electric Authority (CEA) if underperformance persists, in line with Regulation 45(7) and link tariff approvals to minimum generation targets. Additionally, in cases of surplus generation (as seen in FY 2024-25 with ~ 856 MU excess), surplus revenue should be credited back to consumers through a reduced ECR. This would enhance plant efficiency, increase affordable hydropower supply, reduce reliance on costlier thermal sources, and improve energy security for the public.

Response of OHPC:

OPHC has submitted that the shortfalls in generation arising from adverse hydrological conditions are inherently beyond the control of the generator. The Commission has duly acknowledged this fact in its earlier orders and has directed OHPC to approach the Central Electricity Authority (CEA) for revision of the design energy of UIHEP, CHEP, BHEP, and UKHEP. In compliance with the said directions, OHPC is in the process of revising the design energy of these stations by engaging independent expert consultants. With regard to the treatment of surplus generation during periods of favourable hydrology, the same is governed by the specific directions of the Commission issued vide Orders dated 10.06.2005 and 23.03.2006. In Order dated 10.06.2005, OHPC was directed to maintain a separate fund for depositing revenues earned from the sale of secondary energy. This fund is intended to offset revenue shortfalls arising in years of hydrological failure thereby providing long-term tariff stability and necessary comfort to the consumers of the State. However, the suggestion of the respondent to credit surplus revenue to consumers through a reduced Energy Charge Rate (ECR) may not be feasible in case the secondary fund is having negative balance.

(c) O&M Cost

View of Objectors:

- (i) GRIDCO has submitted that the comparative statement of Operation and Maintenance (O&M) expenses projected for FY 2026–27 vis-à-vis those approved by the Commission for FY 2025–26 indicates a substantial increase across all stations. The petitioner has projected total O&M expenses of Rs.388.703 crore for FY 2026–27 as against Rs.334.902 crore, approved for FY 2025–26, reflecting an overall rise of Rs.53.801 crore, primarily attributable to higher expenditure at UIHEP and BHEP. The projection also includes Corporate Office expenses of Rs.46.7 crore showing an increase of Rs.21.89 crore over the previously approved Rs.24.81 crore. In view of the significant escalation, GRIDCO Limited has requested the Commission to undertake prudent scrutiny of the O&M claims and direct the petitioner to furnish the detailed justification for the proposed increase.
- (ii) Mr. Basudeb Bhatta has submitted that the proposals likely include escalated O&M costs (Historically around 5.72% annually) and capital additions, similar to past filings where the Commission disallowed non-essential items like CSR expenses and donations, moderating O&M to Rs.334.90 Cr in FY 2025-26. Any potential overlap or unjustified inclusions should be scrutinised and a detailed audit to disallow non-essential costs requiring OHPC to submit cost-benefit analysis for proposed capital works (e.g., extensions from prior approvals like UIHEP’s Rs. 52.77 Cr main inlet valve replacement). This would promote cost controls, freeing resources for public benefits such as improved reservoir management to mitigate flood risks or support community initiatives around dams.

Rejoinders/Reply of OHPC:

OHPC has submitted that the actual O&M expenses based on audited account of OHPC for FY2023-24 approved by the Commission in Tariff Order for FY2025-26 was Rs.311.931 Crs. OHPC has considered the same for computation of O&M Expenses for FY 2026-27. The power station wise actual O&M expenses based on audited account of OHPC for FY 2024-25 after deducting loss of asset, loss of inventory, CSR, Rebate on sale of scrap and Donation as shown in the Tariff Application. The Dam share expenses of DoWR for UIHEP for FY2024-25 is deducted. Further, OHPC has projected Operation & Maintenance (O&M) expenses for FY 2026-27 strictly in accordance with the methodology consistently adopted and approved by the Commission in previous tariff orders. The projections are based on prudence checks, actual past trends, and normative

escalation factors applied by the Commission. It is further submitted that non-essential expenditures such as CSR expenses and donations have not been considered for tariff determination, in line with the past directions of the Commission. With respect to capital additions and Capital Maintenance / Renovation & Modernization (R&M) works, it is submitted that the Commission approves such schemes only after detailed technical, financial, and prudence scrutiny, and strictly in accordance with the provisions of the OERC Generation Tariff Regulations, 2024. Each capital proposal is subjected to justification of necessity, scope, and reasonableness of cost, and is finalized only after consideration of stakeholder views during the public hearing process. In this context, the replacement of the Main Inlet Valves of UIHEP, with an approved cost of ₹52.77 Crore, was duly examined and approved by the Commission after public hearing, recognizing its criticality for safe, reliable, and continued operation of the generating station. Hence, the apprehension regarding unjustified inclusion of capital works has no merit for consideration.

(d) Miscellaneous reimbursement from GRIDCO

View of Objector:

Mr. Basudeb Bhatta has submitted that the proposed Rs.42.896 Cr. miscellaneous reimbursement from GRIDCO as well as specific tariffs such as 204.440 p/u for CSPDCL (Chhattisgarh) and 143.272 p/u for Machkund HEP (joint with Andhra Pradesh) is without clear evidence that these do not subsidize external sales at the expense of Odisha consumers. Capping of reimbursements (e.g., electricity duty, water fees, SLDC charges) at verified actuals and offsetting them with non-tariff income from investments or secondary energy sales. This would lower the net ARR benefiting taxpayers (given OHPC's government ownership) and ensuring tariffs reflect true costs without under padding.

Rejoinders/Reply of OHPC:

OHPC has submitted that the suggestion of capping reimbursements (e.g., electricity duty, water fees, SLDC charges) at verified actuals and offsetting them with non-tariff income from investments or secondary energy sales is beyond the scope of the OERC Generation Tariff Regulation 2024. Further, the non-tariff income has already been deducted by the Commission from ARR of OHPC. Similarly, the Commission approves Tariff of CSPDCL as per CERC Norms, Upvalued cost of HHEP & additional capitalization approved for HHEP. Nevertheless, the revenue generated due to the sale of 16.644MU of power (i.e. Rs.3.403Cr for FY 2026-27) is deducted from proposed ARR of OHPC. In regard to the

Respondent's objection in regard to MHEP joint scheme, it is submitted that the Commission approves Tariff of MHEP(Jt.) scheme by sharing escalated actual O&M Expenses of FY 2024-25 in a ratio 50:50 in accordance with the bilateral agreement between State of Odisha & State of Andhra Pradesh. Scrutiny of previous year generation reveals that MHEP has always generated more than its design energy.

(e) Financial Statements for FY25 & True up

View of Objector:

Shri Ananda Kumar Mohapatra has submitted that the GENCO does not true up the ARR and Tariff for FY 25 in the instant proposal for ARR and determination of generation tariff for OHPC Power Stations for FY 27. However, on verification of financial statements like balance sheets as on FY 25 and P&L Account for FY 25, it is observed that the petitioner derives profit after tax for Rs358.09Cr. The revenue from operation of OHPC stands at Rs.553.66Cr and other income at Rs.424.47Cr, thereby the total income stands at Rs.978.12 Crs for FY 25.

Rejoinders/Reply of OHPC

OHPC had submitted that it has applied for Truing Up of ARR of OHPC Power Stations from FY 2020-21 to FY 2023-24 and the Commission in Order dated 24.01.2025 (in Case No. 69 of 2024) regarding approval of Truing Up of ARR of OHPC for the block period 2020-24 has deferred the Truing Up of ARR to FY 2025-26.

(f) Primary & Secondary role of State PSU OHPC

View of Objector:

Shri Ananda Kumar Mohapatra has submitted that the Govt. of Odisha Public Enterprise derives net profits after tax for Rs.358.09 Crs but it is surprising that the licensee has proposed for increase of Transmission Tariff by 15P/U for FY 27. The Finance Division of OHPC derives profit whereas the Commercial division (regulatory in nature) bats for in increase of the tariff. The above two divisions of OHPC are functioning in opposite directions without any common goal. The paradoxical functioning of the Finance & Commercial Divisions of OHPC puts question on the vision & mission laid down behind constitution of public enterprises by Govt. of Odisha. The matter which worries the most is that there are plenty of professionals belong to Accountancy, Economics, Engineering and law employed by Govt. of Odisha to work in line with the mission and vision of public enterprise but it is established that they have failed to accomplish the goals. The question

needs to be addressed by the Commission failing which further hike will aggravate the crisis seen in the power tariff of the State in comparison to national scene.

Reply of OHPC

No comments.

(g) OHPC generates a mere 30% of its capacity

Views of Objector:

Shri Ananda Kumar Mohapatra has submitted that a sum of energy of 23240 MUs (@4648Mus per annum) amounting Rs.13478Cr has been stolen directly from the Power House of OHPC by the Industries connected to Primary Grid Sub-station. If National Hydro Power Corporation (NHPC) generates power @50% of the capacity and the oldest Machkund HEP generates 56% of its capacity, then how could the Commission allow 30% capacity utilization by OHPC Stations.

Reply of OHPC

OHPC has submitted that NHPC's projects are predominantly run-of-the-river schemes situated in the Himalayan river basin, benefiting from perennial, snow-fed river systems that ensure sustained inflow and consequently higher plant load factors. Similarly, the Machkund Hydro Electric Project draws water from the Godavari basin, which has witnessed improved hydrological conditions in recent years, resulting in relatively stable generation. In stark contrast, OHPC's projects are reservoir-based installations located in peninsular river systems that are heavily dependent on seasonal monsoon rainfall and are inherently subject to significant inter-annual hydrological variability. Therefore, any direct comparison of generation performance or utilization factors is neither technically tenable nor hydrologically comparable. Furthermore, the allegation of diversion or "theft" of 23,240 MUs of energy is entirely baseless and factually untenable. No such diversion is possible without proper scheduling, metering, and accounting through the State Load Despatch Centre and the Commission-approved energy accounting framework.

(h) Actual Peak FRL attained by the Reservoirs

Views of Objector:

Shri Ananda Kumar Mohapatra has submitted that the actual peak FRL of the Reservoir attained during the year is never given by the Applicant in the Tariff applications. The Commission's Tariff orders do not carry such data. The Design FRL is given by Applicant but the actual peak FRL attained during the year under consideration is not given. The

actual Full Reservoir Level attained by the HEPs of OHPC during the last five years for consideration of the stake holders in the instant proceedings needs to be submitted.

Reply of OHPC:

OHPC has submitted that the maximum Reservoir Levels (RL) attained during the last five years reflect prudent and compliant reservoir operations within prescribed limits. Hirakud Dam consistently operated around its FRL of 630 ft; Balimela Dam reached levels up to 1514.20 ft against an FRL of 1516 ft; and Rengali Dam remained close to its FRL of 123.5 m. Similarly, Upper Kolab Dam and Upper Indravati Dam operated within permissible ranges, while Jalaput Dam attained levels nearing its FRL of 2750 ft. The data demonstrates that OHPC has consistently maintained reservoir levels in line with approved operating parameters, ensuring optimal generation while adhering to safety and regulatory norms.

(i) Pump Storage Projects (PSP)

Shri Ananda Kumar Mohapatra has questioned the prudence and economic justification of procuring power at a tariff of approximately Rs.7 per unit from the proposed Kharag HEP (63 MW) and has further expressed concerns as to whether procurement from Pumped Storage Projects, where the levelised tariff is stated to be above Rs.5 per unit, would be beneficial and aligned with the larger financial interest of the State.

Reply of OHPC:

OHPC has submitted that the claim that procurement from Pumped Storage Projects (PSPs) would not benefit the State is technically unsustainable. PSPs provide peak load support, renewable energy time-shifting, fast ramping, frequency regulation, spinning reserve, grid stability, voltage control, and black start capability making them essential in a renewable-intensive grid. It is submitted that the estimated annual generation versus pumping requirement is as follows:

UIHEP – 1040.00 MU generation against 1283.00 MU pumping; UKHEP – 1308.52 MU against 1745.18 MU; and BHEP – 1095.00 MU against 1303.57 MU, reflecting the operational design of PSPs as grid-balancing assets rather than net energy generators.

(j) ARR application of OHPC for FY 2026-27

Views of Objector:

GRIDCO has submitted that from the project cost & the average tariff approved by OERC for different stations for FY-2025-26 w.r.t. that projected for FY-2026-27, it is inferred that there is hike of Rs.124.961 Crs in the project cost and hike of 14.66 paise per unit in

the average tariff of OHPC Stations in FY: 2026-27 with respect to the approved average tariff of OHPC Stations for FY:2025-26. Additionally, the hike of Rs.124.961 Crs. in the project cost of OHPC stations is mainly due to Additional Capitalization for FY-2024-25.

Reply of OHPC

No comments.

(k) Design Energy of OHPC Stations

Views of Objector:

- (i) GRIDCO has submitted that the Commission had directed OHPC in the tariff Order FY:2025-26 to approach CEA for revision of the design energy of stations such as UIHEP, UKHEP, BHEP, and CHEP where generation has remained consistently below the approved design levels for more than four years. Some of the generating stations are not able to achieve their Annual Design Energy approved by the Commission due to various constraints resulting in non-recovery of approved Energy Charges. However, the petitioner has stated that reassessment and tendering activities are in progress, without providing any concrete timelines. The Petitioner has retained the approved Design Energy of 5938.50 MU for FY 2026-27 and has requested its continued consideration for tariff computation, without proposing any station-wise modification to the approved Design Energy. Moreover, the lower generation in comparison to the design energy would have upward revision of tariff as compared to other years.
- (ii) Shri Ramesh Satpathy has submitted that the design energy fixed for Hydro Generation of the above Power Projects are 5676 MU and actually the OHPC generating more power than the design energy. The State Govt. has to see that the water resource management should cooperate with OHPC for generation of more low cost power.

Reply of OPHC:

OHPC submits that although the Commission in the Tariff Order for FY 2025–26 had advised OHPC to approach the Central Electricity Authority (CEA) for revision of Design Energy, such reassessment constitutes a complex, data-intensive, and long-term technical exercise. The process necessarily entails analysis of updated hydrological data over multiple years, undertaking fresh bathymetric and siltation studies, revalidation of dependable year inflows and a comprehensive review of reservoir operation constraints. Each of these components requires detailed technical investigation, validation, and coordination with competent authorities before any conclusive determination can be made.

In this regard, OHPC has already initiated the process and the reassessment along with associated tendering activities is presently in progress. However, the finalisation of timelines is inherently contingent upon completion of technical studies, accuracy of data validation, and subsequent regulatory examination. Therefore, it is not feasible at this stage to pre-emptively commit to definitive timelines for completion of the Design Energy revision exercise.

(l) Secondary Fund Utilisation

Views of Objector:

GRIDCO has submitted that the Commission in the Tariff Order for FY 2025–26 had merely directed OHPC to report the status and contribution of the Secondary Energy Fund. In the Tariff Application for FY 2026–27, OHPC has disclosed a cumulative negative balance of Rs.141.254 crore as on 31.03.2025 and sought recovery in instalments, linking the shortfall to hydrology failure in terms of Regulations 45(7) and 45(8) of the Odisha Electricity Regulatory Commission Regulations, 2024. It is contended that earlier orders dated 10.06.2005 and 23.03.2006 had clarified that revenue from secondary energy is to serve as a consumer cushion against hydrology failure and not as an automatic claim. It is further observed that while the status of the Hydrology Fund has been furnished in the ARR and Tariff Application, data for FY 2020–21 and FY 2021–22 has not been included, and the same has been sought along with the cumulative balance up to FY 2024–25. Additionally, GRIDCO Limited has prayed that any recovery linked to the Secondary Energy Fund deficit be disallowed until reassessment of design energy is completed and a clear regulatory framework for fund utilisation is approved.

Reply of OHPC

The status of Secondary fund of individual power stations till 31.03.2025 is with the original Taiff application of OHPC and secondary energy fund data of FY2020-21 & FY2021-22 is also submitted. The overall status of secondary fund is (-) Rs 141.254 Crs.

(m)Additional Capitalization

View of Objector:

GRIDCO has submitted that In the Tariff Application for FY 2026–27, the petitioner has claimed Additional Capitalisation of Rs. 131.137 crore for FY 2024–25, including Rs. 71.811 crore for UIHEP and Rs. 59.326 crore for other stations and sought its inclusion in ARR. The major expenditure relates to powerhouse electro-mechanical works, primarily at

UIHEP and BHEP. It is contended that discrepancies exist between figures in Annexure-14 and Table-8 of the petition, with certain amounts stated to be unapproved by the Commission. Accordingly, it is prayed that the petitioner be directed to justify the unapproved amount of Rs.11.611 crore and that the same should not be admitted in the ARR for FY 2026–27 without proper scrutiny.

Reply of OHPC:

OHPC has submitted an application before the Commission on 03.11.2025 seeking in-principle approval for capitalization of Rs.10.53 crore towards procurement, erection, testing and commissioning of one 220/400 kV, 105 MVA auto transformer at UIHEP, Mukhiguda, along with approval of Rs.77.60 crore for capital maintenance works of Units 2 and 3 of UKHEP, Baraniput. Further, the Commission had earlier approved Rs. 9.37 crore (Rs. 3.92 crore for HHEP and Rs.5.45 crore for UKHEP) in Order dated 11.06.2020 in Case No. 56 of 2019 for procurement and commissioning of spare transformers based on estimated cost. However, upon completion of the tendering process, the works were executed at a cost of Rs.10.45 crore (Rs. 4.51 crore for HHEP and Rs. 5.94 crore for UKHEP).

(n) Return on Equity

Views of Objector

GRIDCO has submitted that the petitioner, in its application for FY 2026–27, has uniformly applied a Return on Equity (RoE) of 16.5% for all its generating stations, namely RHEP, UKHEP, BHEP, HHEP, CHEP and UIHEP, and computed the RoE accordingly. However, Clause 28(2) of the Odisha Electricity Regulatory Commission (Generation Tariff) Regulations, 2024 specifically provides that in the case of existing hydro stations of OHPC, the return on equity shall be as per the provisions of the prevailing Power Purchase Agreements (PPAs). Since the RoE for OHPC's stations is being determined in accordance with the approved PPAs executed between OHPC and GRIDCO Limited, any modification in the applicable RoE necessarily requires amendment of the existing PPAs and approval of the Commission. In the absence of the same, the proposed RoE of 16.5% cannot be considered for ARR and tariff determination for FY 2026–27.

Reply of OHPC

OHPC has submitted to GRIDCO for review of Schedule –V of PPA regarding revision of Tariff norms in line with the provisions envisaged in OERC Generation Tariff Regulations 2024 which is pending at GRIDCO since July 2025.

(o) Depreciation

Views of Objector

GRIDCO has submitted that depreciation should not be allowed to be used to earn additional return over and above the return on equity. GRIDCO requests the Commission to consider the depreciation amount for different plants as per the actual loan repayment instead of considering higher value between loan repayment & depreciation calculated @ 2.57%.

Reply of OHPC

OHPC has submitted that Regulation 31(5) of the Odisha Electricity Regulatory Commission Generation Tariff Regulations, 2024 provides that for existing hydro generating plants of OHPC, depreciation shall be computed in accordance with pre-1992 Government of India norms on the book value of assets or linked to loan repayment, whichever is higher, in line with the directions of the High Court of Orissa. OHPC has accordingly claimed depreciation strictly as per this provision. Therefore, the contention of GRIDCO is contrary to the applicable Regulations.

(p) Non-Tariff Income

Views of Objector:

GRIDCO has submitted that Non-Tariff Income has been considered in accordance with Regulations 35(2) and 60 of the Odisha Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2024, which require disclosure of such income and sharing of net Non-Tariff Income (excluding income from investments) between the generator and beneficiaries in the ratio of 50:50. As per Annexure-13 of the petition, OHPC has reported total Non-Tariff Income of Rs. 424.46 crore, from which Rs. 216.64 crore has been deducted as Income from Investments and Rs.145.85 crore towards Interest on Debt Securitisation. GRIDCO has contended that there is no provision under Regulation 35(2) permitting deduction of Interest on Debt Securitisation and therefore, the same should not be excluded while computing shareable Non-Tariff Income. OHPC has calculated net shareable Non-Tariff Income at Rs.24.73 crore and adjusted Rs.12.36 crore in ARR for FY 2026–27. Further, as the bulk of Income from Investments (Rs 216.64

crore) pertains largely to the Corporate Office, GRIDCO Limited has requested that OHPC be directed to furnish detailed utilization of such investment income and that appropriate directions be issued regarding treatment of the generator's retained 50% share in the interest of consumers.

Reply of OHPC

OHPC has submitted that the Commission in its Order dated 11.07.2023, passed in Case No. 35/2023 directed GRIDCO for repayment of principal amount of Rs.619 Cr. in 72 equated monthly installments from July 2023 which will carry simple interest @ 6% per annum. Moreover, it is the interest generated from the pending energy dues for the default period FY 2011-12 to FY 2013-14. Had the energy dues of Rs 619 cr been received in time, OHPC could have earned interest on such proceeds. Hence, such interest income each treated as income from investment which is not sharable as per Regulation 60 of OERC Generation Tariff Regulation 2024. Based on the same principle, the Commission has not deducted the interest on Debt Securitization in the tariff approval of OHPC for FY2025-26. Additionally, the proposal of GRIDCO to submit the detail of utilization of income from investment & 50% of non-tariff income is beyond the scope of the OERC Generation Tariff Regulation 2024.

(q) Capital Maintenance Work for Repair and Renovation of power channel from Burla Power House to Chipilima Power House

Views of Objector:

GRIDCO has submitted that the Commission in its order dated.13.06.2022 had approved an amount of Rs153.55 Crs. for Repair and Renovation of power channel from Burla Powerhouse to Chipilima Powerhouse vide Case No.78 of 2021. In the present petition, OHPC has sought to approve the investment of Rs.165.36 Crs i.e. a differential amount of Rs.11.81 Crs. for the above work with a total shutdown period of 184 days (46 day each in May/June and November/December in 4 slots) as against the previously approved amount of Rs.153.55 Crs. It has further been stated that the revised estimated amount is on account of increase in fair wage notified by Govt. of Odisha. Additionally, the proposed total shutdown period of 184 days is substantial and is likely to adversely impact generation availability, particularly during peak demand period during Summer Season. In this respect GRIDCO requests the Commission to issue necessary directives to the Petitioner to ensure the availability of all its machines during summer season i.e. from April to June for larger interest of the State. The capital maintenance work of CHEP was approved by the

Commission in the year 2022. The petitioner may be directed to furnish the status of the above capital maintenance work of Chiplima. OHPC may be directed to submit a detailed assessment of the expected loss of generation during the shutdown as well as the capital maintenance schedule which is to be finalized in consultation with SLDC & GRIDCO so that power procurement planning can be done effectively by GRIDCO. Further, it is requested that the capital maintenance work should not be scheduled during the months of May or June, which constitute the peak summer demand period.

Reply of OHPC

OHPC has submitted that it has sought in-principle approval of a revised capital investment of Rs.165.36 crore involving a differential amount of Rs.11.81 crore over the earlier approval of Rs.153.55 crore in Case No. 78 of 2021 for Repair and Renovation of the power channel from Burla to Chiplima Powerhouse. The cost revision is solely on account of the increase in wages notified by the Government of Odisha. Tender specifications are under preparation and the tender will be floated shortly. The final financial implication will be placed before the Commission after bid evaluation. The work requires four shutdown slots of 46 days each during May/June and November/December, totaling 184 days. As November/December is a lean hydro season, generation impact will be minimal; for May/June, based on the last three years' average generation of Hirakud Hydro Electric Project (HHEP) and Chiplima Hydro Electric Project (CHEP), the probable loss is estimated at 127.83 MU, which can be optimized in coordination with SLDC. Accordingly, OHPC prays for approval of the differential capitalization of Rs. 11.81 crore along with the proposed shutdown schedule.

(r) Upcoming Hydro Projects of OHPC

View of Objector:

GRIDCO has submitted that the Petitioner is engaged in developing Large Hydro Projects and Pumped Storage projects. It is developing the Kharag Hydro Electric Project with capacity of 63 MW in Kandhamal district. It is going ahead with Pumped Storage Projects such as the Upper Indravati Pumped Storage Project, Upper Kolab Pumped Storage Project and Balimela Pumped Storage Project. The chronological sequence of events relating to the implementation of these projects have been provided. However, the Commercial Operation Date (COD) for these projects has not been indicated. The implementation of these projects is expected to contribute significantly to regional economic development through employment generation, improvement of infrastructure,

and positive environmental outcomes. In the previous ARR application of FY 2025-26, OHPC had indicated the development of Floating Solar Projects which it has not shown in the present application. OHPC is required show the project-wise Commercial Operation Date and expedite the completion of the aforementioned hydro projects. Early completion of these projects would enable the State to meet its Hydro Power Obligation (HPO) targets through optimal utilisation of its hydro potential.

Reply of OHPC:

OHPC has submitted that the present status of all the upcoming projects along with the tentative commercial date has been submitted.

(s) Publication of Vision Document

Views of Objector:

Shri Ramesh Satpathy has submitted that OHPC has not yet published their vision document on their future planning as per direction of the Commission in different Tariff Orders. OHPC should publish their vision documents before the hearing of the Tariff Orders.

Reply of OHPC:

OHPC undertakes its planning activities in a structured manner and prepares its annual budget and action plans based on the prevailing operational, financial, hydrological, and regulatory circumstances, which are duly placed before the Commission through the tariff application. It is submitted that OHPC has complied with the directives, issued by the Commission in various Tariff Orders, including those relating to future planning and vision framework. In compliance thereof, the details of future planning, capital investment proposals, and strategic initiatives have been submitted as part of the Tariff Application for FY 2026-27. The point-wise compliance of the directives of the Commission is enclosed at Page No. 71 along with Annexure-6 and Annexure-22 of the Tariff Application for FY 2026-27. The submission of such planning and vision-related inputs through the tariff filings is in line with the regulatory process and it is not correct to say that the directions of the Commission have not been complied with by OHPC.

(t) Annual Revenue Requirement

View of Objector:

Shri Ramesh Satpathy has submitted that OHPC in their ARR has proposed for reduction of design energy, which is not acceptable. It has miserably failed to improve / develop any

Hydro Projects and Mini Hydro Project of the State. The Govt. should be directed to appoint a full time Chairman for the OHPC.

Reply of OHPC:

No comments.

(u) Development of potential of the state

Views of Objector:

Shri Ramesh Satpathy has submitted that as per the Odisha Electricity Reform Act 1995 the role of OHPC is to develop hydro potential of the State, It has not yet been done. OHPC should function as an independent Company, It appears that it is functioning as a subordinate to Water Resources Department of Govt. of Odisha. It seems that the Department is not allowing OHPC to generate low-cost power for the State consumers. The Hirakud Dam is not allowed to generate power up to 600 feet water level. The Govt. Officials seem to be working in violation of the Electricity Reforms Act, 1995. The Commission needs to impart suitable advice To the Government in this regard.

Reply of OHPC:

OHPC has submitted that the objections are factually incorrect and misconceived. It is a Board-driven Company incorporated under the Companies Act and functions in accordance with its Memorandum and Articles of Association and the Odisha Electricity Reform Act, 1995. OHPC operates hydro stations attached to multipurpose reservoirs where flood control, irrigation, drinking water supply and other statutory uses are accorded priority over power generation as per Government policy. Reservoir operation including fixation of water levels, rule curves and flood moderation protocols is under the administrative control of the Department of Water Resources, Government of Odisha. OHPC has no authority to alter such parameters or independently decide generation levels. Generation scheduling is undertaken in coordination with DoE, DoWR, GRIDCO and SLDC based on water availability, irrigation requirement, flood considerations and grid demand. Accordingly, issues relating to reservoir operation policy and water level decisions are beyond OHPC's functional control and outside the scope of tariff proceedings.

(v) Collection of Rs. 400 Cr. from Water Resource Department

Views of Objector:

Shri Ramesh Satpathy has submitted that despite the direction of Hon'ble High Court of Orissa, the Water Resources Department has failed to collect Rs.400 Cr. from the industry using water since 2011 till today. The same should be collected. The waiver of the amount by the Govt. of Odisha may adversely affect the interest of the consumers. He requests the Commission to direct OHPC to submit the detailed list of industries using water from 2011 to November 2023 and the respective dues outstanding against them.

Reply of OHPC:

OHPC has submitted that as per the direction of the Hon'ble High Court in response to the executive instructions of DoWR communicated *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 Rs.25.209 Crs from HHEP, Burla up to July 2025 & Rs.0.725 Cr from CHEP, Chiplima up to September 2025. The details of industry-wise receipt of revenue is enclosed at Annexure-8 of Original Tariff Application for FY2026-27. It is submitted that assessment, levy, waiver, or recovery of water charges and outstanding dues, if any, falls within the statutory domain of the State Government. OHPC's role is limited to raising and realizing Energy Compensation Bills strictly in accordance with the directions, issued by the competent authority.

(w) Manpower strength

Views of Objector:

Shri Ramesh Satpathy has submitted that OHPC is giving misleading information to the Commission on the employees cost. Near about 500 workers are now engaged against the sanctioned post. Their services have not yet been regularised.

Reply of OHPC:

OHPC has submitted that OHPC Management is engaging contractual personnel through different outsourcing agencies in non-core activities only as per the requirement. For Core activities, OHPC is recruiting regular employees. Hence, the allegation is not correct.

(x) Up-valuation of Demand

Views of Objector:

Shri Ramesh Satpathy requests the Commission to direct OHPC not to place the up-valuation demand of Govt. of Odisha as it has already been settled & finalized by the Commission in the ARR order for FY 2019-20.

Compliance of OHPC

OHPC has submitted that the issue relating to up-valuation demand of the Government of Odisha has already been examined and finalized by the Commission in its ARR & Tariff Order for FY 2017-18. In compliance with the said Order, OHPC has claimed no fresh or additional up-valuation demand in the present ARR & Tariff Application, nor has it sought reopening of the matter already decided by the Commission.

(y) Detailed loss & profit balance sheet of GEDCOL

Views of Objector:

Shri Ramesh Satpathy has submitted that the Commission should direct OHPC to produce the detailed loss & profit balance sheet of GEDCOL, being a 100% owned Company.

Reply of OHPC:

OHPC has submitted that GEDCOL is a separate legal entity, incorporated as a 100% owned subsidiary company, having its own Board of Directors, statutory accounts and governance structure as per the provisions of the Companies Act. The Profit & Loss Account, Balance Sheet, and performance details of GEDCOL are independently audited and are placed before its Board and the Shareholders in accordance with statutory requirements. These financial statements are not part of OHPC's ARR & Tariff filings, as GEDCOL is not a generating station of OHPC and its financials do not form part of the cost base for determination of OHPC's generation tariff. The request to produce GEDCOL's detailed financial statements and Board-related information does not fall within the scope of tariff determination proceedings of OHPC before the Commission. However, OHPC submits that any statutory disclosures of GEDCOL are made in accordance with applicable laws and are available through appropriate channels as prescribed under the Companies Act.

(z) Detailed status report of Sakti Bhawan at Bhubaneswar

Views of Objector:

Shri Ramesh Satpathy requests the Commission to direct OHPC to produce the detailed status report of Sakti Bhawan at Bhubaneswar and the total amount utilized in the project.

Reply of OHPC

OHPC has submitted that it has capitalized cost towards construction of Shakti Bhawan building for Rs.79.37 Crs during FY 2023-24.

(aa) Power procurement from Chhatishgarh Power Distribution Corporation

Views of Objector:

Drawing the attention to the submission of OHPC that they are paying 05 MW share to Chhatishgarh Power Distribution Corporation from Hirakud as per the Minutes of meeting dated 24.12.2004, Shri Ramesh Satpathy has submitted that Mahanadi dispute is continuing between Odisha & Chhatisgarh and requested the Commission to direct OHPC to produce the present status report of Mahanadhi Water flow from Chhatishgarh during FY 2004-05 to FY 2026-27.

Reply of OHPC:

OHPC has submitted that the drawl of 5 MW power by Chhattisgarh from Hirakud generation is an inter-State matter and the decisions are taken at the Government level and that OHPC is not the competent authority to alter or discontinue the arrangement. The decision in this regard falls within the jurisdiction of the Government of Odisha in consultation with the appropriate inter-State authorities. It is further submitted that Hirakud Dam is a multipurpose project and its reservoir operation, water regulation, and inflow assessment, including water flow from Chhattisgarh, are under the administrative control of the Department of Water Resources (DoWR), Government of Odisha. The assessment and compilation of Mahanadi water flow data is carried out by DoWR, and such data is not maintained by OHPC. OHPC generates power strictly in accordance with the generation schedule approved by SLDC, within the operational parameters, fixed by the competent authorities and it has no role in inter-State water sharing or policy decisions.

(bb) Interest during construction (IDC)

Views of Objector:

OHPC in their application has claimed interest during construction (IDC) of R&M work of Unit-5&6 of HHEP, Burla, which is a profit making unit & paying dividend to the Govt. regularly. Shri Ramesh Satpathy has submitted that the interest amount should be adjusted from such dividend.

Rejoinders/Reply of OHPC

OHPC hereby respectfully submits that Interest During Construction (IDC) is a legitimate and integral component of capital cost incurred towards Renovation & Modernization (R&M) works of generating stations, including Units-5 & 6 of HHEP, Burla, as expressly provided in Clauses 17 & 23(2) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024. Allowance of IDC is a normative regulatory provision and is independent of the profitability of the generating company. The submission that IDC should be denied to OHPC on the ground that it is a profit-making entity or that the IDC amount should be adjusted against the dividend, paid to the Government of Odisha, is contrary to the provisions of the applicable Tariff Regulations. Dividend payment to the State Government is a shareholder-related matter, governed by corporate and financial norms, whereas capitalization of IDC for tariff purposes is a regulated cost element, determined strictly in accordance with the Tariff Regulations. There is no provision under the OERC Generation Tariff Regulations, 2024 for adjustment of IDC against dividend.

(cc) Income Tax

Views of Objectors:

Shri Ramesh Satpathy has submitted that the Income Tax paid by OHPC should not be accepted since the GRIDCO dues should be adjusted against the dividend for the larger interest of the consumers.

Reply of OHPC:

OHPC has submitted that the Income Tax paid by OHPC should not be allowed as a pass-through and instead be adjusted against the outstanding dues of GRIDCO in the interest of consumers, OHPC submits that Clause 29 of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, under the head “Tax on Income”, clearly stipulates that income tax of the Generating Company shall be recovered from the

beneficiaries and that this will exclude income tax on other income streams (income from non-generation business). In accordance with this statutory provision, OHPC is entitled for reimbursement of Income Tax pertaining to its generation business as a pass-through in tariff. The claim has been made strictly in compliance of the applicable Regulations. It is further submitted that the issue of adjustment of dividend against the outstanding dues of a beneficiary, such as GRIDCO, is not as per the OERC Generation Tariff Regulations, 2024. Matters relating to dividend payment and inter-se financial adjustments fall outside the scope of tariff determination and cannot be linked to the reimbursement of Income Tax, which is governed explicitly by Clause 29 of the Regulations.

(dd) Interest payment on Govt. investment at UIHEP

Views of Objector:

Shri Ramesh Satpathy has submitted that the interest payment on Govt. investment at UIHEP against the loan should not be accepted by the Commission since the project had commenced in year 1977 & completed in the year 1999. The increase in the loans & interest amount is due to the inaction of the Govt. officials for which it should not be considered in tariff application.

Reply of OHPC:

OPHC has submitted that the interest payment on Government investment in respect of UIHEP should not be admitted in tariff on account of the time taken for completion of the project. It is submitted that after due public hearing, the Original Project Cost of Rs.1,194.79 Crore for UIHEP was duly approved by the Commission in Case No. 60/2007 while issuing the Tariff Order of OHPC for FY 2008-09. The project cost including the Government loan component, has thus attained regulatory finality. Further, the Commission, in the Compendium of Tariff order of OHPC for FY 2013-14 has that after the total repayment of Govt. loan as approved above, this loan repayment may start at the same rate of Rs.30.23 Cr. each year beginning with 2026-27. The interest component will be considered after the total repayment of the principal in line with the Govt. loans. In strict compliance of these directions, OHPC has not considered any impact of interest on the Government Loan as well as the Normative Loan of Rs.78.74 Crore in respect of UIHEP for tariff computation for FY 2026-27. Accordingly, no burden on account of interest on Government investment has been passed on to the beneficiaries for the said year. OHPC further submits that the impact of interest on Government loan shall be

claimed only from FY 2027-28 onwards, strictly in line with the earlier orders and directions of the Commission.

(ee) Pension of retired employees

Views of Objector:

Shri Ramesh Satpathy has submitted that some workers, who have retired & are going to retire, have not received the pension as per Common Pension Scheme 2012. The workers engaged before 2012 should be paid pension as pension is the right of the workers as per order of the Hon'ble Supreme Court of India. In this connection, Govt approved the Pension Scheme in the year 2011. That may be taken as the date of engagement of the workers eligible for Common Pension Scheme, 2012.

Reply of OHPC:

As per the OHPC Uniform Pensionary Scheme, 2012, approved by Govt. of Odisha, the employees in the non-pensionary category transferred to the OHPC on or after 01.04.1996 & employees recruited by OHPC between the date of its incorporation & 31st December, 2004 shall be eligible to the pensionary benefits.

(ff) Determination of generation tariff of OHPC

Views of Objector:

Shri Ramesh Satpathy has objected to the present application for determination of generation tariff of OHPC for FY 2025-26, contending that since the Water Resources Department, Government of Odisha, is the virtual owner of OHPC, the said Department should be directed to appear before the Commission and clarify certain operational matters. He alleges that the direction to generate power below 600 feet at HHEP, Burla has resulted in generation loss of 42 MU and that similar losses at Chiplima cumulatively amount to about 150 MU annually. He has questioned the prudence of expenditure incurred on renovation, modernization and Upgrading (RM&U) of Units 5 and 6 of HPS, Burla, particularly when the design energy of the station has not increased, and submitted that such expenditure should not be considered in the present tariff application.

Rejoinders/Reply of OHPC

OHPC has submitted that any loss of generation due to reservoir operation constraints imposed by DoWR/SLDC cannot be attributed to its inefficiency and deserves regulatory consideration under the applicable Regulations. As per Regulation 3(1)(sss) of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, the useful life of a hydro unit is 40 years. Accordingly, Unit-5 and Unit-6 of HHEP, Burla

completed their useful life in April 2002 and August 2003, respectively. Despite this, OHPC continued their operation for 10–12 years with minimal capital expenditure to supply low-cost hydropower. Subsequently, based on OEM recommendations, RM&U works were undertaken to extend the useful life by 35 years, improve reliability and efficiency and ensure sustained generation. The installed capacity of each unit has been uprated from 37.5 MW to 43.65 MW. While RM&U entails marginal initial tariff impact, it provides long-term benefits. OHPC has clarified that Design Energy is determined at the planning stage based on hydrological parameters and reservoir constraints and is not automatically revised due to capacity uprating under RM&U.

25. Views of Consumer Counsel

a) Installed Capacity & Design Energy

OHPC has an installed capacity of 2,099.8 MW with total Saleable Design Energy of 5,601.62 MU for FY 2026-27 (GRIDCO share 5,860.97 MU before adjustments). The Design Energy remains unchanged compared to FY 2025-26. Therefore, the proposed tariff increase is not attributable to higher energy generation assumptions but primarily due to escalation in cost components. Since hydro stations are largely dependent on hydrology and fixed cost recovery, stability in design energy suggests that efficiency gains have not been factored into tariff moderation.

b) Aggregate Revenue Requirement (ARR)

The total ARR proposed for FY 2026-27 is Rs.643.571 Cr. as against Rs.561.474 Cr. approved in FY 2025-26, reflecting an increase of Rs.82.097 Cr. (approximately 14.6%). The increase is mainly driven by higher O&M expenses, Return on Equity (RoE), Interest on Loan, Depreciation, and Interest on Working Capital. Since NTI and sale to CSPDCL are deducted to arrive at net ARR, scrutiny is required to ensure no double counting of revenue offsets occurs.

c) Return on Equity (RoE)

RoE has increased from Rs.107.70 Cr. to Rs.121.531 Cr. (increase of Rs.13.831 Cr.). This rise corresponds to additional capitalization of Rs.131.137 Cr. The Commission may examine whether capitalization has been prudently incurred and whether the assets have been put to use before allowing RoE.

d) Interest on Loan

Interest on Loan has increased from Rs.35.91 Cr. to Rs.40.994 Cr. The increase suggests either fresh borrowings or revised repayment schedules, particularly in respect of UIHEP. Loan prudence check and interest rate verification are essential to protect the consumer interest.

e) Depreciation

Depreciation has risen from Rs.76.45 Cr. to Rs.82.754 Cr. The increase follows higher Gross Fixed Assets and additional capitalization. The Commission may examine whether depreciation aligns strictly with normative useful life and approved GFA.

f) O&M Expenses

O&M expenses show a substantial rise from Rs.334.90 Cr. to Rs.388.703 Cr. (increase of Rs.53.803 Cr.), forming the largest contributor to ARR growth. The escalation factor and employee cost assumptions require detailed prudence scrutiny to ensure efficiency norms are adhered to.

g) Interest on Working Capital (IOWC)

IOWC has increased from Rs.16.925 Cr. to Rs.20.405 Cr., reflecting the higher working capital requirement due to increased O&M and cost components. Verification of normative working capital calculation is necessary.

h) Plant-wise Tariff Analysis

Significant tariff increases are observed in certain stations:

HHEP (Burla) – approx. 21% rise

CHEP (Chiplima) – approx. 22% rise

UIHEP – approx. 12–15% rise

Plants like RHEP and UKHEP show moderate increase. The sharp rise in HHEP and CHEP is largely attributable to capital maintenance and shutdown costs.

i) Shutdown of CHEP & HHEP

OHPC has sought approval of Rs.165.36 Cr. (additional Rs.12.01 Cr. over previously approved Rs.153.35 Cr. in Case No. 78 of 2021) with a total shutdown of 184 days. Given the extended outage and cost escalation, strict prudence check is necessary to ensure efficiency in capital maintenance planning.

j) CSPDCL Billing (HHEP – 5 MW Share)

Tariff for supply to Chhattisgarh State Power Distribution Company Limited (CSPDCL) is proposed at 204.440 paise/kWh against existing 201.668 paise/kWh (increase of 2.772 paise). The marginal increase is mainly due to O&M escalation and IOWC changes.

k) Machhkund Hydro Electric Project (Joint Scheme)

The Machhkund project (jointly with APGENCO) shows tariff increase from 136.393 paise/kWh to 143.27 paise/kWh (increase of 6.877 paise). O&M escalation at 5.47% and revised cost sharing under the 23.10.2020 agreement are key drivers. The Commission may verify whether escalation strictly follows agreed norms.

l) Average Tariff Impact

The overall average tariff proposed is 114.89 paise/unit compared to 100.23 paise/unit approved for FY 2025-26, indicating a hike of 14.66 paise/unit ($\approx 14.6\%$). Since Design Energy remains constant, the entire burden arises from cost escalation rather than output enhancement.

m) Hydrology Fund & Loan Recovery

OHPC has requested recognition of negative Hydrology Fund balance (Rs.141.254 Cr.) and accelerated loan recovery (90% GFA during useful life). These requests have long-term tariff implications and require regulatory balancing between financial sustainability and consumer interest.

26. OBSERVATIONS OF MEMBERS OF STATE ADVISORY COMMITTEE (SAC)

The relevant observations of the Members of SAC pertaining to OHPC (the Petitioner) are reproduced below:

(a) Observation of Shri Sanjeev Ku. Tripathy:

OHPC does not have the capability or expertise that is required for repair of Chiplima HEP. He suggested that a good consultant should be engaged to carry out the repair and maintenance work. Discussing about Rooftop Solar, he stated that DISCOM should promote more Roof Top Solar and should not treat supervision charges as their income. The DISCOMs are collecting 6% supervision charges in government projects in spite of the OERC Order in contrary. He submitted that the Schedule of rates should not be escalated by 6% every year which is not realistic.

(b) Observation of Shri Alekh Ch. Mallick:

The surplus funds available with OHPC and OPGC may be strategically utilized for the development of nuclear energy and thermal power projects to meet the anticipated increase in

future demand. He observed that while the transmission tariff of OPTCL has remained stable, there has been an upward revision in the charges of PGCIL, which is a good sign. In this context, he suggested that further efforts may be made to rationalize and reduce OPTCL's transmission charges. He further recommended that OPTCL may explore direct connectivity to the second units of NTPC at Talcher and Darlipali to optimize transmission arrangements and potentially avoid payment of CTU charges. Additionally, he pointed out that although provisions exist in the PPA for the evacuation of power from Darlipali by OPTCL, the same have not yet been operationalized and appropriate action may be taken in this regard.

(c) **Response of Shri Pranab Kumar Mohanty, Director (Finance), OHPC**

He responded to a query raised by one SAC member regarding the additional outcome of the Renovation Costs proposed by OHPC for Hirakud HEP. He stated that Renovation would not add any additional capacity to the plant. He stated that he agrees with the minimum drawal level at Hirakud is not being achieved and action is required in this regard.

(d) **Observation of Chairperson, OERC**

The Consumers should not suffer for the non-implementation of Commission's Order by the State Government and GRIDCO. While mentioning the capital available with OHPC, the Chairman expressed his concern by the lack of action for utilisation of the fund held by OHPC. Regarding the renovation proposed by OHPC for Hirakud Power Station, he stated that the capacity would not increase because of Renovation, however, the renovation must be done as in a timely manner. Further, OHPC does not have the expertise to add further capacity and the State Government and OHPC should actively pursue the utilisation of funds available with OHPC. Mentioning the minimum drawal level at Hirakud HEP, he stated that the cost of the lesser drawal (40 MU) would be considered as the income of OHPC and would not be passed on to the Consumers. Hirakud is not a carryover reservoir and the water is not utilized if saved.

27. VIEWS OF THE GOVERNMENT OF ODISHA

The Commission had held a meeting on 5.03.2026 with the Energy Department, led by the Additional Chief Secretary of the Department and deliberated on the issues related to the electricity tariff. The relevant portion of the minutes of the meeting, pertaining to OHPC, is reflected below:

Surplus fund in OHPC

It has come to the notice of the Commission that surplus fund of more than Rs. 2500 Cr. is available with OHPC after its regulated expenditures are met. This fund remains unutilized instead of investing in certain projects that would benefit the consumers of the state. Additional Chief Secretary, Energy assured the Commission that the

Government is actively considering this matter and the fund would be invested in due course of time.

Treatment of Upvalued Asset of OHPC Old Stations

The old stations of OHPC were upvalued vide DOE No. 5207, dated 01.04.1996 from Rs. 479.80 Cr. to Rs. 1196.80 Cr. Subsequently, OHPC issued convertible bonds worth Rs. 766.20 Cr. at 7% interest which is showing in its balance sheet. The Commission earlier had advised the Government to keep in abeyance such upvaluation to avoid unnecessary tariff hike. Government reply on this matter is yet to be obtained. The ACS, Energy took note of the matter and stated that the Government will consider the advice of the Commission.

In course of the hearing, the Commission had requested the Government to submit its views within seven days of the date of conclusion of the hearing for consideration in the tariff determination process. The written views of the Government were received on 17.03.2026. On meticulous scrutiny of the same, the Commission observes that barring issues pertaining to Surplus fund in OHPC, Investment of surplus fund by utility through equity and effect of Upvaluation on the Annual Fixed Cost of OHPC, the views are not comprehensive and do not adequately addressed all the issues raised in the instant proceeding. Since tariff determination is a time-bound statutory exercise, the Commission has proceeded with the determination of the tariff based on materials available on record.

The Commission feels it prudent to reproduce the views of the Government pertaining to OHPC:

“Surplus fund in OHPC

The concern regarding OHPC’s surplus fund is acknowledged. OHPC has clarified that these funds primarily stem from accumulated Equity (RoE) and are required for statutory operations, capital maintenance. R&M works, equity contributions for new hydro and pumped storage projects (PSPs), and other essential financial obligations could weaken OHPC's.

Diverting or prematurely utilising these funds liquidity, impair its borrowing capacity, and challenge future capacity addition efforts. Surplus funds have also

supported strategic investments such as equity in OPGC and OCPL, OTPCL and are planned for equity infusion in upcoming pumped storage and hydro projects.

However, the Govt. will review the matter in consultation with stakeholders to ensure a balanced approach aligned with national policy, financial sustainability, and long-term energy security for the State.”

“Investment of surplus fund by utility (OPTCL & OHPC) through equity

The Govt. notes the Commission's observations regarding the utilisation of surplus funds by OHPC and OPTCL for capital expenditure. As per the OERC Regulations, internal resources generated from free reserves and deployed for project funding are to be treated as paid-up capital for the purpose of computing Return on Equity (RoE). This framework aligns with the Electricity Act, the National Tariff Policy, and the applicable OERC/CERC Tariff Regulations, which seek to balance consumer interests with financial sustainability and continued sector investment.

At present, RoE has been admitted only on equity infused by the State Govt. for completed projects. Accordingly, OPTCL has filed a petition before the Commission on 19.12.2025 requesting recognition internal-accrual-funded investment for RoE up to 30%, with the balance treated as normative loan. The petition is currently pending adjudication at the Commission.

The Govt. recognizes that the use of internal resources for CAPEX is essential for maintain liquidity, supporting project execution, and reducing dependence on borrowings. However, clarity regarding the regulatory treatment of such equity is important. Disallowing RoE on equity funded through internal resources may have broader implications for the financial viability borrowing capacity, and long-term sustainability of sector entities, including OHPC and OPTCL. Allowing RoE on such investments as provided for in the prevailing Regulations would help maintain stable financing for essential infrastructure.

Both OHPC and OPTCL have submitted that surpluses generated through regulated RoE are routinely reinvested for capital formation, R&M of ageing hydro stations, and equity support for upcoming hydro and pumped storage projects, all of which contribute to Odisha's long-term energy security.

However, the Govt. will review the issue of non-allotment of equity to the State Govt. in consultation with OHPC, OPTCL, GRIDCO, and other stakeholders, and will communicate its considered views to the Commission after examining the operational, financial, and regulatory implications.”

“Effect of Upvaluation on the Annual Fixed Cost of OHPC

The Govt. has received OHPC's proposal for conversion of the State Govt. loan of 2766.20 crore, along with accrued interest, into equity. The matter is currently under consideration, As the proposal carries significant financial, regulatory, and structural implications, particularly with respect to tariff impact, loan servicing, capital structure, and future investment requirements, the Govt. will undertake a comprehensive review, considering past decisions, OHPC's submissions, and the prevailing regulatory framework.

The Govt. will provide its considered views to the Commission after completing this examination. Until then, the matter may be kept in abeyance.”

ANALYSIS AND OBSERVATIONS OF COMMISSION ON OHPC'S PROPOSAL (PARA 28 to 46)

28. The Commission has carefully examined and analysed the proposal of OHPC. The written and oral submissions of the Objectors have been considered while determining the tariff. In the tariff proposal, OHPC has furnished technical information such as Types of Hydro Stations, Normative Annual Plant Availability Factor (NAPAF), potentials of energy generation and financial details like capital cost, calculation of depreciation, interest on loans, interest on working capital, Operation & Maintenance (O&M) expenses etc. of all Hydro power stations. The apportionment of capital cost, audited figures for additional capitalisation, O&M expenses in respect of each Hydro stations have also been provided along with tariff calculations.
29. Section 61 of the Act provides that the Commission shall specify the terms and conditions for determination of tariff and while doing so, shall be guided by the principles and methodologies specified by the Central Commission for determination of the tariff applicable to the Generating Companies. The Commission, while considering the petition for determination of ARR and tariff of OHPC power stations for FY 2026-27, has followed the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 (in short Generation Tariff Regulations, 2024 said Regulations

read with relevant provisions of the Act and OERC (Conduct of Business) Regulations, 2004.

30. In course of the public hearing, the Objectors raised certain issues having direct impact on tariff of OHPC. OHPC has responded to their queries. The Commission decides the following issues related to tariff of OHPC as under:

- Power Procurement from OHPC
- Project Cost
- Annual Fixed Cost
- Two-part Tariff (Capacity Charge & Energy Charge)
- Tariff for Chhattisgarh State Power Distribution Company Limited (CSPDCL)
- Issues relating to Machhakund Hydro Electric Project

31. It is pertinent to note that the present installed Generation capacity of various Hydro Power Stations owned by OHPC is 2099.80 MW including 50% share of Odisha from MHEP (60 MW) and net increase in capacity addition of 36.3 MW due to acquisition of additional 20% stake from MHEP and uprating (24 MW) of Units #5 & 6 of HHEP (12.3 MW).

32. **Reservoir level Design Energy of Hydro Power Stations and Anticipated Generation from OHPC for the FY 2026-27**

(a) The energy sold by different hydro stations during the period from FY 2020-21 to FY 2024-25, the reservoir level as on 15.11.2025 and actual/anticipated energy generation of all HEP of OHPC in FY 2024-25 are given in the following Tables.

Table-30
Energy Sold by different power stations from FY 2020-21 to FY 2024-25

Sl. No.	Name of the Power Station	Design Energy (DE)	Saleable Design Energy (DE)	Actual Sale of 2020-21 (In MU)	Actual Sale of 2021-22 (In MU)	Actual Sale of 2022-23 (In MU)	Actual Sale of 2023-24 (In MU)	Actual sale of 2024-25 (In MU)
1	RHEP	525	519.75	980.77	837.92	732.53	754.79	850.17
2	UKHEP	832	823.68	771.26	440.01	531.94	565.33	787.39
3	BHEP	1183	1171.17	1594.3	1001.96	980.72	1012.07	1632.93
4	HHEP	684	660.52	613.82	700.72	886.34	850.22	747.39
5	CHEP	490	484.12	322.37	263.24	319.53	294.7	217.6
6	UIHEP	1962	1942.38	1713.1	1124.8	1351.49	1687	1392.77
Sub-Total		5676	5601.62	5995.62	4368.65	4802.55	5164.11	5628.25
7	MHEP	262.5	259.35	298.97	315.24	254.23	386.13	224.96
Total		5938.5	5860.97	6294.59	4683.89	5056.78	5550.24	5853.21

Table-31
Reservoir level of Hydro power stations of OHPC

Sl. No.	Reservoirs	As on 15.11.2025
1.	Rengali	122.31mtr.
2.	Kolab	856.21mtr.
3.	Balimela	1508.90ft.
4.	Hirakud	629.62ft.
5.	Indravati	640.69mtr.

Table-32
Actual/Anticipated Energy Generation of Hydro Power Stations of OHPC for FY 2025-26

Sl. No.	Name of the power stations	Approval of the Commission for state drawl of energy for the FY 2025-26 (in MU)	Actual generation from 01.04.25 up to 15.11.25 (In MU)	Anticipated generation from 16.11.25 to 31.03.26 based on DoWR & DoE Schedule (in MU)	Total Anticipated generation for the FY 2025-26 based on DoWR & DoE Schedule (in MU)
1.	RHEP	525.00	845.1676	189.0516	1034.2192
2.	UKHEP	832.00	601.7790	312.4580	914.2370
3.	BHEP	1183.00	981.7190	637.5780	1619.2970
4.	HHEP	684.00	802.6120	201.6410	1004.2530
5.	CHEP	490.00	190.9430	133.1030	324.0460
6.	UIHEP	1962.00	1134.8415	692.6275	1827.4690
Total		5676.00	4557.0621	2166.4591	6723.5212

OHPC has submitted that there shall be surplus energy generation against the approved designed energy of 5676 MU.

- (b) The design energy of all the six generating stations of OHPC (RHEP, UKHEP, BHEP, HHEP, CHEP & UIHEP) is 5676 MU. After deducting 1%(1.2% for CHEP) towards auxiliary energy consumption & transformation loss and energy equivalent to 5MW share of CSPDCL the saleable energy to GRIDCO works out to 5601.62 MU. The Commission observes that as per the MOM, Chhattisgarh State Power Distribution Company Limited (CSPDCL) (erstwhile Chhattisgarh State Electricity Board) shall draw its share of 5 MW from Hirakud Power Stations. As per the agreement between OHPC and CSPDCL, pending the disputes on computation of quantum of supply of power on RTC basis with or without consideration of PLF, 16.644 MU of energy shall be supplied annually to CSPDCL from Hirakud Power Station.
- (c) The Design Energy and saleable energy of all the six power stations of OHPC considered for computation of tariff for FY **2026-27** are given in the table below:

Table – 33
Design Energy & Saleable energy approved for FY 2026-27

(in MU)

Sl. No.	Name of the Power Station	Design Energy for FY 2026-27	Auxiliary consumption considered (1%)	Energy Approved for Sale to GRIDCO for the FY 2026-27
		(1)	(2)	(1)-(2)
1	RHEP	525.00	5.25	519.75
2	UKHEP	832.00	8.32	823.68
3	BHEP	1183.00	11.83	1171.17
4	HHEP	684.00	6.84	660.52*
5	*CHEP	490.00	5.88	484.12
6	UIHEP	1962.00	19.62	1942.38
Total		5676.00	56.76	5601.62

*Auxiliary consumption for CHEP is 1.2%

*After deducting 16.644 MU allocated to CSPDCL from HHEP generation.

33. Machhakund Power Station (JV)

Machhakund Power Station is a joint venture project of Governments of Odisha and Andhra Pradesh having installed capacity of 120 MW (i.e. 3x17 MW + 3x23MW). As per the new agreement, Odisha has 50% share in this power station. The design energy of Machhakund power station is 525 MU and considering 1.2% towards auxiliary energy consumption & transformation loss (i.e. 6.3 MU), the net energy available to Odisha is 259.35 MU. The Commission, therefore, approves 259.35 MU (50% share of Odisha) as drawl from Machhakund Power Station during FY 2026-27.

34. Project Cost

(i) OHPC has submitted that the re-valued cost of old power stations was Rs.1196.80 Crs. as on 01.04.1996 as per Notification *vide* S.R.O No. 254/96 Dt. 01.04.1996 of the Department of Energy, Government of Orissa. The Commission in their order dated 23.03.2006 had approved the same. Further, the Commission, in order dated 20.03.2008 had approved Rs.1195.42 Crs. as final capital cost of UIHEP for the purpose of determination of tariff. However, the Tariff of Old power stations is being determined on the basis of their Historic cost, which is Rs.479.80 Crs, as per the Notification No.1068 dated 29.01.2003 of DoE, GoO.

- (ii) OHPC has submitted that actual decapitalisation/reduction after reconciliation is Rs.39.746 Cr for FY 2024-25.
- (iii) OHPC has further submitted that considering the total approved capitalization up to FY 2022-23 & audited expenditure for FY 2023-24 on account of Additional Capitalization, Asset Reduction & PSDF grant, the Project Cost for determination of Tariff for FY 2026-27 amounts to Rs.3099.821 Cr.
- (iv) The additional capitalisation reflected in the audited accounts for FY 2024-25 is Rs.137.12 Cr, but OHPC has submitted that it has got approval of Rs.113.990 Cr from the Commission towards additional capitalisation. The Commission for determination of project cost for FY 2026-27 has considered Rs.113.990 Cr (OHPC approval from Commission, subsequent submission by OHPC officials) towards additional capitalisation. The Commission is not inclined to allow the additional capitalisation for which OHPC has not been accorded approval of the Commission. The Commission on proper analysis approves the following Historic cost, new addition, additional capitalisation, decapitalisation and PSDF grant to arrive at the project cost for Tariff calculation for FY 2026-27, the details of which are given in Table below:

Table – 34
Details of project cost of OHPC for Determination of Tariff for FY 2026-27
(Rs. Cr)

Sl. No.	Name of the Power Stations	Historic cost of assets as on 01.04.96 & Original Project Cost of UIHEP	New asset additions from 01.04.1996 to 31.03.2024 (Approved)	Additional Capitalisation for FY 2024-25 (Audited)	Total Asset reduction/ decapitalisation during the FY 2011-12 to FY 2024-25	PSDF Grant up to 2022-23	Project cost considered for determination of Tariff for FY 2026-27
1	2	3	4	5	6	7	8=3+4+5-6-7
1	RHEP	91.090	93.053	0.000	-2.267	3.133	183.277
2	UKHEP	108.310	49.219	6.822	0.732	3.299	160.320
3	BHEP	115.420	417.012	43.644	3.632	2.412	570.032
4	HHEP	72.750	447.052	5.021	24.856	0.982	498.985
5	CHEP	92.230	152.206	0.000	6.231	0.576	237.629
	Sub Total	479.800	1158.542	55.487	33.183	10.402	1650.244
6	UIHEP	1194.790	189.476	58.503	6.563	3.776	1432.430
	Total	1674.590	1348.018	113.990	39.746	14.178	3082.674

For determination of ARR & Tariff of OHPC for FY 2026-27, the Commission has considered the total project cost as Rs.3082.674 Cr. (against Rs.3099.821 Cr. projected by OHPC). The effect of up-valuation of assets has not been considered as usual.

The Commission has not considered the impact of Interest on loan, depreciation and Return on Equity on capital cost of Rs.37.7 Cr from the project cost of UIHEP as per order, passed in Case No.69/2024.

The Commission has not considered the impact of Interest on loan, depreciation and Return on Equity on Shakti Bhawan capital cost amounting to Rs.79.23 Cr. The Commission observed that the capital cost of Shakti Bhawan is considered as an investment as OHPC is earning rental from Shakti Bhawan. Therefore, the capital cost towards Shakti Bhawan (Rs.79.23 Cr.) has been proportionately distributed across the six Hydro Stations in ratio of their design energy.

35. Determination of Tariff

As per OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, the Annual Fixed Cost (AFC) of a hydro generating station shall consist of the following components:

- a. Interest on loan capital;
- b. Depreciation;
- c. Return on equity;
- d. Operation and Maintenance (O&M) expenses;
- e. Interest on working capital;
- f. Income Tax;
- Less:
- g. Non-Tariff Income:

(a) Interest on Loan Capital:

OHPC has submitted that the loan liabilities consist of State Government loan and Normative Loans. There is no outstanding loan liability in respect of old hydro stations of OHPC.

(i) Normative Loans of different Power Stations due to Additional Capitalization

OHPC has submitted that though, State Govt. loan (at interest rate of 9.8%) has been repaid, the normative loans of the respective units are still pending. The normative loans of CHEP, RHEP & UKHEP for FY 2026-27 are considered at

an interest rate of 9.8% as per Clause No. 22 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. The normative loan of BHEP, Balimela is considered at interest rate of 9.6 % for FY 2026-27 based on PFC interest rate applicable to BHEP. Similarly, the normative loan of HHEP, Burla is considered at interest rate of 8.75 % for FY 2026-27 based on PFC interest rate applicable to HHEP, Burla. The Normative loan of UIHEP for FY 2026-27, due to the additional capitalization based on audited accounts of FY 2024-25, is at an interest rate of 7% being the prevailing rate of interest for the State Govt. Loan as per the OERC tariff norms..

- (ii) OHPC has submitted that as per earlier directions of the Commission, OHPC has not considered the impact of interest on Govt Loan & Normative Loan of UIHEP for Tariff Calculation for FY 2026-27. Similarly, in view of the directives of the Commission, OHPC has not claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset.
- (iii) Considering the above rate of interest on loans (Govt. loan as well as normative loan) for various Hydro generating stations of OHPC, OHPC has proposed interest amount of Rs 40.994 Cr for FY 2026-27.

The Commission observes that OHPC is funding the additional capitalisation from internal accrual and claiming high interest rate on normative loan, which is a burden on the consumers. The Commission after thorough analysis has considered 8.70% (1-year SBI MCLR as on 15th March 2026) as interest rate for normative loans of old power stations for determination of interest on loan for FY 2026-27.

The interest rate for UIHEP is also considered @ 7%, as submitted by OHPC. On analysis of the same, the Commission approves interest payment of **Rs.27.882 Cr.** (against Rs. 40.994 Cr claimed by OHPC) in respect of all hydro stations of OHPC for FY 2026-27, the details of which are given in the Table below.

Table – 35

Interest on Loan approved by Commission for FY 2026-27 (Rs Crs)

Source of Loan	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	TOTAL
Normative Loan Interest	1.100	0.823	7.650	8.199	3.771	21.542	6.340	27.882
Total	1.100	0.823	7.650	8.199	3.771	21.542	6.340	27.882

(b) Depreciation:

- (i) OHPC has computed depreciation for FY 2026-27 @ 2.57% on the Historic project cost as on 01.04.1996, additional capitalization w.e.f. 01.04.1996 up to FY 2024-25 less decapitalisation of assets. The depreciation so calculated is compared with the Loan repayment amount. The higher of the two has been considered by OHPC as depreciation for Tariff computation.

The comparative statement for actual repayment of loans, depreciation calculated @ 2.57% (pre-1992 notified rate) and the depreciation amount claimed by OHPC for each station in the ARR & Tariff calculation for FY 2026-27 are given in the Table below.

**Table –36
Depreciation claimed by OHPC for FY 2026-27**

(Rs. in Cr.)					
Sl. No.	Name of the Power Station	Project Cost	Depreciation @ 2.57%	Loan Repayment	Depreciation Claimed@2.57% of the Project Cost or Loan repayment Which ever is higher
1	2	3	4 = 3*2.57%	5	6
1	RHEP	184.384	4.739	1.281	4.739
2	UKHEP	161.340	4.146	1.253	4.146
3	BHEP	570.519	14.662	9.643	14.662
4	HHEP	499.887	12.847	7.101	12.847
5	CHEP	237.952	6.115	3.376	6.115
6	UIHEP	1445.738	37.155	40.244	40.244
Total					82.754

OHPC claims Rs.82.754 Cr under depreciation for FY 2026-27 in the ARR calculation.

- (ii) Computation of Depreciation is governed under Regulation-31(5) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024. The 2nd Proviso to Regulation 31 (5) is relevant for the present purpose. The same is extracted below:

“Provided that for existing Hydro generating plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-

1992 norms notified by the Government of India on the book value of the assets or loan repayment linked to that asset, whichever is higher;”

The total depreciated amount (Rs.82.754 Cr.) claimed in Table-36 above by OHPC in the ARR & Tariff for FY 2026-27 in line with above provision of OERC’s Generation Tariff Regulations, 2024. Accordingly, the Commission analysed the submission of the OHPC in respect of claim of depreciation in the ARR. As per Regulation 31 of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 the depreciation shall be computed from the date of commercial operation of a generating station or unit thereof. The capital cost of the assets admitted by the Commission shall be the base for calculation of depreciation. The Regulation further provides that for existing plants of OHPC, the depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of assets as per the direction of the High Court of Orissa. After detailed analysis and scrutiny of the audited accounts, the Commission allows the depreciation of Rs.76.220 Cr (against Rs.82.754 Cr. proposed by OHPC) for the ARR of 2026-27 as per Regulation 31 of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, the details of which is given in Table below:

Table – 37

Depreciation approved by the Commission for HEPs of OHPC for FY 2026-27

(Rs in Crs.)

Sl. No.	Name of the Power Station	Project Cost	Depreciation @ 2.57%	Loan Repayment	Depreciation approved @2.57% of the Project Cost
1	2	3	4 = 3*2.57%	5	6
1	RHEP	175.949	4.522	1.229	4.522
2	UKHEP	148.706	3.822	0.887	3.822
3	BHEP	553.519	14.225	7.583	14.225
4	HHEP	489.437	12.579	6.824	12.579
5	CHEP	230.789	5.931	3.361	5.931
6	UIHEP	1367.343	35.141	36.893	35.141
	Total				76.220

(c) Return on Equity (RoE)

- (i) OHPC has submitted that the Commission in the tariff order dated 19th April, 2002 in Case No. 65 of 2001 and Case No. 04 of 2002 had decided the equity component of OHPC. Based on the above order and subsequent notification of Government dated 29.01.2003, the Return on Equity was allowed to OHPC on new investments made after 01.04.1996.
- (ii) Computation of RoE is governed under Regulation-28 of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024.

Regulation No. 28(2) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024 stipulates that

“Return on equity shall be computed at the base rate of 14.0% for all thermal generating stations, at the base rate of 15.5% for run-of-river hydro generating station and at the base rate of 16.5% for storage type hydro generation station, pumped storage hydro generating station and run-of-river generating station with pondage;

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

The PPA of old power stations of OHPC & that of UIHEP have provisions for revision of tariff norms as per the regulations, issued by OERC/CERC from time to time.

Clause No.9 (ii) of Schedule-5 of the PPA of old power stations under the head “Revision of Tariff” norm provides thus:

“In case of any fresh guidelines/rules/Regulations issued by OERC/CERC regarding the tariff and its application and it shall be applicable from the date of its notification.”

Clause No.11 of Schedule-5 of PPA of UIHEP under head “Revision of Tariff” is reproduced below.

“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 Government of Odisha and/or GOI may issue from time to time regarding the tariff and its application.”

Accordingly, the base rate of RoE for the power stations of OHPC is considered as 16.5% as per OERC’s Generation Tariff Regulations, 2024 as all the power stations of OHPC are storage/Run-of-River with pondage type.

(iii) The Commission in past years had approved the Return on Equity (RoE) as per the provision of PPA.

(iv) The Commission has analysed the Return on Equity (RoE) claimed by OHPC in the tariff petition for FY 2026-27. As per Regulation 28(2) reproduced above and the provisions of the PPA, the Commission allows the ROE of 15.5% for existing old HEP and 16% for UIHEP. Accordingly, the RoE has been calculated on Equity base for FY 2026-27, the details of which are shown in the following table:

Table - 38
RoE approved by the Commission for different power stations of OHPC for FY 2026-27
(Rs. in Crs.)

Sl. No.	Name of the Power Stations	Total Additional Capitalisation from 01.04.1996 to 31.03.2025 less PSDF Grant	Equity Capital rate	Equity Capital	ROE (Approved) @15.5% for old power stations and at 16% for UIHEP
	1	2	3	4	5
1	RHEP	82.59	30%	24.777	3.841
2	UKHEP	41.13	30%	12.338	1.912
3	BHEP	441.73	30%	132.519	20.540
4	HHEP	441.54	30%	132.463	20.532
5	CHEP	144.79	30%	43.437	6.733
6	UIHEP*	1367.34	25% & 30%*	352.865	56.458
7	Total	2519.13		698.401	110.016

(v) Thus, the Commission approves Rs.110.016 Cr. as against the proposed Rs.121.531 Cr. towards Return on Equity for all stations of OHPC for FY 2026-27.

(d) O&M Expenses

(i) Regulation 3(1)(vv) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates the following in respect of Operation and Maintenance Expenses for hydro generating stations:

“Operation and Maintenance Expenses” or “O&M expenses” means the expenditure incurred for operation and maintenance of the project, or part thereof in a financial year and includes the expenditure on manpower, maintenance, repairs and maintenance spares, other spares of capital nature valuing up to Rs 10 lakhs, additional capital

expenditure of an individual asset costing less than Rs. 20 lakhs, consumables, insurance, security expenses, overheads and fuel other than used for generation of electricity;”

Proviso to Regulation No. 21(2) stipulates as follows:

“...x...x.....x...Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.”

Regulation 34(2)(f) stipulates that O&M norms for the existing plants of OHPC will be as determined by the Commission from time to time.

- (ii) OHPC has submitted the power station-wise and asset-wise estimated additional capitalization (less than Rs 20 lakhs) and Spares of capital nature (valuing up to Rs. 10 lakhs) as per budgetary provisions, approved by OHPC for FY 2024-25 amounting to Rs5.991 Crs, which have not been considered as estimated additional capitalization and the same are included in the O & M Expenses as per Regulation 3(1)(vv) & 21(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024. The details of power station-wise and asset-wise such estimated capital expenditures less than Rs.20 lakhs and Capital Spares valuing up to Rs.10 lakhs have been submitted by OHPC.
- (iii) OHPC has submitted the O&M expenses as per audited accounts for calculation of O&M expenses of different power stations of OHPC for FY 2026-27 and has escalated the average actual O&M expenses for FY 2023-24 & FY2024-25 @ 5.72% for FY2025-26 & FY2026-27 as per the principle adopted by the Commission in the tariff orders of OHPC for FY2024-25 & FY2025-26. OHPC has failed to give a detailed head-wise explanation of expenditures under the head Repair & maintenance, salaries and A&G expenses of power stations despite repeated request from the Commission. The Commission analyses the audited O&M expenses of OHPC for FY 2022-23, FY 2023-24 and FY 2024-25 and observes that certain audited expenditure cannot be treated as purely O&M expenses, i.e., loss of asset, loss of inventory, CSR, Rebate on sale of scrap, and Donation. The Commission, after due scrutiny, is not inclined to allow the above audited expenditures booked under O&M expenses. The O&M expenses have been calculated by taking the average audited Normalised O&M expenses after deducting disallowed expenses, asset-wise estimated additional capitalization (less

than Rs.20 lakhs) and Capital Spares (valuing up to Rs.10 lakhs) mentioned above and DOWR share for FY 2022-23 to FY 2025-26. The same has been escalated @ 5.47% as per Terms & Conditions for determination of Generation Tariff) Regulation, 2024 for FY 2022-23 to FY 2025-26. The Commission, on proper analysis, allows an amount of Rs.334.177 Cr. towards O&M for FY 2026-27 against the proposed Rs.388.703 Cr. The computation of O&M expenses of different power stations of OHPC and approved by the Commission for FY 2026-27 are given in the following table.

Table-39
O&M Expenses approved by the Commission for different power stations of OHPC for FY 2026-27

(Rs in Cr)									
Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
8	Total O & M Expenses for the FY 2026-27	60.165	65.235	65.994	59.171	28.371	278.936	55.242	334.177

(e) Interest on Working Capital

OHPC, in its ARR petition for FY 2026-27, has computed Interest on Working Capital of different power stations as per the previous approval of the Commission.

- (i) Regulation 32(4) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 relating to Interest on working capital for hydro generating stations provides as follows:

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

- (ii) Regulation No. 32(3) regarding rate of interest on working capital stipulates that-

“Rate of interest on working capital shall be on a normative basis and shall be equal to the one year marginal cost of lending rate (MCLR) of the State Bank of India issued as on 01.04.2024 or on 1st April of the year during the tariff period 2024-2029 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later, plus 300 basis points.”

- (iii) The Reserve Bank of India has issued guidelines for setting lending rate (on loans) by commercial banks under the name Marginal Cost of Funds based Lending Rate (MCLR). The MCLR of SBI (as on 1st April 2025) for one year was 9%. OHPC has considered the MCLR rate of SBI (as on 01.04.2025) plus 300 basis point for computation of Interest on working capital as per the above Regulations and requested the Commission for approval of the same.

- (iv) OHPC has considered the MCLR rate of SBI as on 01.04.2025 i.e. 9% plus 300 basis point for computation of Interest on working capital for FY 2026-27.
- (v) The Commission finds that OHPC is cash surplus and has not availed any working capital loan during FY 2023-24 and FY 2024-25 as per the audited account. The Commission is of the opinion that the interest rate for working capital on normative basis (i.e 9% + 300 basis points =12%), as proposed by OHPC, is a burden on the consumers. Keeping this impact and considering the above Regulations, the Commission considers the normative, working capital interest rate @ 8.7% (1-year SBI MCLR as on 15th March 2026) for determination of working capital requirement of OHPC on normative basis for FY 2026-27.
- (vi) The details of interest on working Capital approved by the Commission in respect of different power stations for FY 2026-27 are given in the following table:

Table - 40
Interest on Working Capital approved by the Commission for all HEPs of OHPC for FY 2026-27

(Rs. in Crs.)

Sl. No.	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
1	Interest on Loan & GC	1.100	0.823	7.650	8.199	3.771	21.542	6.340	27.882
2	RoE	3.841	1.912	20.540	20.532	6.733	53.558	56.458	110.016
3	O & M Expenses	60.165	65.235	65.994	59.171	28.371	278.936	55.242	334.177
4	Depreciation	4.522	3.822	14.225	12.579	5.931	41.079	35.141	76.220
5	Less Non Tariff Income	1.931	1.099	4.994	1.259	0.302	9.585	2.782	12.367
6	Adjustment of Non-Tariff Income	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.954
7	Less Sale of Power to CSPDCL				3.382		3.382		3.382
8	Total[1+2+3+4-5+6-7]	68.304	71.470	104.654	96.538	44.679	385.645	151.855	537.500
10	O & M Expenses for One Month	5.014	5.436	5.499	4.931	2.364	23.245	4.603	27.848
11	Maintenance spares @15% of O & M Expenses	9.025	9.785	9.899	8.876	4.256	41.840	8.286	50.127
12	Receivable equivalent to 45days of Annual Fixed Cost	8.665	9.072	13.209	12.181	5.640	48.766	19.065	67.831
13	Total Working Capital	22.703	24.293	28.608	25.987	12.260	113.851	31.954	145.806
14	Interest on Working Capital calculated @ 8.7%	1.975	2.114	2.489	2.261	1.067	9.905	2.780	12.685

Thus, the Commission approves an amount of Rs.12.685 Cr. as against the proposed Rs.20.591 Cr, towards interest on working capital for FY 2026-27.

(f) Non-Tariff Income

OHPC has proposed the deductible non-tariff income of different power Stations of OHPC for FY 2026-27 amounting to Rs.12.37 Cr. as per Regulations 35(1),(2) & 60 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2024.

(i) The Net Non-Tariff Income proposed by OHPC from the Standalone Audited Accounts of power stations for FY 24-25 is given in the table below:

SI No.	Particulars	Amount in Crs
1	Other Income as per P/L account	424.47
	Less Income from investments as per Regulation 60 of OERC Generation tariff Regulation 2024.	216.64
2	Interest on debt Securitization (interest on pending energy bill received from GRIDCO)	145.86
3	Dam share from DoWR (adjusted in O & M Expense for audited account of FY2024-25)	11.97
4	Reimbursement from GRIDCO on account of Income Tax (adjusted in O & M Expense for audited account of FY2024-25)	25.27
5	Net Non-Tariff Income (5=1-2-3-4)	24.73
6	50% of Net Non Tariff Income (6=5/2)	12.365

Table -41
Deductible Non-Tariff Income of different Power Stations of OHPC for FY 2026-27
(Rs. in Cr.)

SI No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Net Non-Tariff Income (apportioned on the basis of Installed capacity)	1.93	1.1	4.99	1.26	0.30	2.78	12.37

(ii)The Commission finds that OHPC have surplus money and have deposited in Bank as fixed deposit amounting to Rs.2655.52 Cr in their Balance sheet. The Commission has considered the Net Non-tariff Income of OHPC for FY 2026-27, as given in table below:

SI No.	Particulars	OHPC Standalone Other Income (Amount in Crs)
1	Other Income as per P/L account	424.47
2	Less: Income from investments as per Regulation 60 of OERC Generation tariff Regulation 2024.	216.64
3	Less: Interest on debt Securitization (interest on pending energy bill received from GRIDCO)	145.86
4	Less: Dam share from DoWR (adjusted in O & M Expense for audited account of FY2024-25)	11.97
5	Less: Reimbursement from GRIDCO on account of Income Tax (adjusted in O & M Expense for audited account of FY2024-25)	25.27
6	Net Non-Tariff Income (6=1-2-3-4-5)	24.73
7	50% of Net Non-Tariff Income (7=6/2)	12.37

The Commission on proper analysis considers the audited other income for FY 2024-25 of Rs.424.47 Cr. as per Regulation 35 & 60 of the OERC's Generation Tariff Regulation, 2024. From the audited accounts, it is observed that OHPC has earned Rs.24.73 Cr as net non-tariff income excluding income from investment. As per OERC's Generation Tariff Regulation, 2024 the Non-Tariff net income shall be shared between the beneficiaries and the generating company, in the ratio of 50:50. Accordingly, the Commission allows Rs.12.36 Cr (50 percent of Rs 24.73 Cr approx) as the deductible Net Non-Tariff income of OHPC for the FY 2026-27, the details of which are shown in the following table.

SI No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Net Non-Tariff Income (apportioned on the basis of Installed capacity)	1.93	1.10	4.99	1.26	0.30	2.78	12.37

36. Aggregate Revenue Requirement (ARR) for FY 2026-27

Based on the above components, ARR and average tariff for different hydro power stations of OHPC have been calculated for FY 2026-27 considering the total Saleable Design Energy of 5601.62 MU, the details of which are shown in the following table.

Table - 42
ARR and Tariff for different Hydro stations of OHPC for FY 2026-27

(Rs. in Crore).

Components	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total FY 2026-27
Saleable Design Energy (MU)	519.750	823.680	1171.170	660.520	484.120	3659.240	1942.380	5601.62
Return on Equity	3.841	1.912	20.540	20.532	6.733	53.558	56.458	110.02
Interest on Loan	1.100	0.823	7.650	8.199	3.771	21.542	6.340	27.88
Depreciation	4.522	3.822	14.225	12.579	5.931	41.079	35.141	76.22
O & M expenses	60.165	65.235	65.994	59.171	28.371	278.936	55.242	334.18
Interest on Working Capital	1.975	2.114	2.489	2.261	1.067	9.905	2.780	12.69
Total Cost	71.603	73.905	110.898	102.741	45.872	405.020	155.960	560.98
Less Non Tariff Income	1.93	1.10	4.99	1.26	0.30	9.58	2.78	12.37
Adjustment of Non-Tariff Income	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.95
Less Sale of Power to CSPDCL				3.403		3.403		3.40
Total ARR for FY2026-27	70.280	73.582	107.147	98.777	45.747	395.534	154.637	550.17
Average Tariff (P/U) for 2026-27	135.22	89.33	91.49	149.54	94.50	108.09	79.61	98.22

Note:

- (i) The Commission has taken cognizance of the excess deduction of non-tariff income in FY 2021-22 in its order dated 05.09.2022 in Case No.65 of 2021 and has considered Rs.4.95 Cr (as 3rd instalment of recovery of excess NTI deduction in ARR of OHPC for FY 2021-22), which has been apportioned among all Hydro power stations of OHPC in the AFC calculation for FY 2026-27 in the ratio of their installed capacity.
- (ii) The Commission has taken cognizance of the other income of OHPC towards determination of non-tariff income for ARR 2026-27.
- (iii) The Revenue from saleable power to CSPDCL (Rs.3.403 Cr.) has been deducted. Accordingly, the Commission approves ARR of Rs.550.17 Cr. at an average tariff of 98.22 P/kWh as against the proposed ARR of Rs.643.571 Cr. at an average tariff of 114.89 P/kWh.

37. **Reimbursements for FY 2026-27**

(a) **Reimbursement of ARR & Tariff Application fees and related publication expenses:**

- (i) Regulation 66 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 regarding “Application and Publication Expenses” stipulates the following:

“The application filing fee and the expenses incurred on publication of notices in the application for approval of Tariff, may in discretion of the Commission, be allowed to be recovered by the generating company, directly from the beneficiaries.”

- (ii) As per the Clause No.17 of the Commission’s Notification No.1992 dated 31.08.2009, the application fee has been fixed at Rs.5,000/- per MW for determination of tariff of conventional fuel-based plant/Hydel Plants, subject to the maximum limit of Rs.25,00,000/- (Rupees Twenty-Five Lakhs Only). Accordingly, OHPC has submitted to allow Rs.25 Lakhs as application fee for the FY 2026-27.

OHPC has also proposed Rs.2 Lakhs as reimbursement towards publication expenses for FY 2026-27. Thus, OHPC has proposed Rs.27 Lakhs to be reimbursed from GRIDCO, the details of which are given in the following table.

Table – 43
Application Fee & Publication Expenses for FY 2026-27
(Rs. in Lakhs)

Sl. No.	Particulars	Amount to be reimbursed
1	Application fee for FY2025-26	25.00
2	Publication expenses for FY2025-26	2.00
	Total	27.00

- (iii) The Commission approves Rs.27 lakhs as proposed by OHPC towards application fee and publication expenses, which is to be reimbursed from GRIDCO and pass through in the ARR of GRIDCO for FY 2026-27.

(b) **Reimbursement of Electricity Duty on Auxiliary consumption**

- (i) As per the agreed PPA, the taxes and duties including ED on auxiliary consumption etc payable by OHPC to the State Government and other statutory bodies shall be passed on to GRIDCO in the shape of supplementary bill raised by OHPC within 30 days of receipt of bills. The Energy Department, Government of Odisha, vide Notification No.912 dated the 12.05.2017, has revised the rate of ED from 30 paisa

per Unit to 55 paise per Unit with effect from 12th May 2017. Accordingly, OHPC has computed ED as Rs.3.176 Cr. for all power stations for FY 2026-27 as reimbursement from GRIDCO, the details of which are given in following Table:

Table - 44
ED payable by OHPC Power station for FY 2026-27

Power Stations	Design Energy (in MU)	Proposed Percentage of Auxiliary Energy Consumption (in %)	Auxiliary Energy Consumption to be approved (in MU)	ED Rate Applicable (in Rs/Unit)	ED proposed for Reimbursement by OHPC (in Cr)
RHEP	525	1	5.25	0.55	0.289
UKHEP	832	1	8.32	0.55	0.458
BHEP	1183	1	11.83	0.55	0.651
HHEP	684	1	6.84	0.55	0.376
CHEP	490	1.2	5.88	0.55	0.323
UIHEP	1962	1	19.62	0.55	1.079
Total	5676	1	57.74	0.55	3.176

- (i) The Commission provisionally approves an amount of Rs.3.176 cr. towards auxiliary consumption of various power stations, as proposed by OHPC for reimbursement from GRIDCO in FY 2026-27. GRIDCO is to reimburse the amount on actual basis after prudent check as and when it is claimed by OHPC with appropriate documentary evidence.

(c) Reimbursement of License fee for use of water for generation of electricity:

- (i) OHPC has submitted that as per the amendment made in Rule-23-A-(2) (f) of the Odisha Irrigation Rule, 2016, published in Odisha Gazette on 27.09.2016, the license fee for drawl or allocation of water has been enhanced @10% per annum w.e.f. 1st day of April. Accordingly, the water cess @ 1.9 paise/unit for FY 2025-26 was paid by OHPC at the notified rates and was reimbursed by GRIDCO. OHPC will pay Licence Fee @ 2.0 paise/ unit on water used for generation of electricity for FY 2026-27 which is projected in the following Table.

Table - 45
Licence Fee for Consumption water for generation of electricity from Power station of OHPC for FY 2026-27

Power Stations	Design Energy (in MU)	Licence fee for use of water as Proposed by OHPC @Rs 0.020/kWh of Generation (in Cr)	Remarks
RHEP	525	1.050	OHPC will claim reimbursement @Rs 0.020/kWh on basis of actual generation of each Power Station.
UKHEP	832	1.664	
BHEP	1183	2.366	
HHEP	684	1.368	
CHEP	490	0.980	
UIHEP	1962	3.924	
Total	5938.5	11.352	

(ii) The Commission provisionally approves an amount of Rs.11.352 cr. for reimbursement from GRIDCO in FY 2026-27 based on the design energy of various power stations of OHPC. OHPC will claim reimbursement on the basis of actual generation of each power station of OHPC. GRIDCO is to reimburse the amount on actual basis after prudent check as and when it is claimed by OHPC with appropriate documentary evidence.

(d) Reimbursement of SLDC Charges

(i) As per OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010, SLDC has to levy and collect annual charges from user's towards SOC & MOC. OHPC has submitted that Fees & charges of SLDC have been escalated @5.47% over the previous years' approved charges to arrive at the charges payable for FY 2026-27. Accordingly, Rs.1.6875 Cr. has been proposed as fees & charges of SLDC payable by OHPC based on expected average available Installed Capacity of 1795 MW of OHPC stations in FY 2026-27 considering the shutdown of different generating units on account of renovation & modernisation & other planned maintenance.

(ii) On proper analysis, the Commission provisionally approves Rs.1.65 Cr to be reimbursed by GRIDCO towards payment of SLDC's fees & charges for FY 2026-27 considering 1795 MW as average available Installed Capacity from OHPC power Stations in FY 2026-27. GRIDCO is to reimburse the amount on actual basis

after prudent check as and when it is claimed by OHPC with appropriate documentary evidence.

(e) Reimbursement of contribution made to ERPC

- (i) OHPC has submitted that it is contributing towards ERPC establishment fund & ERPC fund from FY 2006-07 onwards as per their demand note. Presently, OHPC is paying Rs.15 Lakhs towards contribution to ERPC Establishment Fund and Rs.1 Lakh towards contribution to ERPC Fund on an annual basis. Expecting the above claim of ERPC, OHPC has proposed Rs.16.0 Lakhs as a pass-through in the tariff for FY 2026-27 to be reimbursed by GRIDCO. Any excess claim (above Rs.16.0 Lakhs) made by ERPC for FY 2026-27 will be claimed as additional reimbursement in the subsequent Tariff year. On proper analysis, the Commission provisionally approves Rs.16 lakhs for payment towards ERPC contribution for the FY 2026-27, which is to be reimbursed by GRIDCO. GRIDCO is to reimburse the amount on actual basis after prudent check as and when it is claimed by OHPC with appropriate documentary evidence.

(f) Reimbursement of Income Tax

- (i) OHPC has submitted for approval of Rs 26.25 Cr towards reimbursement of Income tax for FY 2026-27 based on Regulation 29 of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024.
- (i) The Commission on proper analysis allows the Income tax reimbursement by GRIDCO as mentioned in the table below:

As per Regulation 29 of OERC's Generation Tariff Regulation,2024	Amount (Rs Cr)
Profit before tax as per P&L for FY 2024-25	479.17
Less:Other Income	424.47
Profit from core Business	54.7
Income tax on Core Business@25.168	13.77

38. The details of reimbursement claim from GRIDCO for FY 2026-27 by OHPC towards ED on auxiliary consumption, license fee for use of water for generation of electricity, SLDC charges, Application fee and publication expenses, ERPC Charges and Income Tax are summarized in the table below:

Table – 46
Details of Reimbursement from GRIDCO for FY 2026-27 (Rs. Cr.)

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
(a) License fee for use of water for generation of electricity for FY 2026-27	1.050	1.664	2.366	1.368	0.980	3.924	11.352
(b) ED on Auxiliary Energy Consumption for FY2026-27	0.289	0.458	0.651	0.376	0.323	1.079	3.176
(c) SLDC charges for FY 2026-27							1.65
(d) Application fees and publication expenses for FY2026-27							0.270
(e) ERPC charges for FY2026-27							0.160
(f) Income Tax							13.77
Total							30.378

Based on analysis in above paragraphs, the Commission approves total reimbursement of Rs.30.378 Cr. by GRIDCO and the above expenditure is to be included in GRIDCO's ARR for FY 2026-27. However, GRIDCO is to reimburse the amount to OHPC on actual basis after prudent checks based on the basis of supporting documents.

39. Two-Part Tariff

(a) As per Regulation 45(1) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulation, 2024, the fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these Regulations and recovered on monthly basis under Capacity Charge (inclusive of incentive) and Energy Charge. Further, as per Regulation 45(12) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024, the computation and payment of capacity charge and energy charge for existing plants of OHPC will be as determined by the Commission from time to time.

(b) The Annual Capacity Charges (ACC), Annual Energy Charges (AEC) and Energy Charge Rate (ECR) of different power stations of OHPC for FY 2026-27 is shown in the following table:

Table - 47
Capacity Charge, Energy Charge and Energy Charge Rate of different Power Stations of OHPC approved by the Commission for FY2026-27

Name of the Power Stations	Annual Fixed Cost	Capacity Charges (Rs in Crs.)	Energy Charges (Rs in Crs.)	Saleble Design Energy (in MU)	Energy Charge Rate(P/U)
RHEP, Rengali	70.28	35.14	35.14	519.75	67.61

Name of the Power Stations	Annual Fixed Cost	Capacity Charges (Rs in Crs.)	Energy Charges (Rs in Crs.)	Saleble Design Energy (in MU)	Energy Charge Rate(P/U)
UKHEP, Baraniput	73.58	36.79	36.79	823.68	44.67
BHEP, Balimela	107.15	53.57	53.57	1171.17	45.74
HHEP, Burla	98.78	49.39	49.39	660.52	74.77
CHEP, Chiplima	45.75	22.87	22.87	484.12	47.25
UIHEP, Mukhiguda	154.64	77.32	77.32	1942.38	39.81

Note: In addition to above 16.644 MU of energy is sold to CSPDCL.

- (c) The recovery of capital charge and energy charge for a calendar month shall be as per the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024. Again, the full recovery of capacity charge shall be based on the NAPAF of the power station. The Commission, vide its order in Case No.52 of 2019, has fixed the NAPAF of different power stations of OHPC. OHPC has considered the NAPAF of different power stations of OHPC for the FY 2026-27 for computation of capacity charges which shall be considered as mentioned in the Table below:

Table – 48

Normative plant availability factor of OHPC for FY 2026-27

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

40. Tariff for CSPDCL on drawl of power from HHEP, Burla

- a) Chhattisgarh State Power Distribution Company Limited (CSPDCL) [erstwhile Chhattisgarh State Electricity Board (CSEB)] has been drawing 5MW of power from Hirakud generating station as share of Chhattisgarh State (erstwhile share holder being Madhya Pradesh) and is taking a plea since the FY 2006-07 to pay the energy charges at the tariff approved by the Commission for HHEP and applicable to the consumers of Odisha, considering this as a supportive measure extended by the Govt. of Odisha. This tariff is considerably lower than the actual cost of

generations from HHEP and billing is made to them as per the Minutes of Meeting dtd. 24.12.2004.

- b) CSPDCL has suggested that as power is being purchased from a hydel power project situated in Odisha it has the status of inter-state project and as such, tariff should be decided in accordance with norms, approved by Central Electricity Regulatory Commission and it is further agreed that Odisha State Electricity Regulatory Commission shall be requested to decide the tariff from 2006-07 onwards in accordance to regulation notified by CERC, treating HHEP Burla as an inter-state entity.
- c) It is noted that from 2008-09 onwards CSPDCL shall pay the energy charge at a rate as approved by OERC provisionally till the rate approved by appropriate Commission and afterwards necessary adjustment shall be done in accordance with the law. Accordingly, as per the request of OHPC the Commission has provisionally fixed the ECR for billing to CSPDCL for FY 2015-16 to FY 2025-26. As submitted by OHPC, it has computed the provisional tariff of Rs.204.440 P/kWh for billing of Energy to CSPDCL for the ensuing FY 2026-27 as per the CERC (Terms and Conditions of Tariff) Regulation, 2024 as detailed in the Table below:

Table - 49
Tariff for CSPDCL for 2026-27

Details of Expenses HHEP	Amount (Rs in Cr)
Saleable Design Energy of HHEP (in MU)	677.16
Project Cost (Up-valued cost as on 01.04.1996 + Capitalization up to 31.03.2025 - Decapitalization)	557.3
Return on Equity (@ 22.0494%)	36.86
Interest on Loan	10.37
Depreciation (@ 5.28%)	29.43
O & M expenses (escalated @5.47%)	58.03
Interest on Working Capital (@ 12.25%)	3.75
Total ARR	138.44
Average Tariff (p/u)	204.440
Total amount to be billed for 16.644 MU for FY 2025-26(Rs in Cr)	3.403

- d) The Commission, after considering the above calculation, approves the average tariff of 204.440 p/u for HHEP for billing to CSPDCL for FY 2026-27. The Commission has considered the impact of the sale of power to CSPDCL from HHEP as 5 MW/16.644 MU. The Commission observes that the revenue likely to

be earned from the sale of 5MW of power to CSPDCL is around 3.403 Cr. Therefore, the Commission in this ARR calculation has deducted 16.644 MU of power from the saleable energy of HHEP and revenue of Rs 3.403 Cr. from ARR of HHEP to arrive at the average tariff of OHPC stations.

41. Aggregate Revenue Requirement and Tariff for Machhakund H.E. Project

- (a) OHPC has stated that Machhakund HE Project (a joint venture project between Andhra Pradesh and Odisha Government) is almost 60 years old and it has proposed to go for renovation and modernisation of all the six units in phases and up-gradation, wherever possible, taking into account the existing water conductor system. As per the original Inter-State Agreement, signed between the two States in the year 1945 and as per the inter-state supplementary agreement, signed between both the Governments in the year 197, Government of Andhra Pradesh (GoAP) and Government of Odisha had shares in the ratio of 70:30 from Machhakund Hydro Electric Project (MHEP).
- (b) A new inter-state agreement was signed between Govt. of Odisha / OHPC and Govt. of Andhra Pradesh/APGENCO on 23rd October 2020. As per the provisions of this agreement, for acquiring additional 20% share of the Joint Scheme, Govt. of Odisha/OHPC makes payment of Rs.27.42 Cr to Govt. of AP/APGENCO considering 20% of the present depreciated cost of the project and the share of expenditure on account of RM & U works for all the generating units along with auxiliaries and switchyard system in the ratio of 50:50.
- (c) As per the terms of the new Agreement, it is agreed at Clause No. 7 that The Original Agreement dated 14.01.1945 with modifications shall continue to be applicable together with this agreement upon its execution and that the agreement dated 15.12.1978 shall stand superseded and become unenforceable. Accordingly, the billing by APGENCO to OHPC @ 8 paise/unit for the energy drawn by Odisha beyond 30% up to 50% shall be discontinued along with the computation of share of annual audited O&M expenditure of MHEP between the two States basing on the maximum demand in MW during the year.
- (d) Now as per the new agreement dated 21-12-2020, after payment of Rs.27.42 Cr, Govt of Odisha / OHPC shall have 50% legitimate share of MHEP Joint Scheme and shall draw the share of power on real time basis and make payment of 50% share of the cost of O&M charges as may be required / actually incurred for the project every year. OHPC shall raise monthly energy bills to GRIDCO in respect of

Odisha's share of energy available from MHEP including the power drawn through the distribution network connected to MHEP.

- (e) OHPC has stated that MHEP(JV) being a fully depreciated project, and presently, in absence of any tariff mechanism for recovery of the investments, all expenditure of MHEP is being considered under O & M expenditure and shared between the two States (Andhra Pradesh & Odisha) on annual basis. Accordingly, the 50% share of the total audited O&M Expenses of Rs. 33.403 Cr for FY 2024-25 has been escalated twice @ 5.47 % per year to arrive at the share of Govt. of Odisha / OHPC for FY 2026-27 payable to State of Andhra Pradesh / APGENCO (i.e. Rs.37.158 Cr). The cost per unit is 1.43272 considering drawl of 50% share of saleable design energy of Machhakund i.e.259.35 MU. The calculation of projected tariff by OHPC for MHEP for FY 2026-27 is given in the table below:

Table - 50

PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2026-27	
	2026-27
Present Installed Capacity of MHEP (Jt.) Scheme (MW)	120
Odisha Share as per New Agreement dated 23.10.2020 (MW) (50%)	60
Design Energy of MHEP for Generation (MU)(@ PLF around 50%)	525
Normative Auxiliary Energy Consumption (AUX) (%)	1.2%
Normative Auxiliary Energy Consumption (AUX) (MU)	6.3
Saleable Design Energy for sharing between Andhra Pradesh & Odisha (MU)	518.7
Saleable Design Energy Share of Odisha (MU) (50%)	259.35
Drawl of Total Share of Odisha Energy by GRIDCO (MU)	259.35
O&M Escalation factor @ 5.47 % for two years over the O&M Bill of MHEP for FY 2024-25.	1.112
	(Rs. in Cr)
1. Total Audited Cost of O&M Bill of MHEP (Jt.) for the FY 2024-25	66.80665
2. 50% O&M Expenditure share (Orissa share of Actual O&M Expenditure for 2024-25)	33.403325
3. O&M Expenditure for FY 2026-27 applying the escalation factor	37.1576
4. Total Expected Expenditure during the FY 2026-27	37.1576
5. Provisional Tariff (Paise/Kwh)	143.272
Reimbursements of Statutory Dues/Duty/Cess as applicable shall be considered under the O&M Expenses	

(g) The Commission has scrutinized the proposal of OHPC and approves a tariff of 143.272 paisa/kWh for energy drawl of 259.35 MU against 50% share of Odisha for FY 2026-27. OHPC shall raise monthly bill accordingly to GRIDCO subject to year-end adjustment as per existing practice.

42. The summary of ARR and generation tariff for different generating stations of OHPC excluding Machhakund as approved by the Commission for FY 2026-27 is given in the Table below:

Table – 51
Summary of ARR and generation tariff of OHPC Approved by the Commission for FY2026-27

Particulars	Year	RHEP, Rengali	UKHEP, Baraniput	BHEP, Balimela	HHEP, Burla	CHEP, Chiplima	OHPC Old Stations	UIHEP, Mukhiguda	OHPC Total
ARR (Rs Cr)	Approved FY 2025-26	68.49	81.12	104.27	96.92	44.87	395.67	165.80	561.47
	Proposed FY 2026-27	74.03	84.32	120.23	108.84	54.74	442.16	201.41	643.57
	Approved FY 2026-27	70.28	73.58	107.15	98.78	45.75	395.53	154.64	550.17
Saleable Design Energy (in MU)	Approved FY 2025-26	519.75	823.68	1171.17	660.52	484.10	3659.22	1942.38	5601.60
	Proposed FY 2026-27	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
	Approved FY 2026-27	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
Capacity Charges (Rs in Crs.)	Approved FY 2025-26	34.24	40.56	52.13	48.46	22.44	197.83	82.90	280.73
	Proposed FY 2026-27	37.02	42.16	60.11	54.42	27.37	221.08	100.71	321.79
	Approved FY 2026-27	35.14	36.79	53.57	49.39	22.87	197.77	77.32	266.81
Average Tariff (P/U)	Approved FY 2025-26	131.77	98.49	89.03	146.73	92.69	108.13	85.36	100.23
	Proposed FY 2026-27	142.44	102.37	102.65	164.78	113.08	120.83	103.69	224.52
	Approved FY 2026-27	135.22	89.33	91.49	149.54	94.50	108.09	79.61	98.22
Energy Charge Rate(P/U)	Approved FY 2025-26	65.89	49.24	44.51	73.36	46.35	54.06	42.68	50.12
	Proposed FY 2026-27	71.22	51.18	51.33	82.39	56.54	60.42	51.85	57.45
	Approved FY 2026-27	67.61	44.67	45.74	74.77	47.25	54.05	39.81	49.11

The unit cost of energy from Machhakund as approved by the Commission is 143.272 P/kWh for FY 2026-27.

- (i) The ARR has been approved for FY 2026-27 (i.e. from 01.04.2026 to 31.03.2027) and the tariff now approved shall be effective from **01.04.2026** and shall be in force until further orders.

43. Compliance to the directives of OERC in the Tariff Order of OHPC for FY 2025-26

PARA NO	DIRECTIVES OF OERC	COMPLIANCE BY OHPC
83(1) & (2)	<p>OHPC has submitted that actual generation of some of the Hydro Powe Station like UIHEP, CHEP, BHEP, UKHEP is less than their Design Energy continuously for past four (4) years and this is because of silt deposit, decrease in flow, change in climatic condition etc. For above HEPs, OHPC is directed approach Central Electricity Authority (CEA) with relevant hydrology data for revision of Design Energy of these stations as per the provision in Regulation 45 of OERC's Generation Tariff Regulations, 2024.</p> <p>It is observed that RHEP & HHEP are performing well with higher generation than Design Energy for last few years and must have positive contribution to the secondary fund. The Commission directs to intimae about the present contribution from various HEPs of OHPC and status of fund available in secondary fund created to take care of hydrology failure of other Hydro Project.</p>	<ul style="list-style-type: none"> • Reassessment of Design Energy of UIHEP, CHEP, BHEP & UKHEP is under progress. • Since collection, compilation and analysis of the up-to-date hydrological data, hydro-meteorological data from the period of preparation of the DPR/ Construction of projects, as required in the guidelines of CEA for reassessment of Design Energy of Hydro Electric Power stations, OHPC has decided to complete the work through an independent consultant. • The tendering work of engaging of consultant for reassessment of Design Energy of BHEP, UKHEP, UIHEP & CHEP is in progress.
83(3)	<p>OHPC is directed to update the status and the completion time line of capital maintenance of Unit 1&2 of Chiplima Powerhouse and Repair & Renovation of power channel from Burla Powerhouse to Chiplima Powerhouse for which huge amount has been approved by the Commission.</p>	<p><i>Status of Unit-1 & 2 of CHEP:-</i></p> <ul style="list-style-type: none"> • Assembly of Unit-1 is in progress & expected to be completed in the last week of November 2025. • The performance of Unit No. 1 after its Capital Maintenance will be under warranty for 06 months. • After that Unit-2 shall be handed over to M/s Voith Hydro Pvt. Ltd. for Capital Maintenance work. Status of capital maintenance of Repair & Renovation of power channel from Burla Power House to Chiplima Power House is also mentioned in the application.
83(4)	<p>OHPC is directed to submit the updated status, the completion schedule and expected levelized tariff of Kharag HEP</p>	<p>The DPR has been prepared for Kharag HEP (63MW) & Upper Indravati Pump Storage Project. The levelized Tariff of Upper Indravati PSP would</p>

PARA NO	DIRECTIVES OF OERC	COMPLIANCE BY OHPC
	(63 MU), each Pump Storage Projects (PSP) associated with UIHEP, UKHEP, BHEP and nine (9) off the river closed loop PSP.	<p>be Rs.5.62 per Kwh (approx.) and that of Kharag is Rs7.08 per Kwh (approx.). The DPR of Balimela PSP & Upper Kolab PSP is in progress. The levelized Tariff will be finalized after preparation of the DPR.</p> <p>The present status and the completion schedule of Kharag HEP (63 MU), pump storage projects associated with UIHEP, UKHEP, BHEP are enclosed with the applications.</p> <p>The present status nine (9) off the river closed loop PSP are enclosed with the applications. The levelized tariff of these projects shall be computed after receipt of the DPR and intimated to the Commission in due course.</p>
83 (5)	OHPC is also directed to submit the updated status of implementation schedule and expected levelized tariff of floating solar projects on the existing reservoirs of HEPs.	The 300MW Floating Solar Project in Rengali Reservoir is to be developed by OHPC in TBCB mode after cancellation of MOU & Promoters Agreement, which was executed between GEDCOL & NHPC Ltd.
83 (6)	OHPC is directed to inform about any planning/ consideration for joint bidding with other States for PSP projects, which are in the pipeline in order to share the benefit and high-cost burden of PSP projects.	The Process for engagement of Transaction Advisory Services for execution of top six (06) ranked feasible projects has been initiated by OHPC. Further steps on development of the selected six projects will be taken as per the recommendation of Transaction Advisor.

44. Directives of the Commission

- a) **Inconsistency in submission of various information/data:** The Commission observes that there is inconsistency in submission of information/data by OHPC, which is a matter of concern. OHPC officials fail to provide the relevant data/information whenever required by the Commission. For proper assessment of any issue and estimation of ARR & determination of tariff correct information/data are essential. OHPC is directed to provide correct & authenticated information/data as and when asked by the Commission.
- b) **Revision of Design energy of HEP:** OHPC has submitted that actual generation of some of the Hydro Powe Station like UIHEP, CHEP, BHEP, UKHEP is less than their Design Energy continuously for past four (4) years and this is because of silt deposit, decrease in flow, change in climatic condition etc. For the above HEPs, OHPC is again directed approach Central Electricity Authority (CEA) with relevant hydrology data for revision of Design Energy of these stations as per the provision in Regulation 45 of OERC's Generation Tariff Regulations, 2024.

- c) **Development of new HEP, PSP, Solar Power & BESS:** The responsibility of energy security of State also lies with OHPC and hence OHPC is directed to invest the unutilized surplus fund for development of new hydro projectors, pump storage projects, ground mounted solar on embankment & along power channel or floating solar in pondage area of Hydro projects and BESS to get maximum benefit of unutilized fund instead of paying income tax.
- d) **Involvement of Research Institutes in Critical Works:** OHPC needs to take assistance of the Research Institutes like IIT, Roorkee while taking up any critical work or major renovation work/replacement of major component of the station like MIV and associate seal control system being undertaken by the OEM like M/s Voith for UIHEP. Their association will help OHPC to resolve any operational problem in future.
- e) **Delay in completion of R&R of Power Channel from Burla to Chiplima:** The Commission had approved Rs.153.55 Crs. for Repair & Renovation (R&R) of power channel from HHEP Burla to CHEP in the year 2022. The progress in this regard is not up to mark but again additional requirement of Rs.11.81 Crs. has been requested for. Such delay in execution of work is unnecessarily increasing the project cost. OHPC is directed to expedite the execution of the work on fast track to avoid further cost overrun. Such cost overrun due to time overrun can not be passed on to the consumers of the State.
- f) **Completion schedule & levelized tariff of various projects in pipeline:** OHPC is again directed to submit the updated status, the completion schedule and expected levelized tariff of various projects in pipe line (a) Kharag HEP (63 MU), (b) each Pump Storage Projects (PSP) associated with UIHEP, UKHEP, BHEP and nine (9) off the river closed loop PSP (c) floating solar projects on the existing reservoirs of HEPs.
- g) **Development of Mini/Small HEP:** OHPC in association with OREDA can also be assigned with responsibility of expediting the development of mini/small hydro electric projects.
- h) **ISO Certifications:** The Commission observed that safe & clean environment is not maintained in the operating area of some of the HEPs which is essential for safe & healthy operation of the plant. OHPC is directed to initiate action for obtaining relevant ISO certification for safety and occupational Health Hazard etc., if not availed so far.
- i) **Limiting the Operation of HHEP:** Hirakud is not a carryover reservoir and the water is not utilized if saved. Restricting HHEP at 595 ft. MDDL has resulted in reduction in energy output from the HEP year-on-year basis. OHPC is directed to discuss with Department

of Water Resource, Govt. of Odisha for optimum utilization of stored water for generation of electricity. OHPC may explore the possibility of use of stored water for generation before the commencement of monsoon which would increase the energy output of HEP as well as benefit the consumer of State by reduction in overall tariff of HEPs.

45. The Generation tariff approved as above in respect of OHPC will become effective from 01.04.2026 and shall continue to remain in force until further orders.
46. The application of OHPC in Case No.118 of 2025 for approval of its Aggregate Revenue Requirement and fixation of generation tariff of its different power stations for the FY 2026-27 is accordingly disposed of.

Sd/-

**(BISWAJIT MOHANTY)
MEMBER**

Sd/-

**(S.K. RAY MOHAPATRA)
MEMBER**

Sd/-

**(P.K. JENA)
CHAIRPERSON**