

# **Multi Year Tariff Order**

**For**

**Baspa II HEP**

**For**

**Period**

**FY12 to FY14**



**Himachal Pradesh Electricity Regulatory  
Commission**

**July 15, 2011**



**BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY  
COMMISSION AT SHIMLA**

CASE NO.225 of 2010

CORAM

SUBHASH CHANDER NEGI

IN THE MATTER OF:

Determination of tariff for sale of power from Baspa II, 300 MW Hydro Power Plant located on River Baspa (tributary of River Satluj), District Kinnaur (H.P.) to Himachal Pradesh State Electricity Board Limited.

AND

IN THE MATTER OF:

Jaiprakash Power Ventures Limited,  
(formerly known as Jaiprakash Hydro Power Limited)  
JUIT Complex, Wagnaghat  
P.O.Dumehar Bani  
Kandaghat-173 215, District Solan (H.P.)

APPLICANT

The Applicant has filed application with the Himachal Pradesh Electricity Regulatory Commission for determination of tariff for sale of power from Baspa II, 300 MW Hydro Power Plant located on River Baspa (tributary of River Satluj), District Kinnaur (H.P.) to Himachal Pradesh State Electricity Board Limited for the Control Period (FY12 to FY14).

The Himachal Pradesh Electricity Regulatory Commission after considering the petition filed by the Applicant, the facts presented by the Applicant in its various filings, objections received by the Commission from the Himachal Pradesh State Electricity Board Limited and consumers, the issues raised in the hearings at Shimla, the responses of the Applicant to the objections and documents available on record and in exercise of the powers vested in it under section 62 and section 86 of the Electricity Act, 2003 (Act No. 36 of 2003) and read with the HPERC (Terms & Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 passes the following Order determining tariffs for 300 MW Baspa II Hydro Power Plant for the period FY12 to FY14.

sd/-

Shimla  
Dated: July 15, 2011

(Subhash Chander Negi)  
Chairman



**Table of Contents**

<b>A1: BACKGROUND.....</b>	<b>1</b>
<i>Multi Year Tariff Regulations</i> .....	1
FILING OF PETITION FOR MYT CONTROL PERIOD (FY12 - FY14).....	2
<i>Procedural Background</i> .....	2
<i>Admission Hearing</i> .....	2
<i>Public Hearings</i> .....	3
<i>Interaction with the Petitioner</i> .....	4
<b>A2: SUMMARY OF THE TARIFF PETITION .....</b>	<b>5</b>
DETAILS OF 300 MW BASPA II HEP .....	5
BUSINESS PLAN .....	5
ASSUMPTIONS.....	6
<i>Capital Cost</i> .....	6
<i>Interest on Loans</i> .....	7
<i>Depreciation and Advance Against Depreciation</i> .....	15
<i>Operations and Maintenance Expenses</i> .....	15
<i>Return on Equity</i> .....	16
<i>Working Capital</i> .....	16
<i>Incentive for Higher Plant Availability and Secondary Energy</i> .....	17
<i>Income Tax</i> .....	17
<i>Interest on Arrears and Debt Restructuring</i> .....	17
ANNUAL FIXED CHARGE FOR BASPA II HEP .....	18
<b>A3: OBJECTION FILED BY STAKEHOLDERS.....</b>	<b>19</b>
INTRODUCTION .....	19
GENERAL COMMENTS ON PETITION.....	19
<i>Objector 1: Shri Arun Kumar, Shimla</i> .....	19
<i>Petitioner's Response</i> .....	20
<i>Commission's Views</i> .....	20
<i>Objector 2: HPSEBL</i> .....	21
<i>Petitioner's Response</i> .....	22
<i>Commission's Views:</i> .....	24
<b>A4: ANALYSIS OF THE TARIFF PETITION FOR THE CONTROL PERIOD .....</b>	<b>27</b>
INTRODUCTION .....	27
COMPUTATION OF TARIFF .....	27
<i>Capacity Charges</i> .....	27
<i>Primary Energy Charges</i> .....	27
<i>Incentive for Secondary Energy and Higher Plant Availability</i> .....	28
<i>Tax on Income</i> .....	28
ENERGY GENERATION FROM THE PLANT.....	28
<i>Energy Generation for MYT Period (FY12 – FY14)</i> .....	28
<i>Additional Capital Cost</i> .....	29
<i>New Loans Availed for against securitization of future receivables</i> .....	30
<i>Interest on Loans</i> .....	33
<i>Depreciation and Advance Against Depreciation</i> .....	42
<i>Operation and Maintenance Expenses</i> .....	42
<i>Return on Equity</i> .....	42
<i>Interest on Working Capital</i> .....	43
<i>Incentive for Secondary Energy and Higher Plant Availability</i> .....	44
<i>Income Tax</i> .....	45
<i>Amortisation of Cost of Debt Restructuring</i> .....	46
ANNUAL FIXED CHARGE FOR BASPA II HEP .....	46
<i>Interest on Arrears Payable by HPSEBL</i> .....	47
<b>LIST OF ABBREVIATIONS .....</b>	<b>49</b>

**Table of Tables**

TABLE 1: COMMUNICATION WITH THE PETITIONER.....	4
TABLE 2: JPVL 300 MW BASPA II HEP - DETAILS.....	5
TABLE 3: PROPOSED BUSINESS PLAN– GENERATION OF ENERGY .....	6
TABLE 4: PROPOSED BUSINESS PLAN– ADDITIONAL CAPITAL EXPENDITURE .....	6
TABLE 5: CAPITAL COST AND MEANS OF FINANCE .....	7
TABLE 6: LOAN PREPAID (RS CR) .....	7
TABLE 7: NEW LOANS AVAILED (RS CR) .....	7
TABLE 8: PROPOSED INTEREST CHARGES ON INDIAN RUPEE AND FOREIGN CURRENCY LOANS (RS CR) .....	8
TABLE 9: PROPOSED INTEREST CHARGES ON LOANS (RS CR) .....	9
TABLE 10: PROPOSED DEPRECIATION & ADVANCE AGAINST DEPRECIATION (RS CR).....	15
TABLE 11: PROPOSED OPERATIONS & MAINTENANCE COSTS (RS CR).....	16
TABLE 12: PROPOSED RETURN ON EQUITY (RS CR).....	16
TABLE 13: PROPOSED WORKING CAPITAL REQUIREMENT (RS CR).....	16
TABLE 14: PROPOSED INCENTIVE FOR HIGHER PLANT AVAILABILITY AND SECONDARY ENERGY.....	17
TABLE 15: PROPOSED INCOME TAX (RS CR) .....	17
TABLE 16: PROPOSED INTEREST ON ARREARS AND DEBT RESTRUCTURING (RS CR) .....	17
TABLE 17: PROPOSED AFC FOR BASPA II HEP .....	18
TABLE 18: LIST OF OBJECTORS PRESENT DURING PUBLIC HEARING .....	19
TABLE 19: NET SALEABLE ENERGY FROM BASPA II HEP .....	28
TABLE 20: ENERGY GENERATION PLAN FOR MYT PERIOD.....	29
TABLE 21: PROPOSED BUSINESS PLAN– ADDITIONAL CAPITAL EXPENDITURE .....	29
TABLE 22: EXISTING LOANS PREPAID AS SUBMITTED BY PETITIONER (RS CR) .....	31
TABLE 23: NEW LOANS AVAILED (RS CR) .....	31
TABLE 24: INTEREST RATES APPLICABLE ON PREPAID LOANS AS SUBMITTED BY THE PETITIONER .....	32
TABLE 25: INSTITUTION/ BANK WISE RATE OF INTEREST FOR THE CONTROL PERIOD (FY12 TO FY14).....	33
TABLE 26: INTEREST RATES FOR FCL FOR THE CONTROL PERIOD .....	33
TABLE 27: IDBI LOAN REPAYMENT AND INTEREST (RS CR) .....	34
TABLE 28: PFC LOAN REPAYMENT AND INTEREST (RS CR).....	34
TABLE 29: IFCI DEBENTURES/ UTI BANK LOAN REPAYMENT AND INTEREST (RS CR) .....	35
TABLE 30: IIBI LOAN REPAYMENT AND INTEREST (RS CR) .....	35
TABLE 31: ICICI BANK NON CONVERTIBLE DEBENTURES REPAYMENT AND INTEREST (RS CR).....	35
TABLE 32: LIC LOAN REPAYMENT AND INTEREST (RS CR) .....	36
TABLE 33: BOB LOAN REPAYMENT AND INTEREST (RS CR) .....	36
TABLE 34: PNB LOAN REPAYMENT AND INTEREST (RS CR).....	36
TABLE 35: IOB LOAN REPAYMENT AND INTEREST (RS CR).....	37
TABLE 36: SBOI LOAN REPAYMENT AND INTEREST (RS CR) .....	37
TABLE 37: SBOH LOAN REPAYMENT AND INTEREST (RS CR).....	38
TABLE 38: NEW IDBI LOAN REPAYMENT AND INTEREST (RS CR) .....	38
TABLE 39: NEW IFCI LOAN REPAYMENT AND INTEREST (RS CR).....	39
TABLE 40: CREDIT LYONNAIS LOAN REPAYMENT AND INTEREST (RS CR) .....	39
TABLE 41: HYPOVEREINSBANK LOAN REPAYMENT AND INTEREST (RS CR).....	40
TABLE 42: VATECH FINANCE LOAN REPAYMENT AND INTEREST (RS CR).....	40
TABLE 43: IDBI FCL LOAN REPAYMENT AND INTEREST (RS CR) .....	41
TABLE 44: INTEREST CHARGES ON OUTSTANDING LOANS (RS CR) .....	41
TABLE 45: APPROVED DEPRECIATION AND AAD (RS CR) .....	42
TABLE 46: APPROVED OPERATION & MAINTENANCE EXPENSES (RS CR).....	42
TABLE 47: APPROVED RETURN ON EQUITY (RS CR) .....	43
TABLE 48: APPROVED INTEREST ON WORKING CAPITAL (RS CR).....	43
TABLE 49: APPROVED INCENTIVE FOR SECONDARY ENERGY .....	44
TABLE 50: APPROVED INCENTIVE FOR HIGHER PLANT AVAILABILITY .....	45
TABLE 51: APPROVED INCOME TAX (RS CR) .....	46
TABLE 52: APPROVED INTEREST ON DEBT RESTRUCTURING (RS CR) .....	46
TABLE 53: APPROVED ANNUAL FIXED CHARGES (RS CR) .....	46
TABLE 54: APPROVED TARIFFS FOR THE CONTROL PERIOD .....	47
TABLE 55: ARREARS PAYABLE BY HPSEBL (RS CR) .....	48

**A1: BACKGROUND**

- 1.1 M/s Jaiprakash Power Ventures Limited (hereinafter referred to as the “Petitioner” or “Applicant” or “JPVL”), JUIT Complex, Wagnaghat, P.O. Dumehar Bani, Kandaghat – 173215, Distt. Solan, H.P. is a “generating company” falling within the definition of section 2 (28) of the Electricity Act, 2003 (hereinafter referred to as the “Act”). The applicant has filed an application on 30<sup>th</sup> November 2010 with the Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as the “Commission”) under sections 62 and 86 of the Act, read with the HPERC (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 seeking determination of tariff for sale of electricity generated at Baspa II 300 MW hydro power plant on River Baspa, a tributary of River Satluj, District Kinnaur, Himachal Pradesh (hereinafter referred to as “the Project” or “Baspa II”) to the Himachal Pradesh State Electricity Board Limited (hereinafter referred to as the “HPSEBL”), a “deemed licensee” under the Act, engaged in generation and distribution of electricity in the State of Himachal Pradesh in pursuance of the Power Purchase Agreement (PPA) dated 4<sup>th</sup> June 1997.
- 1.2 This Order relates to the determination of tariff for sale of electricity from Baspa II 300 MW hydro power plant to HPSEBL for each year of the Control Period (FY12 – FY14) under the Multi Year Tariff regime.
- 1.3 The Commission has reviewed the operational and financial performance of the Applicant for previous years and has finalised this Order based on the PPA between the M/s JPVL and HPSEBL, review and analysis of the past records, information filed by the Applicant in the petition and other submissions in response to queries raised by the Commission and views expressed by the stakeholders.

**Multi Year Tariff Regulations**

- 1.4 The Commission vide notification dated 10<sup>th</sup> October, 2007 had specified the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2007.
- 1.5 The Central Electricity Regulatory Commission has framed and notified Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 specifying the principles and methodologies to be followed for determination of tariff applicable to generating companies.
- 1.6 The Commission, for undertaking an exercise to determine the tariff for generating companies for the next Control Period (FY12 to FY14) starting from 1<sup>st</sup> April, 2011 decided to amend and modify the existing regulations in view of the changes in the National Tariff Policy and the principals and methodologies adopted by the Central Commission.
- 1.7 Therefore, in exercise of the powers conferred by clauses (zd), (ze) and (zf) of sub-section (2) of section 181 read with sections 61, 62 and 86, of the of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Commission issued draft regulations to all concerned stakeholders, including the Government,

HPSEBL, and consumers. The draft regulations were issued on 4<sup>th</sup> March 2011 and a notice for inviting comments and suggestions from public and stakeholders was published in leading newspapers on 5<sup>th</sup> March 2011.

- 1.8 The Commission issued final regulations named as the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 vide notification dated 1<sup>st</sup> April 2011 and also the forms for multiyear tariff filings by the generating company vide notification dated 2<sup>nd</sup> April 2011.
- 1.9 The Commission vide notification dated 2<sup>nd</sup> April 2011, exercise of the powers conferred by Clause (13) of Regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Hydro Generation Tariff) Regulations, 2011 fixed the period of three years starting from 1<sup>st</sup> April 2011 as the Multiyear Control Period.

### **Filing of Petition for MYT Control Period (FY12 - FY14)**

#### **Procedural Background**

- 1.10 The Commission had issued an Order dated 24<sup>th</sup> February 2007, approving the capital cost of the Baspa II 300 MW Hydro Electric Project at Rs.1533.96 Cr for the purpose of determination of tariff and had approved the tariff for the initial 5 years from FY04 to FY08.
- 1.11 The Petitioner filed an application on 30<sup>th</sup> November 2007 with the Commission for determination of tariff for the Control Period FY09 to FY11. The Commission vide its Order dated 30<sup>th</sup> March 2009 and amended vide review orders dated 10<sup>th</sup> September 2009 and 23<sup>rd</sup> June 2010 approved the tariff for the Control Period FY09 to FY11 and trued up the tariff for the period FY04 to FY08.
- 1.12 The Petitioner filed an application on 30<sup>th</sup> November 2010 with the Commission for determination of tariff for sale of power from 300 MW Baspa II hydro power plant located on River Baspa (tributary of River Satluj), District Kinnaur (H.P.) to HPSEBL for each year of the Control Period (FY12 – FY14).
- 1.13 PricewaterhouseCoopers were appointed Consultants to assist the Commission in the determination of tariff for sale of power from Baspa II hydro electric project to HPSEBL.

#### **Admission Hearing**

- 1.14 The Commission on carrying out preliminary scrutiny of the Petition conveyed deficiencies vide Letter. No. HPERC/477-A-Vol-I/TFA/2011 – 4064 dated 10<sup>th</sup> January 2011 and directed the Petitioner for filing of additional information to make the petition complete. The Petitioner vide MA No 09/11 dated 28<sup>th</sup> January 2011 submitted the additional information to the Commission.



1.15 The Commission held the admissibility hearing on 7<sup>th</sup> April 2011 through its interim order admitted the petition and directed the Petitioner to publish the salient features of the petition in two newspapers, one in English and one in Hindi language having wide circulation in the state of Himachal Pradesh in two insertions interspread two days apart.

**Public Hearings**

1.16 The Petitioner in compliance with the interim order dated 7<sup>th</sup> April 2011, published the salient features of the petition in the following newspapers:

- (a) The Tribune (Chandigarh Edition) on 16<sup>th</sup> April 2011
- (b) The Tribune (Chandigarh Edition) on 18<sup>th</sup> April 2011
- (c) Divya Himachal ( Shimla - Chandigarh Edition) on 16<sup>th</sup> April 2011
- (d) Divya Himachal (Shimla - Chandigarh Edition) on 18<sup>th</sup> April 2011

1.17 The Commission invited suggestions and objections from the public on the tariff petition filed by the Petitioner in accordance with Section 64(3) of the Act subsequent of the publication of the initial disclosure by the Petitioner. The public notice, issued by the Commission, inviting objections/ suggestions was published in the following newspapers:

- (a) Amar Ujala (Chandigarh Edition) on 20<sup>th</sup> April 2011
- (b) The Tribune (Chandigarh Edition) on 21<sup>st</sup> April 2011

1.18 The interested parties/ stakeholders were asked to file their objections and suggestions on the Petition by 9<sup>th</sup> May 2011. The Commission received objections/ suggestions from two stakeholders by the stipulated date.

1.19 The Commission issued a public notice on 20<sup>th</sup> May 2011 in the newspapers, namely, The Indian Express and Punjab Kesari, informing the public at large on the schedule of public hearing to be held on the tariff petition filed by the Petitioner. All the parties who filed their objections/ suggestions were also informed about the date, time and venue for presenting their case during the public hearing.

1.20 Public hearing was held on 31<sup>st</sup> May 2011 at the Commission's Court Room in Shimla. The stakeholders, consumer representative and HPSEBL were given opportunity to articulate their objections on the petition filed by the Petitioner. The Petitioner was asked to respond to the objections raised by the stakeholders. The objections, issues and concerns raised by the stakeholders, consumer representatives and HPSEBL, the responses along with the submissions of the Petitioner and the views of the Commission are detailed in Chapter 3 of this Order.

**Interaction with the Petitioner**

- 1.21 The Commission vide its Letter No. HPERC/477-A-Vol-I/TFA Section/2011 – 146 dated 21<sup>st</sup> April 2011 sought further information on the petition which were submitted by the Petitioner vide M.A. No 75/ 2011 dated 12<sup>th</sup> May 2011.
- 1.22 The Commission held a technical validation session on 18<sup>th</sup> May 2011 with the Petitioner on the petition filed wherein the Commission sought additional information/ clarifications and justifications on various issues, critical for the analysis of the petition.
- 1.23 The submissions made by the Petitioner, to the clarifications/ information sought by the Commission from time to time, as detailed hereunder, have also been taken on record:

**Table 1: Communication with the Petitioner**

<b>Letter from Commission</b>	<b>Response from Petitioner</b>
Letter. No. HPERC/477-A-Vol-I/TFA/2011 – 4064 dated 10.01.2011	M.A. No 9/2011 Dated 28.01.2011
Letter. No. HPERC/477-A-Vol-I/TFA Section/2011 – 146 dated 21.04.2011	M.A. No 75/2011 Dated 16.05.2011
Letter. No. HPERC/477-A-Vol-I/TFA Section/2011 – 308 – 310 dated 26.04.2011	Letter no Nil Dated 11.05. 2011
Letter. No. HPERC/477-A-Vol-I/TFA Section/2011 – 710 dated 23.05.2011	M.A. No. 93/2011 dated 30.05.2011
Letter. No. HPERC/477-A-Vol-I/TFA Section/2011 – 878-879 dated 03.06.2011	M.A No. 102/2011 dated 02.07.2011

**A2: SUMMARY OF THE TARIFF PETITION**

- 2.1 This chapter summarizes the petition filed by the Petitioner on 30<sup>th</sup> November 2010 for determination of the tariff for sale of power from the Baspa II, 300 MW Hydro Electric Project located on River Baspa, District Kinnaur (H.P.) for the Control Period (FY12 to FY14).

**Details of 300 MW Baspa II HEP**

- 2.2 The Baspa II hydro electric project is a 300 MW plant with three 100 MW units and was commissioned by JPVL in FY04. It is a diurnal peaking plant with 4 hours of peaking supported by diurnal pondage. The power house is underground with static excitation. The Government of Himachal Pradesh receives 12% of energy generated as free energy. The details of the plant submitted by the Petitioner are as given below:

**Table 2: JPVL 300 MW Baspa II HEP - Details**

<b>Particulars</b>	<b>Details</b>
Name of the Company	Jaiprakash Power Ventures Limited
Name of the Station	Baspa II Hydro Electric Project
Installed Capacity (MW)	3 X 100 = 300
Free power to home state	12%
Date of Commercial Operation	
Unit-1	24 <sup>th</sup> May 2003
Unit-2	29 <sup>th</sup> May 2003
Unit-3	8 <sup>th</sup> June 2003
Type of Station	
Surface/underground	Underground
Purely ROR/ Pondage/Storage	Diurnal Pondage
Peaking/non-peaking	Diurnal Peaking
No. of hours of peaking	4
Type of excitation	Static excitation
Design Energy	1213.18 MU
Transformation Losses (as per PPA)	0.50%
Auxiliary Losses	0.50%
Transmission Losses	0.65%

**Business Plan**

- 2.3 The Petitioner has submitted its Business Plan for the period FY12 to FY14 along with the MYT tariff petition. The Business Plan summarizes the projected generation of energy, projected plant availability and the capital expenditure planned to be incurred during the Control Period.
- 2.4 As per the Business Plan, Baspa II HEP is projected to generate 1050.06 MU of primary energy and 77.50 MU of secondary energy during each year of the Control

Period. The plant is projected to maintain an availability of 98% as against normative availability of 90% during the Control Period. The year wise generation of energy and plant availability is shown in table below:

**Table 3: Proposed Business Plan– Generation of Energy**

Particulars	FY11	FY12	FY13	FY14
	Estimated	Projected	Projected	Projected
<b>Generation of Energy (MU)</b>				
Primary Energy	1050.06	1050.06	1050.06	1050.06
Secondary Energy	155.00	77.50	77.50	77.50
<b>Total Energy</b>	<b>1205.06</b>	<b>1127.56</b>	<b>1127.56</b>	<b>1127.56</b>
<b>Plant Availability (%)</b>				
Normative	90%	90%	90%	90%
Projected	98%	98%	98%	98%

- 2.5 The Petitioner has submitted in its business plan that it has incurred/ incurring a capital expenditure of Rs 173.20 Cr during the period of FY06 to FY10. The broad head of expenditure are detailed as given in table below. The Petitioner has submitted that it has filed an application with the Commission for approval of additional expenditure incurred on restoration and protection of pothead yard, additional cost of interconnection facility and compensation for land and shall submit an application for expenditure incurred on protection works of barrage after the approval from HPSEBL is received.

**Table 4: Proposed Business Plan– Additional Capital Expenditure**

No	Expenditure	FY06	FY07	FY08	FY09	FY10	Total
1	Protection Works of Barrage	66.72					66.72
2	Restoration & Protection of Pothead Yard		46.34	40.24	10.17		96.75
3	Additional Cost of Inter Connection Facility (ICF)					1.8	1.8
4	Compensation for Land			6.83	1.1		7.93
<b>5</b>	<b>Total Expenditure Incurred/ Incurring</b>	<b>66.72</b>	<b>46.34</b>	<b>47.07</b>	<b>11.27</b>	<b>1.8</b>	<b>173.2</b>

## Assumptions

- 2.6 The Petitioner has submitted its tariff petition based on inputs drawn from the Commission's Tariff Order for Baspa dated 24<sup>th</sup> February, 2007 and 30<sup>th</sup> March 2009 and certain assumptions which are as detailed below:

### Capital Cost

- 2.7 The Petitioner has considered the capital cost of the project at Rs 1533.96 Cr and means of finance as determined by the Commission in its previous Tariff Orders for Baspa.

**Table 5: Capital Cost and Means of Finance**

<b>Particulars</b>	<b>Rs Cr</b>
Capital Cost of Project	1533.96
<b>Means of Finance</b>	
Equity	460.19
Debt	1073.77
Foreign Currency Loan	203.45
Rupee Term Loan	870.32
<b>Total</b>	<b>1533.96</b>

**Interest on Loans**

2.8 The Petitioner in its petition has submitted that loans amounting to Rs 410.29 Cr have been prepaid in FY11. The loans prepaid are detailed in table below.

**Table 6: Loan Prepaid (Rs Cr)**

<b>Bank</b>	<b>Amount</b>	<b>Date of Prepayment</b>
IDBI	40.36	1-Jun-10
Axis Bank	130.5	1-Jun-10
ICICI	34.52	1-Apr-10
LIC	8.75	1-Apr-10
Bank of Baroda	29.16	1-Apr-10
PNB	28.36	1-Jun-10
IOB	27.25	1-Apr-10
State Bank of Indore	13.65	1-Apr-10
State Bank of Hyderabad	13.65	1-Jun-10
IDBI Bank	75.00	1-Jun-10
Yes Bank	9.09	1-Jun-10
<b>Total</b>	<b>410.29</b>	

2.9 The Petitioner has also submitted in its petition that new loans amounting to Rs. 845 Cr at an interest rate of 11.50% per annum were availed in FY11 by way of securitization of future receivables. The details of the new loans availed are provided in table below:

**Table 7: New Loans Availed (Rs Cr)**

<b>Bank</b>	<b>Amount</b>	<b>Date of drawdown</b>
State Bank of India	170.00	1-Jun-10
Punjab National Bank	170.00	1-Jun-10
Allahabad Bank	111.00	1-Jun-10
United Bank of India	111.00	1-Jun-10
UCO Bank	111.00	1-Jun-10
Andhra Bank	56.00	1-Jun-10

## MULTI YEAR TARIFF ORDER (FY12-FY14)

Bank	Amount	Date of drawdown
IDBI Bank	60.00	1-Jun-10
Oriental Bank of Commerce	56.00	1-Jun-10
<b>Total New Loans @ 11.50% RoI</b>	<b>845.00</b>	

- 2.10 However, the Petitioner has submitted that for the purpose of claim of capacity charges for the Control Period (FY12 to FY14) the interest charged have been taken in accordance to the financial package approved by the Commission in its order(s) dated 24<sup>th</sup> February 2007, 30<sup>th</sup> March 2009, 10<sup>th</sup> September 2009 and 23<sup>rd</sup> June 2010.
- 2.11 The interest charges for the Rupee Term Loans (RTL) and Foreign Currency Loans (FCL) have been calculated as per the applicable interest rates charged by the lenders on the outstanding amounts against respective loans. The detailed calculation of the projected interest charges for the Control Period as submitted by the Petitioner is tabulated in Table 8 and Table 9.

**Table 8: Proposed Interest Charges on Indian Rupee and Foreign Currency Loans (Rs Cr)**

Sl No	Loans	FY11	FY12	FY13	FY14
			Projected	Projected	Projected
<b>1</b>	<b>Rupee Term Loans</b>				
	Gross loan - Opening	1018.33	1391.72	1391.72	1391.72
	Cumulative repayments of Loans upto previous year	520.37	980.11	1066.46	1152.81
	Net loan - Opening	497.96	411.61	325.26	238.91
	Add: Drawal(s) (net of prepayments) during the Year	373.39	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	459.74	86.35	86.35	86.35
	Net loan - Closing	411.61	325.26	238.91	152.56
	Average Net Loan	530.58	368.43	282.08	195.73
	<b>Interest on loan</b>	<b>51.96</b>	<b>41.86</b>	<b>30.36</b>	<b>18.44</b>
<b>2</b>	<b>Foreign Currency Loans</b>				
	Gross loan - Opening	203.50	203.50	203.50	203.50
	Cumulative repayments of Loans upto previous year	114.79	132.00	149.22	166.44
	Net loan - Opening	88.71	71.49	54.27	37.06
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	17.22	17.22	17.22	17.22
	Net loan - Closing	71.49	54.27	37.06	19.84
	Average Net Loan	80.10	62.88	45.67	28.45
	<b>Interest on loan</b>	<b>3.98</b>	<b>3.14</b>	<b>2.30</b>	<b>1.47</b>
<b>3</b>	<b>Total Loan</b>				
	Gross loan - Opening	1074.01	1074.01	1074.01	1074.01
	Cumulative repayments of Loans upto previous year	635.16	1112.12	1215.69	1319.26
	Net loan - Opening	586.67	483.10	379.53	275.96

**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	Add: Drawal(s) during the Year	373.39	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	476.96	103.57	103.57	103.57
	Net loan - Closing	483.10	379.53	275.96	172.40
	Average Net Loan	610.68	431.32	327.75	224.18
	<b>Interest on loan</b>	<b>55.94</b>	<b>45.00</b>	<b>32.67</b>	<b>19.90</b>

**Table 9: Proposed Interest Charges on Loans (Rs Cr)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
<b>1</b>	<b>IDBI Loan (prepaid on 01.06.2010)</b>				
	Gross loan - Opening	84.96	84.96	84.96	84.96
	Cumulative repayments of Loans upto previous year	38.61	84.96	84.96	84.96
	Net loan - Opening	46.35	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	46.35	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	46.35	0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>0.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2</b>	<b>Power Finance Corporation</b>				
	Gross loan - Opening	165.75	165.75	165.75	165.75
	Cumulative repayments of Loans upto previous year	85.00	102.00	119.00	136.00
	Net loan - Opening	80.75	63.75	46.75	29.75
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	17.00	17.00	17.00	17.00
	Net loan - Closing	63.75	46.75	29.75	12.75
	Average Net Loan	72.25	55.25	38.25	21.25
	Rate of Interest on Loan	13.15%	13.15%	13.15%	13.15%
	<b>Interest on loan</b>	<b>9.31</b>	<b>7.07</b>	<b>4.84</b>	<b>2.60</b>
<b>3</b>	<b>Axis Bank Ltd (prepaid on 01.06.2010)</b>				
	Gross loan - Opening	136.22	136.22	136.22	136.22
	Cumulative repayments of Loans upto previous year	34.06	136.22	136.22	136.22
	Net loan - Opening	102.17	0.00	0.00	0.00
	Add: Drawal(s) during the Year		0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	102.17	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	102.17	0.00	0.00	0.00
	Rate of Interest on Loan	10.00%	10.00%	10.00%	10.00%

**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	<b>Interest on loan</b>	<b>1.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>4</b>	<b>IFCI Ltd (taken over from IIBI)</b>				
	Gross loan - Opening	13.65	13.65	13.65	13.65
	Cumulative repayments of Loans upto previous year	5.70	6.83	7.97	9.11
	Net loan - Opening	7.96	6.82	5.68	4.54
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	1.14	1.14	1.14	1.14
	Net loan - Closing	6.82	5.68	4.54	3.41
	Average Net Loan	7.39	6.25	5.11	3.97
	Rate of Interest on Loan	11.50%	11.50%	11.50%	11.50%
	<b>Interest on loan</b>	<b>0.83</b>	<b>0.70</b>	<b>0.57</b>	<b>0.44</b>
<b>5</b>	<b>ICICI Bank Ltd (prepaid on 01.04.2010)</b>				
	Gross loan - Opening	150.00	150.00	150.00	150.00
	Cumulative repayments of Loans upto previous year	115.71	150.00	150.00	150.00
	Net loan - Opening	34.29	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	34.29	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	13.15%	13.15%	13.15%	13.15%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>6</b>	<b>LIC (prepaid on 01.04.2010)</b>				
	Gross loan - Opening	15.00	15.00	15.00	15.00
	Cumulative repayments of Loans upto previous year	6.25	15.00	15.00	15.00
	Net loan - Opening	8.75	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	8.75	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan		0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>7</b>	<b>Bank of Baroda (prepaid on 01.04.2010)</b>				
	Gross loan - Opening	50.00	50.00	50.00	50.00
	Cumulative repayments of Loans upto previous year	20.84	50.00	50.00	50.00
	Net loan - Opening	29.16	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00



**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	Less: Repayment (s) of Loans during the year	29.16	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	11.75%	11.75%	11.75%	11.75%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>8</b>	<b>Punjab National Bank (prepaid on 01.06.2010)</b>				
	Gross loan - Opening	49.41	49.41	49.41	49.41
	Cumulative repayments of Loans upto previous year	22.46	49.41	49.41	49.41
	Net loan - Opening	26.96	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	26.96	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	26.96	0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>0.47</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>9</b>	<b>Indian Overseas Bank (prepaid on 01.04.2010)</b>				
	Gross loan - Opening	50.00	50.00	50.00	50.00
	Cumulative repayments of Loans upto previous year	22.75	50.00	50.00	50.00
	Net loan - Opening	27.25	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	27.25	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>10</b>	<b>Central Bank of India (prepaid on 06.06.2008)</b>				
	Gross loan - Opening	50.00	50.00	50.00	50.00
	Cumulative repayments of Loans upto previous year	50.00	50.00	50.00	50.00
	Net loan - Opening	0.00	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	0.00	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	11.00%	11.00%	11.00%	11.00%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>11</b>	<b>State Bank of Indore (prepaid on 01.04.2010)</b>				

**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	Gross loan - Opening	21.00	21.00	21.00	21.00
	Cumulative repayments of Loans upto previous year	9.55	21.00	21.00	21.00
	Net loan - Opening	11.45	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	11.45	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>12</b>	<b>State Bank of Patiala (prepaid on 15.05.2010)</b>				
	Gross loan - Opening	22.50	22.50	22.50	22.50
	Cumulative repayments of Loans upto previous year	22.50	22.50	22.50	22.50
	Net loan - Opening	0.00	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	0.00	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	Rate of Interest on Loan	13.00%	13.00%	13.00%	13.00%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>13</b>	<b>State Bank of Mysore (prepaid on 13.12.2008)</b>				
	Gross loan - Opening	15.00	15.00	15.00	15.00
	Cumulative repayments of Loans upto previous year	15.00	15.00	15.00	15.00
	Net loan - Opening	0.00	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	0.00	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00
	<b>Rate of Interest on Loan</b>	<b>13.14%</b>	<b>13.14%</b>	<b>13.14%</b>	<b>13.14%</b>
	Interest on loan	0.00	0.00	0.00	0.00
<b>14</b>	<b>State Bank of Travancore (prepaid on 15.05.2008)</b>				
	Gross loan - Opening	25.00	25.00	25.00	25.00
	Cumulative repayments of Loans upto previous year	25.00	25.00	25.00	25.00
	Net loan - Opening	0.00	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	0.00	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	0.00	0.00	0.00	0.00

**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	Rate of Interest on Loan	12.50%	12.50%	12.50%	12.50%
	<b>Interest on loan</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>15</b>	<b>State Bank of Hyderabad (prepaid on 01.06.2010)</b>				
	Gross loan - Opening	22.02	22.02	22.02	22.02
	Cumulative repayments of Loans upto previous year	10.00	22.02	22.02	22.02
	Net loan - Opening	12.02	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	12.02	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	12.02	0.00	0.00	0.00
	Rate of Interest on Loan	11.75%	11.75%	11.75%	11.75%
	<b>Interest on loan</b>	<b>0.27</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>16</b>	<b>IFCI Ltd (w.e.f 15.05.2008)</b>				
	Gross loan - Opening	47.82	47.82	47.82	47.82
	Cumulative repayments of Loans upto previous year	11.96	17.94	23.92	29.90
	Net loan - Opening	35.86	29.88	23.90	17.92
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	5.98	5.98	5.98	5.98
	Net loan - Closing	29.88	23.90	17.92	11.94
	Average Net Loan	32.87	26.89	20.91	14.93
	Rate of Interest on Loan	11.50%	11.50%	11.50%	11.50%
	<b>Interest on loan</b>	<b>3.40</b>	<b>2.77</b>	<b>2.14</b>	<b>1.52</b>
<b>17</b>	<b>IDBI Bank Ltd (from 06.06.2008 to 01.06.2010)</b>				
	Gross loan - Opening	100.00	100.00	100.00	100.00
	Cumulative repayments of Loans upto previous year	25.00	100.00	100.00	100.00
	Net loan - Opening	75.00	0.00	0.00	0.00
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	75.00	0.00	0.00	0.00
	Net loan - Closing	0.00	0.00	0.00	0.00
	Average Net Loan	75.00	0.00	0.00	0.00
	Rate of Interest on Loan	10.50%	10.50%	10.50%	10.50%
	<b>Interest on loan</b>	<b>1.35</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>18</b>	<b>Securitisation Loans</b>				
	Gross loan - Opening	0.00	373.39	373.39	373.39
	Cumulative repayments of Loans upto previous year	0.00	62.23	124.46	186.70
	Net loan - Opening	0.00	311.16	248.93	186.70

**MULTI YEAR TARIFF ORDER (FY12-FY14)**

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
	Add: Drawal(s) during the Year	373.39	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	62.23	62.23	62.23	62.23
	Net loan - Closing	311.16	248.93	186.70	124.46
	Average Net Loan	155.58	280.04	217.81	155.58
	Rate of Interest on Loan	11.50%	11.50%	11.50%	11.50%
	<b>Interest on loan</b>	<b>33.81</b>	<b>31.31</b>	<b>22.81</b>	<b>13.88</b>
<b>19</b>	<b>Credit Agricole</b>				
	Gross loan - Opening	84.02	84.02	84.02	84.02
	Cumulative repayments of Loans upto previous year	45.51	52.51	59.51	66.51
	Net loan - Opening	38.50	31.51	24.51	17.51
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	7.00	7.00	7.00	7.00
	Net loan - Closing	31.51	24.51	17.51	10.51
	Average Net Loan	35.00	28.01	21.01	14.01
	Rate of Interest on Loan	7.42%	7.42%	7.42%	7.42%
	<b>Interest on loan</b>	<b>2.60</b>	<b>2.08</b>	<b>1.56</b>	<b>1.04</b>
<b>20</b>	<b>Hypovereinsbank</b>				
	Gross loan - Opening	53.16	53.16	53.16	53.16
	Cumulative repayments of Loans upto previous year	30.78	35.25	39.73	44.20
	Net loan - Opening	22.38	17.90	13.43	8.95
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	4.48	4.48	4.48	4.48
	Net loan - Closing	17.90	13.43	8.95	4.48
	Average Net Loan	20.14	15.66	11.19	6.71
	Rate of Interest on Loan	2.76%	2.76%	2.76%	2.76%
	<b>Interest on loan</b>	<b>0.56</b>	<b>0.43</b>	<b>0.31</b>	<b>0.19</b>
<b>21</b>	<b>Siemens Financials</b>				
	Gross loan - Opening	54.00	54.00	54.00	54.00
	Cumulative repayments of Loans upto previous year	31.42	35.94	40.45	44.97
	Net loan - Opening	22.58	18.06	13.55	9.03
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	4.52	4.52	4.52	4.52
	Net loan - Closing	18.06	13.55	9.03	4.52
	Average Net Loan	20.32	15.81	11.29	6.77
	Rate of Interest on Loan	2.76%	2.76%	2.76%	2.76%
	<b>Interest on loan</b>	<b>0.56</b>	<b>0.44</b>	<b>0.31</b>	<b>0.19</b>

## MULTI YEAR TARIFF ORDER (FY12-FY14)

Sl No	Loans	FY11	FY12 Projected	FY13 Projected	FY14 Projected
<b>22</b>	<b>IDBI Bank Ltd -FCL</b>				
	Gross loan - Opening	12.32	12.32	12.32	12.32
	Cumulative repayments of Loans upto previous year	7.07	8.30	9.53	10.76
	Net loan - Opening	5.25	4.02	2.79	1.56
	Add: Drawal(s) during the Year	0.00	0.00	0.00	0.00
	Less: Repayment (s) of Loans during the year	1.23	1.23	1.23	1.23
	Net loan - Closing	4.02	2.79	1.56	0.33
	Average Net Loan	4.64	3.41	2.18	0.95
	Rate of Interest on Loan	5.60%	5.60%	5.60%	5.60%
	<b>Interest on loan</b>	<b>0.26</b>	<b>0.19</b>	<b>0.12</b>	<b>0.05</b>

### Depreciation and Advance Against Depreciation

2.12 The Petitioner has calculated depreciation to be charged during the year at 4.3% of the approved project cost of Rs. 1533.96 Cr as per the Tariff Order dated 24<sup>th</sup> February, 2007 and in line with the provision 8.6.5 of the PPA dated 4<sup>th</sup> June 1997. The Advance Against Depreciation has been calculated as per the Commission's Tariff Orders dated 30<sup>th</sup> March 2009, 10<sup>th</sup> September 2009, 23<sup>rd</sup> June 2010. The summary of depreciation and advance against depreciation as proposed by the Petitioner for the Control Period is provided in the table below:

**Table 10: Proposed Depreciation & Advance Against Depreciation (Rs Cr)**

Particulars		FY11	FY12 Projected	FY13 Projected	FY14 Projected
1/12th of the Loan(s)	A	89.48	89.48	89.48	89.48
Repayment of the Loan(s) as per Orders dated 30.03.2009, 10.09.2009 & 23.06.2010	B	103.57	103.57	103.57	103.57
Minimum of the Above	C = Min (A, B)	89.48	89.48	89.48	89.48
<b>Less: Depreciation during the year (4.3% of Rs. 1533.96 Cr as per Tariff Order dated 24.02.2007 and in line with provisions of PPA</b>	D	65.96	65.96	65.96	65.96
Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan					
Less: Cumulative Depreciation (B)					
<b>Advance Against Depreciation (A-B)</b>	<b>E = C-D</b>	<b>23.52</b>	<b>23.52</b>	<b>23.52</b>	<b>23.52</b>

### Operations and Maintenance Expenses

2.13 The Petitioner has projected the base O&M expenses at 1.25% of the approved project cost and escalated annually at 6% as per the Section 8.7.2 of the PPA and Tariff Order dated 24<sup>th</sup> February 2007. The base O&M expense has been calculated for FY06 as 1.25% of Rs 1533.96 Cr escalated at 6%. The summary of O&M expenses as proposed by the Petitioner for the Control Period is provided in the table below:

**Table 11: Proposed Operations & Maintenance Costs (Rs Cr)**

Particulars	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
							Projected	Projected	Projected
Base O&M Expense	20.32								
Escalated at 6% p.a	20.32	21.54	22.83	24.20	25.65	27.19	28.82	30.55	32.29

### Return on Equity

- 2.14 The Petitioner has calculated the Return on Equity as 16% of the equity component of Rs. 460.19 Cr as per the Section 8.7.3 of the PPA.

**Table 12: Proposed Return on Equity (Rs Cr)**

Particulars	FY12	FY13	FY14
	Projected	Projected	Projected
Equity (Opening Balance)	460.19	460.19	460.19
Net additions during the year	0.00	0.00	0.00
Equity (Closing Balance)	460.19	460.19	460.19
Rate of Return on Equity	16%	16%	16%
<b>Return on Equity</b>	<b>73.63</b>	<b>73.63</b>	<b>73.63</b>

### Working Capital

- 2.15 The Petitioner has calculated the Working Capital requirement as per the Section 8.7.4 of the PPA and the interest on working capital has been considered as 12.25% p.a. for the entire Control Period as per Tariff Order dated 30<sup>th</sup> March 2009. The summary of the working capital and interest on working capital is provided in the table below:

**Table 13: Proposed Working Capital Requirement (Rs Cr)**

Particulars	FY11	FY12	FY13	FY14
		Projecte d	Projecte d	Projecte d
O&M Expenses	27.20	28.83	30.56	32.40
1/12 <sup>th</sup> of O&M Expenses	2.27	2.40	2.55	2.70
Maintenance Spares 12% of O&M Expenses	3.26	3.46	3.67	3.89
<b>Receivables</b>				
Annual Revenue from Tariff and charges	382.80	329.33	310.11	298.10
Receivables equivalent to 2 months average billing	63.80	54.89	51.69	49.68
<b>Total Working Capital</b>	<b>69.33</b>	<b>60.75</b>	<b>57.90</b>	<b>56.27</b>
Rate of Interest	12.25%	12.25%	12.25%	12.25%
<b>Interest on Working capital</b>	<b>8.49</b>	<b>7.44</b>	<b>7.09</b>	<b>6.89</b>

**Incentive for Higher Plant Availability and Secondary Energy**

- 2.16 The Petitioner has calculated the incentive for higher plant availability as per the Section 8.10 of the PPA as 0.35% of equity for each percentage increase in plant availability over 90% subject to a maximum of 2% ROE.
- 2.17 The incentive for secondary energy generation has been calculated as per the Section 8.9 of the PPA on a projected secondary energy generation of 77.50 MU every year of the Control Period.

**Table 14: Proposed Incentive for Higher Plant Availability and Secondary Energy**

Particulars	FY11	FY12	FY13	FY14
		Projected	Projected	Projected
<b>Incentive for Higher Plant Availability</b>				
Projected Plant Availability	98%	98%	98%	98%
<b>Incentive 2% ROE/ 1050.06 MU (Rs Cr)</b>	<b>9.20</b>	<b>9.20</b>	<b>9.20</b>	<b>9.20</b>
<b>Incentive for Secondary Energy</b>				
Proposed Secondary Energy Generation (MU)	155	77.50	77.50	77.50
<b>10% ROE Secondary Energy/ 155 MU (Rs Cr)</b>	<b>46.02</b>	<b>23.01</b>	<b>23.01</b>	<b>23.01</b>

**Income Tax**

- 2.18 The Petitioner has calculated the Income Tax at the applicable rate of MAT plus Surcharges on basic rate plus education cess. The summary of the income tax calculation is provided in the table below:

**Table 15: Proposed Income Tax (Rs Cr)**

Particulars	FY11	FY12	FY13	FY14
		Projected	Projected	Projected
Income Tax	43.29	34.70	33.05	32.88

**Interest on Arrears and Debt Restructuring**

- 2.19 The Petitioner has calculated the payment of installments of arrears and normative loan for debt restructuring as per the Tariff Orders issued by the Commission. The amounts claimed against interest on arrears and debt restructuring as summarized in the table below:

**Table 16: Proposed Interest on Arrears and Debt Restructuring (Rs Cr)**

Particulars	FY11	FY12	FY13	FY14
		Projected	Projected	Projected
Installment of arrears	99.96	109.21	36.46	30.13
Installment of Debt Restructuring Expenses	12.75	12.04	11.33	10.62
<b>Total</b>	<b>112.71</b>	<b>121.24</b>	<b>47.79</b>	<b>40.75</b>

**Annual Fixed Charge for Baspa II HEP**

2.20 The Petitioner has calculated the Annual Charge for Baspa II HEP based on the various heads as detailed above and is summarized in the table below:

**Table 17: Proposed AFC for Baspa II HEP**

Particular	Unit	FY11	FY12	FY13	FY14
			Projected	Projected	Projected
Gross Generation	MU	1211.12	1133.23	1133.23	1133.23
Auxiliary Consumption (%)	MU	0.50	0.50	0.50	0.50
<b>Energy available for Sale</b>	<b>MU</b>	<b>1205.06</b>	<b>1127.56</b>	<b>1127.56</b>	<b>1127.56</b>
<b>Capacity Charges</b>					
Depreciation + AAD	Rs Cr	89.48	89.48	89.48	89.48
Interest Charges	Rs Cr	55.94	45.00	32.67	19.90
<b>Total Capacity Charges</b>	<b>Rs Cr</b>	<b>145.42</b>	<b>134.48</b>	<b>122.15</b>	<b>109.38</b>
<b>Primary Energy Charges</b>					
O & M Expenses	Rs Cr	27.19	28.82	30.55	32.29
Return on Equity	Rs Cr	73.63	73.63	73.63	73.63
Interest on Working Capital	Rs Cr	8.49	7.44	7.09	6.89
<b>Total Primary Energy Charges</b>	<b>Rs Cr</b>	<b>109.32</b>	<b>109.90</b>	<b>111.28</b>	<b>112.81</b>
<b>Incentives and Taxes</b>					
Incentive for Secondary Energy	Rs Cr	46.02	23.01	23.01	23.01
Incentive for Higher Plant Availability	Rs Cr	9.20	9.20	9.20	9.20
Income Tax	Rs Cr	43.29	34.70	33.05	32.88
<b>Total Incentive and Taxes</b>	<b>Rs Cr</b>	<b>98.51</b>	<b>66.91</b>	<b>65.26</b>	<b>65.09</b>
<b>Total Charges</b>	<b>Rs Cr</b>	<b>353.25</b>	<b>311.28</b>	<b>298.68</b>	<b>287.28</b>
<b>Sale Rate of Energy</b>	<b>Rs/kWh</b>	<b>2.93</b>	<b>2.76</b>	<b>2.65</b>	<b>2.55</b>



### **A3: OBJECTION FILED BY STAKEHOLDERS**

#### **Introduction**

- 3.1 This chapter summarises the various issues/ objections raised by the stakeholders on the tariff petition filed by the Petitioner.
- 3.2 There were two objectors, who filed written objections to the Multi-Year Tariff petition for FY12 – FY14 filed by the JPVL. The list of objectors is as follows:
- (a) Sh. Arun Kumar, Shimla
  - (b) Himachal Pradesh State Electricity Board Limited
- 3.3 The public hearing was held on 31<sup>st</sup> May, 2011, at the Commission’s Court Room in Shimla. Names of the objectors and organization/companies, who presented their cases before the Commission during public hearing, are given below:

**Table 18: List of Objectors present during Public Hearing**

S. No.	Objector/Organization
1	Sh. Arun Kumar, Shimla
2	Himachal Pradesh State Electricity Board Limited

- 3.4 Issues raised by the objectors along with replies given to the objections by the Petitioner and views of the Commission are detailed hereafter:

#### **General Comments on Petition**

- 3.5 The objectors pointed out the following issues related to the Multi Year Tariff petition filed by the Petitioner:

#### **Objector 1: Shri Arun Kumar, Shimla**

- 3.6 The actual completion cost of the project of Rs.1667.34 Cr is not correct. It is requested that the Commission should set up an independent body comprising of Chartered Accountants, technical persons and distinguished citizens to verify the actual cost of completion of the Baspa II Project.
- 3.7 The additional cost to be factored in is based on incorrect facts, figures and misrepresentations. These costs claimed to have been incurred are because of the omissions, wrongful acts and defaults on part of the Petitioner or have already been accounted for in the earlier Tariff Order.
- 3.8 The Company has been amalgamated into the Company named as Jaiprakash Power Ventures Limited. The company should be directed to submit the details of assets created for the Baspa II HEP since these are being paid for and are to be returned to Government of Himachal Pradesh after 40 years of operation of the project. Any other

income from these assets, if being derived, is not shown in the Forms.

- 3.9 The administration and general expenses shown in Profit and Loss Account Statement as Rs. 10.89 Cr in FY09 have increased to Rs. 13.75 Cr in FY14 and cannot be approved as these are against norms and are on excessively higher side.

**Petitioner's Response**

- 3.10 The Petitioner has submitted that this objection is wrong and not based on facts. The actual completion cost of Baspa II HEP on COD was Rs. 1667.34 Cr as per Audited Books of Accounts, the details of which were submitted to the Commission in an application dated 21<sup>st</sup> November 2005 for determination of capital cost of the project and Tariff, based on which Tariff Order dated 24<sup>th</sup> February 2007 was passed by the Commission, inter alia, approving the Capital Cost of the Baspa II HEP at Rs. 1533.96 Cr and tariff was determined thereon for the initial five years from FY04 to FY08. Further, Government of Himachal Pradesh vide its letter dated 24<sup>th</sup> December 2002 had recommended the completion cost of Baspa-II HEP at Rs. 1550 Cr against the actual cost of Rs. 1667.34 Cr to CEA for its approval. Therefore raising this issue at this stage is unwarranted.
- 3.11 The objection is wrong and not based on facts. After examining the issue in detail the Commission vide order dated 24<sup>th</sup> January 2011 in case no. 11 of 2010 has already approved the additional capital cost at Rs. 95.88 Cr, inter alia, including protection works carried out at pothead yard of Baspa II HEP. The additional cost of Rs. 66.72 Cr incurred on protection works of Barrage is under consideration of HPSEBL in terms of the provisions of the PPA. The cost as and when approved by HPSEBL shall be submitted to the Commission for approval of tariff.
- 3.12 The merger is at the corporate level. Baspa II HEP will continue to be operated and maintained as separate independent unit including maintenance of separate Books of Accounts and Accounting for generation and revenue as per the provisions of PPA dated 4<sup>th</sup> June 1997 executed between the Petitioner and HPSEBL.
- 3.13 The details in respect of administration and general expenses and extra items in the expenditure head Annual Revenue Requirement have no bearing on the tariff to be approved by the Commission. O&M Expenses are computed @1.25% of capital cost with 6% increase annually as per the PPA provisions.

**Commission's Views**

- 3.14 The Commission in its Tariff Order dated 24<sup>th</sup> February 2007 has approved the capital cost of Rs 1533.96 Cr against the actual cost of Rs. 1667.34 Cr submitted by the Petitioner for approval after carrying out due prudence checks. The capital cost determined in the Tariff Order dated 24<sup>th</sup> February 2007 has been taken for determination of tariff for the Control Period, FY12 to FY14.
- 3.15 The Order of the Commission dated 24<sup>th</sup> January 2011 in case no. 11 of 2010 has been stayed by the Honourable Appellate Tribunal for Electricity (ATE) and as the matter is subjudice, the Commission refrains from offering its views.

- 3.16 As submitted by the Petitioner, the merger is at the corporate level and Baspa II HEP will continue to operate and will be maintained as a separate independent unit with separate Books of Accounts and Accounting for generation and revenue as per the provisions of PPA dated 4<sup>th</sup> June 1997 executed between the Petitioner and HPSEBL.
- 3.17 The tariff for Baspa II HEP is determined in accordance to the provisions of the PPA dated 4<sup>th</sup> June 1997. There is no provision in the PPA for determination of A&G expenses and as per Section 8.7.2 of the PPA, O&M expenses are to determined @1.25% of capital cost with 6% annual escalation. The Petitioner has to meet employee expenses, A&G expenses and R&M expenses from the O&M expense allowed as per Section 8.7.2 of the PPA.

**Objector 2: HPSEBL**

- 3.18 Despite giving undertaking, the Petitioner has not complied with the Commission's Order and has not yet completed the formalities with HPSEBL for changing the name in the PPA.
- 3.19 No rationale has been provided for the projected cost component in the MYT petition to be incurred during the Control Period. Further, no supporting details/ documents have been furnished for cost components where the increase has been shown substantially higher during the Control Period.
- 3.20 The Petitioner has not adhered to the approval of the Commission Order of 23<sup>rd</sup> June 2010 in respect of various components in the formats and no justification has been given for the deviations made herewith.
- 3.21 The Petitioner has not submitted the following documents in its petition without which the income tax and MAT calculation cannot be ascertained:
- (a) Income Tax Return with compilation of income for the last five years
  - (b) Form No. 29-B in which certificate of C.A. is furnished
  - (c) Auditor Reports under section 80 I.A.
- 3.22 The Petitioner has considered interest on arrear @ 11.75% for FY09 whereas the Commission vide Order dated 23<sup>rd</sup> June 2010 while computing arrears payable by HPSEBL has considered interest rate of 8% for FY09.
- 3.23 The Petitioner has considered foreign exchange rate @ Rs. 47.04 per USD for the admitted capital cost without supplementing the details as required vide Section 8.13 of the PPA. However, the Petitioner never explored the FERV adjustments year-wise towards repayment of loan and interest payment thereof as per the PPA provisions.
- 3.24 In respect of expenditure shown as incurred for the restoration and protection of pothead yard and other works, as the matter in regard with the claim of the Petitioner on account of additional capitalization is under adjudication before Hon'ble Appellate Tribunal for Electricity and the Commission's Order dated 24<sup>th</sup> January 2011 has

already been stayed, therefore the additional capitalization on this account as per Form-6 may not be considered.

- 3.25 Different exchange rates have been taken for re-payment of loan to different banks/institutions but documentary evidence of exchange rate has not been supplied with the format.
- 3.26 The Petitioner has attached a statement in respect of sundry debtors and provision for bad and doubtful debts without any documentary evidence to provide year-wise reconciled statements of revenue billed and payments released by HPSEBL as well as outstanding amount at year end, as the entire payment has been released by HPSEBL as per the Commission's orders. The Petitioner is also required to certify that the revenue billed for the year and collection shown for the respective years is exclusively from the core business of generation of Baspa II HEP.
- 3.27 The Petitioner has proposed income tax on the higher side in subsequent years which is not in consonance with the Commission's Order dated 23<sup>rd</sup> June 2010.
- 3.28 The statements shown under revenue from sale of power (Existing & Proposed) in Forms T-2 & T-3 are yet to be reconciled with the records of HPSEBL.
- 3.29 The Petitioner has not submitted information regarding adjustment of energy exported or to be exported by HPSEBL to the Petitioner as per the direction given by the Commission vide Clause No 2.28 of the Order dated 23<sup>rd</sup> June 2010.
- 3.30 Administrative and General expenses have been shown more than double of employee cost in the statement of expenditure on profit and loss account without giving any justification.

### **Petitioner's Response**

- 3.31 The Petitioner submitted that it has already complied with the directions of Commission's Order dated 23<sup>rd</sup> October 2010 passed in case no. 166/2010 by requesting HPSEBL vide letter dated 2<sup>nd</sup> November 2010 to kindly substitute the name of the company as Jaiprakash Power Ventures Ltd, in place of Jaiprakash Hydro Power Ltd. in the following documents:
- (a) PPA dated 04.06.1997
  - (b) Letter of Credit for Rs. 30.00 Cr opened by HPSEB in Petitioner's favour from Punjab National Bank, The Mall, Shimla; and
  - (c) Escrow Agreement executed inter-se amongst Punjab National Bank, The Mall, Shimla, HPSEB and the company.

The Applicant has submitted that it would execute necessary amendment to the PPA, ESCROW Agreement and the Letter of Credit to capture the aforesaid change in name of the Company, as per the convenience of HPSEB Ltd.

- 3.32 The Petitioner has submitted that the observation of HPSEBL perhaps relates to additional capitalization after COD of Baspa II HEP amounting to Rs. 173.20 Cr. In this respect, the following is submitted by the Petitioner:
- (a) Capital expenditure of Rs. 66.72 Cr incurred on protection works of barrage as per the Audited Books of Accounts of Applicant is under consideration of HPSEBL. The cost as and when approved by HPSEBL shall be submitted to the Commission for approval of tariff.
  - (b) Capital expenditure of Rs. 106.48 Cr was incurred for:
    - (i) Restoration and Protection of Pothead Yard
    - (ii) Additional cost of Inter Connection Facility and
    - (iii) Compensation for Land

Against the above actual cost incurred, the Commission vide order dated 24<sup>th</sup> January 2011 has approved the additional cost at Rs. 95.88 Cr for determination of tariff in case no. 11/2010. All the details were furnished to Commission and to HPSEBL.

- 3.33 The Petitioner has filed the prescribed formats for various components of tariff with the petition as per requirement in tariff regulations along with supporting details/ documents notified by the Commission. The Commission's Order dated 23<sup>rd</sup> June 2010 is a review order and not for any direction for filing MYT application.
- 3.34 There is no such requirement in the Commission's Tariff Regulations to submit the details/ documents stated by HPSEBL. It may be mentioned that while claiming reimbursement of MAT from HPSEBL, the Petitioner has been submitting the copies of challan(s) evidencing the payment of MAT along with CA certificate confirming that the MAT paid relates to the business of generation of power from Baspa-II HEP. This procedure shall be followed in future also.
- 3.35 Regarding income for investment and other non tariff income, in Form F2 interest on arrears from FY09 has been considered @11.75% p.a. in view of the fact that the Petitioner has preferred an appeal in this regard before the Hon'ble Appellate Tribunal for Electricity (Appeal no. 178 of 2010) against order dated 23<sup>rd</sup> June 2010 passed by the Commission, which is pending for final decision by the Hon'ble Tribunal. The Commission vide its Order dated 23<sup>rd</sup> June 2010 has also allowed interest @11.75% p.a. w.e.f. 01.11.2009 onwards on the arrears.
- 3.36 In Form F5, the rate of foreign exchange @ Rs. 47.04 per US dollar has been considered as per the financial package approved by the Commission in its Tariff Order dated 24<sup>th</sup> February 2007. In the MYT application dated 27<sup>th</sup> November 2010, in Form 8B the Petitioner has considered actual rate of foreign exchange from April 2008 to September 2010 and thereafter @ Rs. 46.14 per US dollar being the rate prevailing in October, 2010. Therefore, the FERV adjustment gets complied with.
- 3.37 In respect of additional expenditure incurred, inter alia, for protection works of

Pothead Yard, the Commission has approved the cost of Rs. 95.88 Cr and has also determined tariff up to 31<sup>st</sup> March 2011. The matter is before Hon'ble Appellate Tribunal for Electricity. Hon'ble Appellate Tribunal for Electricity vide Order dated 8<sup>th</sup> April 2011 has ordered that: "the State Commission may go on with those proceedings".

The Petitioner had made the following prayer before the Hon'ble Appellate Tribunal for Electricity:

*"Vacate the stay of Order dated 24<sup>th</sup> January 2011 of Hon'ble Regulatory Commission Shimla, granted ex-parte by this Hon'ble Tribunal on 29<sup>th</sup> March 2011."*

*In the alternative*

*Direct the Hon'ble Regulatory Commission Shimla to proceed with the determination of the Tariff for the Tariff Period 2011-12 to 2013-2014 as per Hon'ble Commission Order dated 24<sup>th</sup> January 2011 along with the MYT application dated 30<sup>th</sup> November 2010 of the Respondent as prayed by the Respondent vide its application date 10<sup>th</sup> March 2011."*

- 3.38 The Petitioner has enclosed documentary evidence of exchange rates considered for repayments of loans in Form F8B along with a summary thereof in its reply.
- 3.39 The Petitioner has submitted that there are no bad & doubtful debts. The information in Form-11 relates to sundry debtors arising out of the provisions of MAT and the interest on arrears claimed @ 11.75% p.a. against @ 8% p.a. allowed by the Commission, since both these issues are before Hon'ble Appellate Tribunal for Electricity for final decision. The Petitioner confirms that the revenue billed for the year and collection shown is exclusively from business of generation of power of 300 MW Baspa-II HEP.
- 3.40 The payment received from HPSEBL has already been reconciled till 31<sup>st</sup> March 2009. The Petitioner has attached the Statement of Payment received during FY10 and FY11 along with its reply.
- 3.41 As sought/ suggested by HPSEBL, the Petitioner has attached year wise details of energy exported by HPSEBL during FY09 to FY11 along with its reply.
- 3.42 The O&M expenses are as per the PPA i.e. 1.25% of the Capital cost escalated @ 6% annually and hence, the observation of HPSEB is not relevant.

**Commission's Views:**

- 3.43 The Commission takes note of the submission made by the Petitioner on the objection raised by HPSEBL and instructs both the parties to coordinate amicably and complete the requisite change in the relevant documents.
- 3.44 The Commission has analysed and determined the various components of tariff in accordance to the various provisions of the PPA dated 04.06.1997 signed between the

Petitioner and HPSEBL.

- 3.45 Income tax liability on HPSEBL is determined as per Section 8.11 of the PPA and is payable as an expense to the Petitioner by the HPSEBL. As submitted by the Petitioner, copies of challan(s) evidencing the payment of MAT alongwith CA certificate confirming that the MAT paid relates to the business of generation of power from Baspa-II HEP are being submitted to HPSEBL and HPSEBL has been making payments against these.
- 3.46 The Commission had allowed a carrying cost of 8.00% per annum on the arrears payable by HPSEBL in its Tariff Order dated 30<sup>th</sup> March 2009. In its review petition filed against the Order dated 30<sup>th</sup> March 2009, the Petitioner raised the issue of rate of carrying cost allowed on the arrears. The Commission in its Review Order dated 23<sup>rd</sup> June 2010, dealt with the issue in detail and revised the interest rate from 8.00% to 11.75% applicable from 1<sup>st</sup> November 2009 onwards. The Petitioner has filed an appeal in this regard before the Hon'ble Appellate Tribunal for Electricity (Appeal no. 178 of 2010) against Order dated 23<sup>rd</sup> June 2010 passed by the Commission, which is pending for final decision by the Hon'ble Tribunal. As the matter is subjudice and decision of the Hon'ble Tribunal is pending on the matter, the Commission has proceeded with the decision taken in its Order dated 23<sup>rd</sup> June 2010 and shall revisit the issue once the decision of Hon'ble Tribunal is pronounced
- 3.47 The Commission for determining the interest charges due on foreign currency loans has considered the foreign exchange rate as applicable on the date of repayment and due date of interest payment. Thus, complying with the FERV adjustment.
- 3.48 For the purpose of determination of tariff for the Control Period, FY12 to FY14, the additional capitalisation has not be considered for the purpose of determination of tariff as the Order of the Commission dated 24<sup>th</sup> January 2011 in case no. 11 of 2010 has been stayed by the Honourable ATE and as the matter is subjudice. The Commission shall address this matter after the pronouncement of judgment of Honourable ATE in this matter. The observation of the Commission are provided in detail in paras 4.13 to 4.16
- 3.49 The Commission for determining the interest rates on outstanding loans has considered the actual rates of interests charged by the banks based on the documentary evidence submitted by the Petitioner.
- 3.50 The Commission for determination of tariff for the Control Period has not considered any bad or doubtful debts. As submitted by the Petitioner, the bad and doubtful debt shown in Form-11 relates to sundry debtors considered by the Petitioner to be arising out of the provisions of MAT and the interest on arrears claimed by Petitioner @ 11.75% p.a. as against @ 8% p.a. allowed by the Commission. As both these issues are before the Hon'ble Appellate Tribunal for Electricity for final decision the Commission has proceeded with the treatment as done in previous orders. The impact of the Honourable Appellate Tribunal for Electricity's judgement on the said issues shall be considered and provided for based on the decision of Honourable Appellate Tribunal for Electricity.

- 3.51 The Commission in its Review Order dated 10<sup>th</sup> September 2009 on Review Petition No. 83/2009 has dealt with the issue of income tax/ MAT in detail and dismissed the issue. The Petitioner has filed an Appeal No 39 of 2010 with the Honourable Appellate Tribunal for Electricity against the MYT Order dated 30<sup>th</sup> March 2009 and income tax/ MAT is one of the grounds of the appeal. As the decision of Honourable Appellate Tribunal for Electricity on Appeal No 39 of 2010 is awaited, the Commission has proceeded and determined the income tax liability in accordance with the Clause 8.11.1 of the PPA. The impact of the Honourable Appellate Tribunal for Electricity's judgement on the said issue shall be considered and provided for based on the decision of Honourable Appellate Tribunal for Electricity on Appeal No 39 of 2010
- 3.52 The Commission, for determining the arrears payable by HPSEBL has taken into consideration the joint reconciled statement submitted by the Petitioner.
- 3.53 The Commission has calculated the O&M expenses as per the PPA i.e. 1.25% of the Capital cost escalated @ 6% annually.

**Additional Objections filed by HPSEBL**

- 3.54 HPSEBL vide M.A. No 104/2011 dated 7<sup>th</sup> July, 2011 has filed a additional objections stating that the Petitioner has failed to submit the following documents in its petition, in the absence of which the income tax and MAT calculation cannot be ascertained from the core business of Baspa HEP and has sought necessary directions to the Petitioner for supplying the said documents to HPSEBL.
- (a) Income Tax Return with compilation of income for the last five years
  - (b) Form No. 29-B in which certificate of C.A. is furnished
  - (c) Auditor Reports under section 80 I.A.
- 3.55 The Commission has dealt with this issue during the public hearing. In view of the submission made by HPSEBL vide M.A. No 104/2011 dated 7<sup>th</sup> July, 2011, the Commission directs the Petitioner (JPVL) to provide HPSEBL with the documentation sought in respect to income tax and MAT calculation.



## **A4: ANALYSIS OF THE TARIFF PETITION FOR THE CONTROL PERIOD**

### **Introduction**

- 4.1 This chapter of the Tariff Order details the analysis of the Petition filed by the Petitioner for the MYT Control Period from FY12 to FY14 for determination of tariff for sale of energy to HPSEBL.
- 4.2 The Commission has finalised this Order based on the review and analysis of the tariff petition, information submissions, clarifications submitted by the Petitioner and objections/issues and views raised by stakeholders during the public hearing. The following sections contain the detailed analysis of the various components of tariff based on the various submissions of the Petitioner.

### **Computation of Tariff**

- 4.3 As per the PPA, the tariff for 88% of the energy generated by Baspa II HEP comprises of five parts
- (a) Capacity Charges
  - (b) Primary Energy Charges
  - (c) Incentive for Secondary Energy
  - (d) Incentive for Higher Plant Availability
  - (e) Tax on Income

### **Capacity Charges**

- 4.4 The capacity charges as per Section 8.6 of the PPA is a sum of
- (a) Interest on outstanding loan due during the tariff year as per the loans approved by the Commission while approving the project cost.
  - (b) Depreciation and Advance Against Depreciation for the tariff year as per the Section 8.6.5 of the PPA and
  - (c) Leasing Charges

### **Primary Energy Charges**

- 4.5 The primary energy charges as per Section 8.7 of the PPA is a sum of:
- (a) Operations and Maintenance Charges computed as per Section 8.7.2 of the PPA

- (b) Return on Equity computed as per Section 8.7.3 of the PPA on the equity component approved by the Commission
- (c) Interest on Working Capital as per Section 8.7.4 of the PPA
- (d) Other Miscellaneous Charges as defined under Section 8.7.5 of the PPA

**Incentive for Secondary Energy and Higher Plant Availability**

4.6 The incentive for secondary energy shall be calculated as per Section 8.9 of the PPA and incentive for higher plant availability shall be calculated as per the Section 8.10 of the PPA, The same has been detailed in relevant section of this Tariff Order.

**Tax on Income**

4.7 The tax on income shall be computed as per Section 8.11 of the PPA and has been discussed in detail in the relevant section of this Tariff Order.

**Energy Generation from the Plant**

4.8 The Schedule IX-A of the PPA provides the details of the design energy of the plant which is 1213.18 MU per annum. As per the Section 8.12 of the PPA, the net saleable energy from the plant shall be equal to 88% (after excluding the 12% free energy to Government of Himachal Pradesh)of the energy worked out by deducting

- (a) 0.5% auxiliary consumption
- (b) 0.5% transformation losses
- (c) 0.65% transmission losses

4.9 The net saleable energy has been considered by the Commission as per the PPA and shown below:

**Table 19: Net Saleable Energy from Baspa II HEP**

<b>Particular</b>	<b>Unit</b>	
Design Energy	MU	1213.18
Auxiliary Consumption	%	0.50%
Transformation losses	%	0.50%
Transmission loss to grid	%	0.65%
Share of Available Power	%	88.00%
<b>Net Saleable Energy</b>	<b>MU</b>	<b>1050.06</b>

**Energy Generation for MYT Period (FY12 – FY14)**

4.10 As per the Business Plan submitted by the Petitioner, Baspa HEP is projected to generate 1050.06 MU of primary energy and 77.50 MU of secondary energy during each year of the Control Period. The plant is projected to maintain an availability of

98% as against normative availability of 90% during the Control Period.

- 4.11 The Commission has considered the generation of primary energy at 1050.06 MU for each year of the Control Period. The secondary energy generation has been taken as 0 MU and the plant availability has been considered at normative plant availability of 90% for the Control Period and will be subsequently trued up at the end of the Control Period based on the actual generation of secondary energy and actual plant availability.

**Table 20: Energy Generation Plan for MYT Period**

Particulars	FY12	FY13	FY14
	Projected	Projected	Projected
<b>Generation of Energy (MU)</b>			
Primary Energy	1050.06	1050.06	1050.06
Secondary Energy	0.00	0.00	0.00
<b>Total Energy</b>	<b>1050.06</b>	<b>1050.06</b>	<b>1050.06</b>
<b>Plant Availability (%)</b>			
Normative	90%	90%	90%
Projected	98%	98%	98%
Approved	90%	90%	90%

### **Additional Capital Cost**

- 4.12 The Petitioner has submitted in its business plan that it has incurred/ incurring a capital expenditure of Rs 173.20 Cr during the period of FY06 to FY10. The Petitioner has submitted that it has filed an application with the Commission for approval of additional expenditure incurred on restoration and protection of pothead yard, additional cost of interconnection facility and compensation for land and shall submit an application for expenditure incurred on protection works of barrage after the approval from HPSEBL is received.

**Table 21: Proposed Business Plan– Additional Capital Expenditure**

No	Expenditure	FY06	FY07	FY08	FY09	FY10	Total
1	Protection Works of Barrage	66.72					66.72
2	Restoration & Protection of Pothead Yard		46.34	40.24	10.17		96.75
3	Additional Cost of ICF					1.8	1.8
4	Compensation for Land			6.83	1.1		7.93
<b>5</b>	<b>Total Expenditure Incurred/ Incurring</b>	<b>66.72</b>	<b>46.34</b>	<b>47.07</b>	<b>11.27</b>	<b>1.8</b>	<b>173.2</b>

- 4.13 The Petitioner had filed a Petition No 11 of 2010 seeking approval of additional cost incurred on the restoration & protection of pothead yard, additional cost of interconnection facility and compensation for land and other issues. The Commission passed its Order on the Petition No 11 of 2010 on 24<sup>th</sup> January 2011.

- 4.14 HPSEBL has filed an Appeal No 43 of 2011 with the Honourable Appellate Tribunal

for Electricity and subsequently filed and interlocutory application IA-65 of 2011 seeking a stay on the Order dated 24<sup>th</sup> January 2011. Honourable ATE in its Order dated 29<sup>th</sup> March 2011 on IA-65 of 2011, granted conditional Order of Stay and directed HPSEBL to deposit Rs 15 Cr with the Petitioner (JPVL) by 31<sup>st</sup> March 2011 as against Rs 65.12 Cr as determined by the Commission in its Order dated 24<sup>th</sup> January 2011.

- 4.15 Further an additional interlocutory application (IA-74 of 2011) was filed by JPVL with the Honourable ATE and it was pleaded by the counsels that the State Commission was reluctant to take up other issues raised in other proceedings including the petition, in view of the stay grant in Appeal No 43 of 2011. Honourable ATE in its Order dated 8 April 2011 against the IA-74 of 2011, has said the following:

*"After hearing, we feel that we should make it clear that the stay granted in this matter is only confined to the issues in the present proceedings not with reference to the other issues in other proceedings including the review petition. Therefore, the State Commission may go on with those proceedings"*

- 4.16 The Commission has taken note of the Order of Honourable ATE in IA-74 of 2011. As the issues raised in the Petition No 11 of 2010 are linked to the issue of approval of additional capital cost and the matter is subjudice and judgement of Honourable ATE on this matter is awaited. The Commission shall address this matter after the pronouncement of judgment of Honourable ATE in this matter.

**New Loans Availed for against securitization of future receivables**

- 4.17 The Petitioner has submitted that it has signed a Common Loan Agreement (CLA) on 19<sup>th</sup> December 2009 with 8 lenders with a facility to avail a term loan for an amount aggregating to Rs 1050 Cr. The loan has been availed for the purpose of
- (a) Repayment Senior Debt including the payment of pre-payment interest and such other sums as may be payable to the existing lenders under the existing loan agreements.
  - (b) Funding of new and on-going projects of the borrower or Jaypee group: Karcham Wangtoo Project, Jaypee Powergrid Transmission Project, Karchana Power Project and Bara Power Project
  - (c) Meeting fresh debt raising expenses and debt raising expenses for the term loan.
- 4.18 The Petitioner in its tariff petition has shown a fresh loan of Rs 845 Cr availed in FY11 and a prepayment of Rs 410.29 Cr of existing loans corresponding to financial package of the Petitioner and Rs 373.39 Cr as per the financial package approved and considered by the Commission in its orders dated 24<sup>th</sup> February 2007, 30<sup>th</sup> March 2009, 10<sup>th</sup> September 2009 and 23<sup>rd</sup> June 2010.

## MULTI YEAR TARIFF ORDER (FY12-FY14)

- 4.19 The Commission, vide letter No. HPERC/477-A-Vol-I/TFA Section/2011 – 146 dated 21 April 2011 sought clarification from the Petitioner on the loan of Rs 845 Cr and details of any debt restructuring undertaken along with cost benefit analysis.
- 4.20 The Petitioner vide its submission date 12 May 2011 has submitted that the term loan amounting to Rs. 845 Cr was availed in FY11 by way of securitization of future receivables and no debt restructuring is proposed to be undertaken by it further. The details of the loans prepaid and new loans availed are tabulated below.

**Table 22: Existing Loans Prepaid as submitted by Petitioner (Rs Cr)**

Bank	Amount	Amount as per approved financial package	Date of Prepayment
IDBI	40.36	46.35	1-Jun-10
Axis Bank	130.50	102.17	1-Jun-10
ICICI	34.52	34.29	1-Apr-10
LIC	8.75	8.75	1-Apr-10
Bank of Baroda	29.16	29.16	1-Apr-10
PNB	28.36	26.96	1-Jun-10
IOB	27.25	27.25	1-Apr-10
State Bank of Indore	13.65	11.45	1-Apr-10
State Bank of Hyderabad	13.65	12.02	1-Jun-10
IDBI Bank	75.00	75.00	1-Jun-10
Yes Bank	9.09		1-Jun-10
<b>Total</b>	<b>410.29</b>	<b>373.39</b>	

**Table 23: New Loans Availed (Rs Cr)**

Bank	Amount	Date of drawdown	Rate of Interest
State Bank of India	170.00	1-Jun-10	11.50%
PNB	170.00	1-Jun-10	11.50%
Allahabad Bank	111.00	1-Jun-10	11.50%
United Bank of India	111.00	1-Jun-10	11.50%
UCO Bank	111.00	1-Jun-10	11.50%
Andhra Bank	56.00	1-Jun-10	11.50%
IDBI Bank	60.00	1-Jun-10	11.50%
Oriental Bank of Commerce	56.00	1-Jun-10	11.50%
<b>Total New Loans</b>	<b>845.00</b>		

- 4.21 The Commission for the purpose of evaluation of the debt restructuring, vide letter No. HPERC/477-A-Vol-I/TFA Section/2011 – 710 dated 23 May 2011 sought details of the present rate of interest applicable on prepaid loans if the same loans had been continued with. The Petitioner in its letter dated 28 May 2011 submitted the details of the of loans prepaid amounting to Rs 401.20 Cr (Rs 410.29 Cr less Yes Bank Loan of Rs 9.09 Cr, which was not part of the financial package approved by the Commission) along with applicable rates of interest upto the date of prepayment. The Petitioner also submitted the rate of interest that would have been applicable on the repaid loans if

the same had been continued. The rates of interest have been arrived at by considering the increase in the BPLR of the respective Lenders at the time of repayment and the current BPLR.

**Table 24: Interest Rates Applicable on Prepaid Loans as submitted by the Petitioner**

Bank	Amount Prepaid (Rs Cr)	Date of Prepayment	Applicable RoI on date of Prepayment	PLR on the date of prepayment	Current PLR	Increase in PLR	Current Effective Rate
			A	B	C	D = C-B	E = A+D
IDBI	40.36	1-Jun-10	10.50%	12.75%	14.50%	1.75%	12.25%
Axis Bank	130.50	1-Jun-10	10.00%	14.75%	16.50%	1.75%	11.75%
ICICI	34.52	1-Apr-10	13.15%	14.75%	16.75%	2.00%	15.15%
LIC	8.75	1-Apr-10	10.50%	12.75%	14.50%	1.75%	12.25%
Bank of Baroda	29.16	1-Apr-10	11.75%	12.00%	14.25%	2.25%	14.00%
PNB	28.36	1-Jun-10	10.50%	11.00%	13.50%	2.50%	13.00%
IOB	27.25	1-Apr-10	10.50%	12.00%	14.25%	2.25%	12.75%
State Bank of Indore	13.65	1-Apr-10	10.50%	11.75%	14.00%	2.25%	12.75%
State Bank of Hyderabad	13.65	1-Jun-10	13.25%	12.25%	14.25%	2.00%	15.25%
IDBI Bank	75.00	1-Jun-10	10.50%	12.75%	14.50%	1.75%	12.25%
<b>Total</b>	<b>401.20</b>						

- 4.22 The Commission observes that the Petitioner has neither informed nor taken prior approval of the Commission and HPSEBL. The Commission also asked the Petitioner to submit cost benefit analysis of the loan restructuring undertaken by prepaying the loans on 1 April 2010 and 1 June 2010 of Rs 401.20 Cr and availing fresh loan of Rs 845 Cr at 11.50% interest rate.
- 4.23 As there is no cost benefit analysis submitted by the Petitioner, the Commission tried to analyse the impact of the loan restructuring undertaken by the Petitioner. The Commission observes that at the time of loan restructuring, 7 out of 10 existing loans (amounting Rs 323.87 Cr out total loan of Rs 401.20 Cr), carried an interest rate lower than the new loan availed at 11.50%.
- 4.24 The Commission also observed that the Petitioner tried to mislead the Commission by submitting incorrect applicable interest rate for FY12. For few of these loans applicable interest rate is fixed, with no reset whereas for certain other loans, interest rate reset is applicable only after a time period from the date of last reset (three years or seven years). However, the Petitioner while submitting the information has not considered fixed interest rate loan and date of last reset of the interest rate.
- 4.25 In absence of the above, the Commission is constrained to not consider any loan restructuring and has continued with the existing loans. For projection of interest rate for each year of the Control Period, the Commission has considered interest rate as applicable on the date of repayment of the loan (from the letters received from the banks and submitted by the Petitioner) as it will not be possible for the Commission to project any other interest rate as these loans do not exist any further in the Petitioner's accounts.

4.26 The Commission also directs the Petitioner to do proper cost benefit analysis before any restructuring of the loan and submit the same to the Commission and the HPSEBL.

**Interest on Loans**

4.27 The Commission has calculated and approved the interest on loans as per the interest rates applicable for prepaid loans on the date of prepayment of loan (as explained above) and as charged by respective banks on continued loans as submitted by the Petitioner. The rate of interest charged by the institutions and bank during the Control Period are tabulated below:

**Table 25: Institution/ Bank wise Rate of Interest for the Control Period (FY12 to FY14)**

Loan	Applicable Rate of Interest	
	p.a.	Upto/ w.e.f
IDBI	10.50%	w.e.f 01.04.2011 onwards
PFC	13.15%	w.e.f 15.10.2008 till date
Axis Bank	10.00%	w.e.f 01.04.2011 onwards
IIBI	10.50%	w.e.f 01.04.2005 onwards
ICICI Debentures	13.15%	w.e.f 01.04.2011 onwards
LIC	10.50%	w.e.f 01.04.2011 onwards
Bank of Baroda	11.75%	w.e.f 01.04.2011 onwards
PNB	10.50%	w.e.f 01.04.2011 onwards
IOB	10.50%	w.e.f 01.04.2011 onwards
State Bank of Indore	10.50%	w.e.f 01.04.2011 onwards
State Bank of Hyderabad	13.25%	w.e.f 01.04.2011 onwards
IDBI Bank (New)	11.50%	w.e.f. 02.06.2010 onwards
IFCI (New)	10.50%	w.e.f. 01.04.2008 to 31.11.2009
	11.50%	w.e.f. 01.12.2009 onwards

4.28 The Commission has considered the interest rates, as per the letters from banks, to be applicable for the complete duration of Control Period. Any reset of interest rates during the Control Period will be tried up in the next tariff period.

4.29 For the foreign currency loans (FCL) for which the interest rates are pegged w.r.t the LIBOR, the Commission has considered the LIBOR for calculation of the interest charges as per the provision of the respective loan agreements. The interest charges calculated for the FCL are inclusive of the payment guarantee commission due to PFC. The interest rates considered for FCL are tabulated below:

**Table 26: Interest Rates for FCL for the Control Period**

Loan	Applicable Rate of Interest	
	p.a	Period
Credit Lyonnais Loan	7.42%	FY12
	7.42%	FY13
	7.42%	FY14

Loan	Applicable Rate of Interest	
	p.a	Period
Hypo Bank & VA Tech	2.57%	FY12
	2.57%	FY13
	2.57%	FY14
IDBI FCL	4.79%	FY12 Q1
	5.03%	FY12 Q2
	4.79%	FY13 Q3
	4.80%	FY12 Q4
	4.80%	FY13
	4.80%	FY14

4.30 In the paragraphs below, the Commission has determined the interest charges and loan repayment on the various loans for the Control Period:

**IDBI Loans**

4.31 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 7.72 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 27: IDBI Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	38.62	30.89	23.17
Addition	0.00	0.00	0.00
Principal Repayment	7.72	7.72	7.72
Closing Balance	30.89	23.17	15.45
Interest Payment	3.55	2.74	1.93

**Power Finance Corporation Loan**

4.32 The Commission based on the letter from PFC dated 6<sup>th</sup> May 2011 submitted by the Petitioner, has considered the applicable rate of interest at 13.15% applicable from 1<sup>st</sup> April 2008 till date. The loan repayment of Rs 17 Cr per annum as considered in previous years has been considered for the current Control Period.

**Table 28: PFC Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	63.75	46.75	29.75
Addition	0.00	0.00	0.00
Principal Repayment	17.00	17.00	17.00
Closing Balance	46.75	29.75	12.75
Interest Payment	7.07	4.84	2.60



**IFCI Debentures/ UTI Bank Loan/ Axis Bank Loan**

- 4.33 For the MYT Period (FY12 – FY14), the Commission has considered the loan repayment of Rs 17.03 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.00% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 29: IFCI Debentures/ UTI Bank Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	85.13	68.11	51.08
Addition	0.00	0.00	0.00
Principal Repayment	17.03	17.03	17.03
Closing Balance	68.11	51.08	34.05
Interest Payment	7.51	5.81	4.11

**IIBI Loan**

- 4.34 The Commission has considered the loan repayment of Rs 1.14 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 30: IIBI Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	6.82	5.69	4.55
Addition	0.00	0.00	0.00
Principal Repayment	1.14	1.14	1.14
Closing Balance	5.69	4.55	3.41
Interest Payment	0.64	0.52	0.40

**ICICI Bank Non Convertible Debentures**

- 4.35 The rate of interest applicable has been taken at 13.15% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below

**Table 31: ICICI Bank Non Convertible Debentures Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	7.62	0.00	0.00
Addition	0.00	0.00	0.00
Principal Repayment	7.62	0.00	0.00
Closing Balance	0.00	0.00	0.00
Interest Payment	0.35	0.00	0.00

**LIC Loan**

- 4.36 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 1.25 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 32: LIC Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	7.50	6.25	5.00
Addition	0.00	0.00	0.00
Principal Repayment	1.25	1.25	1.25
Closing Balance	6.25	5.00	3.75
Interest Payment	0.71	0.58	0.45

**Bank of Baroda Loan**

- 4.37 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 4.17 Cr per annum as considered in previous years and an interest rate of at 11.75% as per letter of Bank of Baroda submitted by the Petitioner. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 33: BOB Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	25.00	20.83	16.67
Addition	0.00	0.00	0.00
Principal Repayment	4.17	4.17	4.17
Closing Balance	20.83	16.67	12.50
Interest Payment	2.65	2.16	1.67

**Punjab National Bank Loan**

- 4.38 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 4.49 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 34: PNB Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	22.46	17.97	13.47
Addition	0.00	0.00	0.00
Principal Repayment	4.49	4.49	4.49

Loan	Control Period		
	FY12	FY13	FY14
Closing Balance	17.97	13.47	8.98
Interest Payment	2.08	1.61	1.14

### **Indian Overseas Bank Loan**

- 4.39 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 4.55 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 35: IOB Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	22.73	18.18	13.64
Addition	0.00	0.00	0.00
Principal Repayment	4.55	4.55	4.55
Closing Balance	18.18	13.64	9.09
Interest Payment	2.11	1.63	1.15

### **State Bank of Indore Loan**

- 4.40 For the MYT Period (FY12 - FY14), the Commission has considered the loan repayment of Rs 1.91 Cr per annum as considered in previous years. The rate of interest applicable has been taken at 10.50% for the Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 36: SBoI Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	9.54	7.64	5.73
Addition	0.00	0.00	0.00
Principal Repayment	1.91	1.91	1.91
Closing Balance	7.64	5.73	3.82
Interest Payment	0.88	0.68	0.48

### **State Bank of Hyderabad Loan**

- 4.41 For the Control Period, the Commission has considered and determined the interest charges on the loan as per the submission of the Petitioner. It has considered the interest rate of 11.75% for the remaining Control Period. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 37: SBoH Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	10.01	8.01	6.00
Addition	0.00	0.00	0.00
Principal Repayment	2.00	2.00	2.00
Closing Balance	8.01	6.00	4.00
Interest Payment	1.04	0.80	0.57

**IDBI Loan (New)**

- 4.42 The Commission in its Tariff Order dated 30<sup>th</sup> March 2009 had approved IDBI Loan of Rs. 100.00 Cr availed by the Petitioner for retiring loans of CBI (Rs. 36.36 Cr), SBoM (Rs. 9.54 Cr) and ICICI Bank (Rs. 50.00 Cr and Rs. 4.10 Cr). The tenure of the loan is 8 years with 32 principal repayments and the average rate of interest on the loan is 10.81%.
- 4.43 As per the letter dated 09<sup>th</sup> May 2011 from IDBI submitted by the Petitioner, the rate of interest charged in the loan is 11.50% from 2<sup>nd</sup> June 2010 to 9<sup>th</sup> May 2011. For the Control Period, the Commission has considered and determined the interest charges on the loan as per the submission of the Petitioner. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 38: New IDBI Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	62.50	50.00	37.50
Addition	0.00	0.00	0.00
Principal Repayment	12.50	12.50	12.50
Closing Balance	50.00	37.50	25.00
Interest Payment	6.70	5.17	3.64

**IFCI Loan (New)**

- 4.44 The Commission in its Tariff Order dated 30<sup>th</sup> March 2009 had approved IFCI loan of Rs. 47.82 Cr availed by the Petitioner for retiring loans of SBOP (Rs. 16.36 Cr), SBoT (Rs. 18.18 Cr) and ICICI Bank (Rs. 13.28 Cr). The tenure of the loan is 8 years with 32 principal repayments.
- 4.45 As per the letter dated 09<sup>th</sup> May 2011 from IFCI submitted by the Petitioner, the rate of interest charged in the loan is 10.50% from 1 April 2008 to 30<sup>th</sup> November 2009 and 11.50% from 01<sup>st</sup> December 2009 to 06<sup>th</sup> May 2011. The Commission has considered the rate of 11.50% for the Control Period and shall true up at the end of the Control Period, based on the actual interest rates applicable on the loan.
- 4.46 For the Control Period, the Commission has considered and determined the interest

charges on the loan as per the submission of the Petitioner. The repayment and interest charges approved for the Control Period are tabulated below:

**Table 39: New IFCI Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance	29.89	23.91	17.93
Addition	0.00	0.00	0.00
Principal Repayment	5.98	5.98	5.98
Closing Balance	23.91	17.93	11.96
<b>Interest Payment</b>	<b>2.77</b>	<b>2.14</b>	<b>1.52</b>

### **Credit Lyonnais Loan**

- 4.47 The rate of interest on the Credit Lyonnais loan is a fixed interest of 5.66% for whole tenure plus a payment guarantee commission (PGC) of 1.60% levied on by PFC and the service tax.
- 4.48 The Commission has determined the interest charges on the loan at the rate of 7.42% for the Control Period consisting of 5.66% fixed interest rate charged by Credit Lyonnais Bank, 1.60% PGC on PFC Guarantee and the applicable service tax on PGC. The interest payments and the repayments have been calculated in dollar terms and then converted to equivalent rupee terms by applying the foreign exchange conversion rate of Rs. 46.14 per 1 USD as on 31<sup>st</sup> March 2011 for the Control Period.
- 4.49 The variation in rupee terms in the interest charges due to the foreign exchange rate variation during the Control Period shall be trued up by the Commission as per the actual foreign exchange rate at the end of the Control Period.

**Table 40: Credit Lyonnais Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance (US \$ Mn)	6.69	5.21	3.72
Addition (US \$ Mn)	0.00	0.00	0.00
Principal Repayment (US \$ Mn)	1.49	1.49	1.49
Closing Balance (US \$ Mn)	5.21	3.72	2.23
Interest Payment (US\$ Mn)	0.47	0.36	0.25
<b>Equivalent Rupee</b>			
Opening Balance (Rs Cr)	30.89	24.02	17.16
Addition (Rs Cr)	0.00	0.00	0.00
Principal Repayment (Rs Cr)	6.86	6.86	6.86
Closing Balance (Rs Cr)	24.02	17.16	10.30
Interest Payment (Rs Cr)	2.17	1.66	1.15

### **Hypovereinsbank Loan & VaTech Finance Loan**

- 4.50 The Commission has determined the interest charges on the loan at applicable interest rate consisting of 6 month LIBOR plus margin rate charged by Hypovereinsbank and VaTech Finance, 1.60% PGC on PFC Guarantee and applicable service tax on PGC. The Commission has taken the LIBOR as applicable on two banking business days

before the first day of the interest period, as published by British Banker's Association. The Commission has considered the latest LIBOR rate which will be applicable for interest payment due on 25 January 2011.

- 4.51 The interest payments and the repayments have been calculated in dollar terms and then converted to equivalent rupee terms by applying the foreign exchange conversion rate of Rs 46.14 per 1 USD as on 31 March 2011 for the Control Period. The variation in the interest payments due to variation in the LIBOR and the variation in rupee terms in the interest charges due to the foreign exchange rate variation during the Control Period shall be trued up by the Commission as per the actual at the end of the Control Period.

**Table 41: Hypovereinsbank Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance (US \$ Mn)	6.60	5.65	4.71
Addition (US \$ Mn)	0.00	0.00	0.00
Principal Repayment (US \$ Mn)	0.94	0.94	0.94
Closing Balance (US \$ Mn)	5.65	4.71	3.77
Interest Payment (US\$ Mn)	0.35	0.21	0.18
<b>Equivalent Rupee</b>			
Opening Balance (Rs Cr)	27.96	27.90	23.25
Addition (Rs Cr)	0.00	0.00	0.00
Principal Repayment (Rs Cr)	4.32	4.65	4.65
Closing Balance (Rs Cr)	27.90	23.25	18.60
Interest Payment (Rs Cr)	1.59	1.05	0.87

**Table 42: VaTech Finance Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance (US \$ Mn)	3.83	2.87	1.91
Addition (US \$ Mn)	0.00	0.00	0.00
Principal Repayment (US \$ Mn)	0.96	0.96	0.96
Closing Balance (US \$ Mn)	2.87	1.91	0.96
Interest Payment (US\$ Mn)	0.09	0.07	0.04
<b>Equivalent Rupee</b>			
Opening Balance (Rs Cr)	17.66	13.25	8.83
Addition (Rs Cr)	0.00	0.00	0.00
Principal Repayment (Rs Cr)	4.42	4.42	4.42
Closing Balance (Rs Cr)	13.25	8.83	4.41
Interest Payment (Rs Cr)	0.43	0.31	0.20

### **IDBI Foreign Currency Loan**

- 4.52 The interest rate applicable is floating interest rate pegged to LIBOR valid from time to time for periods of 3 month. The Commission has determined the interest charges on the loan at applicable interest rate @ 4.5% over the 3 month LIBOR for United States Dollar. The Commission has taken the LIBOR as applicable on the last payment made in January 2011. However, as per the loan conditions, the LIBOR rates applicable on the loan shall be as prevalent two business days prior to January 1, April

## MULTI YEAR TARIFF ORDER (FY12-FY14)

1, July 1 and October 1. The Commission has taken the LIBOR as published by British Banker's Association.

- 4.53 The interest payments and the repayments have been calculated in dollar terms and then converted to equivalent rupee terms by applying the foreign exchange conversion rate of Rs 46.14 per 1 USD as on 31 March 2011 for the Control Period. The variation in the interest payments due to variation in the LIBOR and the variation in rupee terms in the interest charges due to the foreign exchange rate variation during the Control Period shall be trued up by the Commission as per the actual at the end of the Control Period.

**Table 43: IDBI FCL Loan Repayment and Interest (Rs Cr)**

Loan	Control Period		
	FY12	FY13	FY14
Opening Balance (US \$ Mn)	0.85	0.59	0.33
Addition (US \$ Mn)	0.00	0.00	0.00
Principal Repayment (US \$ Mn)	0.26	0.26	0.26
Closing Balance (US \$ Mn)	0.59	0.33	0.07
Interest Payment (US\$ Mn)	0.04	0.02	0.01
<b>Equivalent Rupee</b>			
Opening Balance (Rs Cr)	3.93	2.72	1.51
Addition (Rs Cr)	0.00	0.00	0.00
Principal Repayment (Rs Cr)	1.21	1.21	1.21
Closing Balance (Rs Cr)	2.72	1.51	0.30
Interest Payment (Rs Cr)	0.17	0.11	0.05

- 4.54 The principal repayment and the interest charges discussed above are summarized below:

**Table 44: Interest Charges on Outstanding Loans (Rs Cr)**

Loan	FY12	FY13	FY14
<b>Indian Currency Loans (ICL)</b>			
Total Opening Balance	391.58	304.23	224.49
Total Repayment	87.36	79.73	79.73
Total Closing Balance	304.23	224.49	144.76
Total Interest	38.07	28.69	19.66
Weighted Average Interest	10.94%	10.85%	10.65%
<b>Foreign Currency Loan (FCL)</b>			
Total Opening Balance	69.87	53.03	36.20
Total Repayment	16.84	16.84	16.84
Total Closing Balance	53.03	36.20	19.36
Total Interest	3.18	2.38	1.59
Weighted Average Interest	5.17%	5.34%	5.73%
<b>Total ICL + FCL</b>			
Total Opening Balance	461.45	357.26	260.69
Total Repayment	104.19	96.57	96.57
Total Closing Balance	357.26	260.69	164.12
Total Interest	41.25	31.08	21.25
Weighted Average Interest	10.08%	10.06%	10.01%

**Depreciation and Advance Against Depreciation**

- 4.55 The Commission has computed and projected the depreciation and advance against depreciation for the period FY12 to FY14 as per Section 8.6.5.1 of the PPA. The amount to be charged against depreciation and AAD during the Control Period as per the loan repayment approved is as detailed below:

**Table 45: Approved Depreciation and AAD (Rs Cr)**

Particulars		FY12	FY13	FY14
1/12th of the Loan(s)	A	89.48	89.48	89.48
Repayment of the Loan(s) as considered for working out Interest on Loan	B	104.19	96.57	96.57
Minimum of the Above	C	89.48	89.48	89.48
<b>Less: Depreciation during the year</b>	D	<b>65.96</b>	<b>65.96</b>	<b>65.96</b>
A	E=C-D	23.52	23.52	23.52
Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan	F	726.98	823.55	920.12
Less: Cumulative Depreciation	G	703.82	793.30	882.78
B	H=F-G	23.16	30.25	37.33
<b>Advance Against Depreciation</b>		<b>23.52</b>	<b>23.52</b>	<b>23.52</b>
<b>Depreciation + AAD</b>		<b>89.48</b>	<b>89.48</b>	<b>89.48</b>

**Operation and Maintenance Expenses**

- 4.56 The Commission has approved the O&M expenses for the Control Period as per Section 8.7.2 of the PPA which states that.

*“Operation and maintenance charges including Insurance expenses for the initial tariff year shall be calculated at the rate of 1.25% (one and a quarter percentage) of the capital cost. These charges shall be escalated for each year subsequent to the initial tariff year, every year by 6% (compounded annually) for the first ten tariff years. Thereafter the escalation for each year shall be computed as per the formula given in Schedule XI.”*

- 4.57 The approved values for O&M for the Control Period FY12 to FY14 are shown below:

**Table 46: Approved Operation & Maintenance Expenses (Rs Cr)**

Particulars	FY12	FY13	FY14
O&M Expense	28.83	30.56	32.39

**Return on Equity**

- 4.58 The Commission has approved the return on equity as per Section 8.7.3 of the PPA and has computed the return on equity at 16% at an approved equity base of Rs 460.19 Cr.



4.59 As per the Section 8.7.3,

*“Return on Equity for each tariff year from the initial tariff year onwards will be calculated at a per annum rate of 16% (sixteen percent) of the equity component of the capital cost as per approved financial package. The return on equity for the tariff period and the last tariff year shall be worked out on proportionate basis for actual number of days for which such return on equity is to be determined.”*

4.60 The approved return on equity as computed by the Commission is tabulated below:

**Table 47: Approved Return on Equity (Rs Cr)**

Particulars	FY12	FY13	FY14
Equity (Opening Balance)	460.19	460.19	460.19
Net additions during the year	0.00	0.00	0.00
Equity (Closing Balance)	460.19	460.19	460.19
Rate of Return on Equity	16%	16%	16%
<b>Return on Equity</b>	<b>73.63</b>	<b>73.63</b>	<b>73.63</b>

### **Interest on Working Capital**

4.61 As per Section 8.7.4 of the PPA;

*“Interest on working capital shall be accounted for at the SBI lending rate as applicable from time to time for the secured loans. For this purpose the working capital shall consist of:-*

- i) The Operation and Maintenance (O&M) charges for one month:*
- ii) Maintenance spares at actual but not exceeding one year’s requirement less value of one fifth of initial spares already capitalised. The value of maintenance spares for one year requirement shall be taken as 12% of the O & M charges for that tariff period/ tariff year.*
- iii) Receivables equivalent to two months of average billing for sale of electricity.*

4.62 The rate of interest for calculating the interest on working capital has been taken as per the SBI PLR of 13.25% as on 1<sup>st</sup> April 2011 for the Control Period. The interest on working capital shall be trued up at the end of Control Period based on the actual SBI PLR applicable as on 1<sup>st</sup> April of each year of the Control Period.

**Table 48: Approved Interest on Working Capital (Rs Cr)**

Particulars	FY12	FY13	FY14
1/12 <sup>th</sup> of O&M Expenses	2.40	2.55	2.70
Maintenance Spares 12% of O&M Expenses	3.46	3.67	3.89
Receivables equivalent to 2 months average billing	44.97	43.42	41.95

Particulars	FY12	FY13	FY14
<b>Total Working Capital</b>	<b>50.84</b>	<b>49.64</b>	<b>48.54</b>
Rate of Interest	13.25%	13.25%	13.25%
<b>Interest on Working capital</b>	<b>6.74</b>	<b>6.58</b>	<b>6.43</b>

**Incentive for Secondary Energy and Higher Plant Availability**

4.63 The incentives have been computed as per the Section 8.9 on ‘Incentive for Secondary Energy’ and Section 8.10 on ‘Incentive on Account of Higher Plant Availability’ of the PPA.

4.64 As per the Section 8.9.1 of the PPA;

*“The per unit rate for saleable secondary energy (i.e. 88% of the secondary energy available at interconnection point at Jhakri) shall be calculated by dividing 10% return on equity with normative saleable Secondary energy amounting to 155 MU at Jhakri. The charges for the saleable Secondary energy for any tariff year shall not exceed 10% Return on Equity....”*

4.65 The Commission, for the Control Period, has considered secondary energy generation as 0 MU. The incentive for secondary energy generation shall be billed by the Petitioner to HPSEBL as per the actual generation in the applicable tariff year as per the provisions of the PPA and the Commission shall true up the incentive at the end of the Control Period.

**Table 49: Approved Incentive for Secondary Energy**

Particulars	FY12	FY13	FY14
<b>Incentive for Secondary Energy</b>			
Secondary Energy Generation (MU)	0.00	0.00	0.00
<b>10% ROE Secondary Energy/ 155 MU (Rs Cr)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

4.66 As per Section 8.10 of the PPA on incentive for higher plant availability;

*“In case the Plant Availability level in a Tariff year, as determined in accordance with Schedule I, exceeds the normative level of 90%, the Company shall be entitled to an incentive at the rate of 0.35% of Equity component of the capital cost as per the approved financial package for each percentage increase in plant availability above 90% normative level during the year when plant availability is more than 90%. The amount of this incentive payable for any tariff year shall not exceed 2% Return on Equity. The ceiling for the initial and last tariff period shall be worked out on pro-rata basis. Incentive shall be payable at the end of each tariff year/ tariff period.”*

4.67 For the Control Period, the Commission has considered the plant availability at 90% at the normative availability level. The incentive for higher plant availability shall be billed by the Petitioner to HPSEBL as per the actual plant availability in the applicable tariff year as per the provisions of the PPA and the Commission will true up the incentive for higher plant availability at the end of the Control Period.

**Table 50: Approved Incentive for Higher Plant Availability**

Particulars	FY12	FY13	FY14
<b>Incentive for Higher Plant Availability</b>			
Normative Plant Availability (%)	90.00	90.00	90.00
Approved Plant Availability (%)	90.00	90.00	90.00
Higher Plant Availability (%)	0.00	0.00	0.00
<b>Incentive(Rs Cr)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Income Tax**

- 4.68 As per Section 8.11 of the PPA, the Tax on Income is payable as an expense to the Company by HPSEBL. The Section 8.11.1 states;

*“Income Tax payable by the Board shall be determined by considering the income to the company on account of ROE (not exceeding 16%), depreciation/ advance against depreciation as applicable, and 50% of income on account of incentives as per Section 8.9 and 8.10, in respect of the project as per income tax law. Rebate on account of depreciation and any other rebate/ exemption admissible under law shall be considered for the purpose of calculation on tax liability of the Board.*

*Under no circumstances tax liability payable by the Board shall be more than income tax actually payable by the Company.*

*No Income tax shall be payable by the Board on any other income accrued to the Company.”*

- 4.69 For the Petitioner, the Minimum Alternative Tax is applicable for the first 10 years from the date of commissioning.
- 4.70 The Commission in its Review Order dated 10 September 2009 on Review Petition No. 83/2009 has dealt with the issue of income tax/ MAT in detail and dismissed the issue. The Petitioner has filed an Appeal No 39 of 2010 with the Honourable Appellate Tribunal for Electricity against the MYT Order dated 30 March 2009 and income tax/ MAT is one of the grounds of the appeal.
- 4.71 As the decision of Honourable Appellate Tribunal for Electricity on Appeal No 39 of 2010 is awaited, the Commission has proceeded and determine the income tax liability in accordance with the Clause 8.11.1 of the PPA. The impact of the Honourable Appellate Tribunal for Electricity’s judgement on the said issue shall be considered and provided for based on the decision of Honourable Appellate Tribunal for Electricity on Appeal No 39 of 2010
- 4.72 The Commission has calculated the Income Tax at the applicable rate of MAT of 18.50% plus Surcharges at 5.00% of basic rate plus education cess of 3% for each year of the Control Period. The effective MAT rate works out to 20.08%. The income tax approved for the Control Period is provided in the table below:

**Table 51: Approved Income Tax (Rs Cr)**

Particulars	FY12	FY13	FY14
Income Tax	17.80	17.80	17.80

4.73 The actual income tax liability of HPSEBL for the Control Period will be trued up by the Commission based on the performance of the Petitioner at the end of Control Period.

### **Amortisation of Cost of Debt Restructuring**

4.74 The Commission has continued with the mechanism of recovery of the principal amount as stated in the Tariff Order dated 24<sup>th</sup> February 2007. The principal amount of the debt restructuring expenditure will be recovered over a period of eight years as part of the capacity charges beginning FY09 at a carrying cost of 8% p.a. The approved interest on debt restructuring for the Control Period is shown below:

**Table 52: Approved Interest on Debt Restructuring (Rs Cr)**

Particulars	FY12	FY13	FY14
Total Opening Balance	44.26	35.41	26.56
Total Drawdowns	0.00	0.00	0.00
Total Repayment	8.85	8.85	8.85
Total Closing Balance	35.41	26.56	17.71
Rate of Interest	8%	8%	8%
<b>Total Interest</b>	<b>3.19</b>	<b>2.48</b>	<b>1.77</b>

### **Annual Fixed Charge for Baspa II HEP**

4.75 The total Annual Fixed Charges with the components of the capacity charges, primary energy charges and incentives and taxes approved based on the projected generation for the Control Period and detailed in the previous sections in this chapter are summarized below:

**Table 53: Approved Annual Fixed Charges (Rs Cr)**

Particulars	FY12	FY13	FY14
<b>Capacity Charges</b>			
Interest on outstanding loans	41.25	31.08	21.25
Depreciation/Advance against Depreciation	89.48	89.48	89.48
Interest on normative loan related to debt restructuring expenditure	3.19	2.48	1.77
Repayment of normative loan related to debt Restructuring expenditure	8.85	8.85	8.85
Application fee	0.08	0.08	0.08
Financing charges related to HPSEB arrear payment	0.00	0.00	0.00
Less: Adjustments for ICF payments			
<b>Sub-total Capacity Charges</b>	<b>142.85</b>	<b>131.97</b>	<b>121.44</b>

## MULTI YEAR TARIFF ORDER (FY12-FY14)

Particulars	FY12	FY13	FY14
<b>Primary Energy Charges</b>			
O&M Charges	28.83	30.56	32.39
RoE	73.63	73.63	73.63
Interest on Working Capital	6.74	6.58	6.43
<b>Sub-total Primary Charges</b>	<b>109.20</b>	<b>110.77</b>	<b>112.46</b>
<b>Incentives and Taxes</b>			
Incentive for Secondary Energy	0.00	0.00	0.00
Incentive for Higher Plant Availability	0.00	0.00	0.00
Minimum Alternative Tax	17.80	17.80	17.80
<b>Sub-total Incentives and Taxes</b>	<b>17.80</b>	<b>17.80</b>	<b>17.80</b>
<b>Total Annual Fixed Charges</b>	<b>269.85</b>	<b>260.54</b>	<b>251.69</b>

4.76 The approved tariffs for the station for the Control Period are indicated in the table below:

**Table 54: Approved Tariffs for the Control Period**

Particulars	Unit	FY12	FY13	FY14
<b>Energy Generation</b>				
Saleable Primary Energy	MU	1050.05	1050.05	1050.05
Saleable Secondary Energy	MU	0.00	0.00	0.00
<b>Total Generation</b>	<b>MU</b>	<b>1050.05</b>	<b>1050.05</b>	<b>1050.05</b>
Total Annual Fixed Charges	Rs Cr	269.85	260.54	251.69
<b>Tariff for Total Energy</b>	<b>Rs/kWh</b>	<b>2.57</b>	<b>2.48</b>	<b>2.40</b>
Total Primary Energy Charges	Rs Cr	269.85	260.54	251.69
<b>Tariff for Primary Energy</b>	<b>Rs/kWh</b>	<b>2.57</b>	<b>2.48</b>	<b>2.40</b>

### Interest on Arrears Payable by HPSEBL

4.77 In the Tariff Order dated 30<sup>th</sup> March 2009, the Commission has allowed a carrying cost of 8.00% per annum on the arrears payable by HPSEBL. The Petitioner, JPVL, in its review petition filed against the order dated 30<sup>th</sup> March 2009, raised the issue of rate of carrying cost allowed on the arrears. The Commission in its review order dated 23<sup>rd</sup> June 2010, under clause 2.40 to 2.56 has dealt with the issue in detail and revised the interest rate from 8.00% to 11.75% applicable from 1<sup>st</sup> November 2009 onwards.

4.78 The Petitioner has filed an appeal in this regard before the Hon'ble Appellate Tribunal for Electricity (Appeal no. 178 of 2010) against Order dated 23<sup>rd</sup> June 2010 passed by the Commission, which is pending for final decision by the Hon'ble Tribunal. As the matter is subjudice and decision of the Hon'ble Tribunal is pending on the matter, the Commission has proceeded with the decision taken in its Order dated 23<sup>rd</sup> June 2010 and shall revisit the issue once the decision of Hon'ble Tribunal is pronounced.

## MULTI YEAR TARIFF ORDER (FY12-FY14)

- 4.79 The Commission in its Tariff Order dated 23<sup>rd</sup> June 2010 had, based on the revised capacity charges computed and approved the arrears payable by HPSEBL for the period FY09 to FY11. The Commission had directed HPSEBL to pay by 30<sup>th</sup> September 2010 the arrears of Rs 87.25 Cr outstanding as on 1<sup>st</sup> April 2010 to the Petitioner and the interest payable on the arrears till 30<sup>th</sup> September 2010 will be considered as pass through in the ARR of HPSEBL and any interest payable on arrears post 30<sup>th</sup> September, 2010 will not be allowed to pass through in the ARR.
- 4.80 The Commission has determined the arrears for the period FY12 to FY14 based on the payment made by HPSEBL as of 31<sup>st</sup> March 2011. The arrears determined in this Order shall be recomputed when the annual fixed charged for the Petitioner for the period FY09 to FY11 are trued up.
- 4.81 As per information submitted by HPSEBL, it has made a total payment of Rs 440.83 Cr till 31<sup>st</sup> March 2011, which includes payments made against capacity charges, primary energy charges, incentive on secondary energy, incentive against higher plant availability, income tax, arrears payment as directed in the Tariff Order dated 23<sup>rd</sup> June 2010 along with interest till 30<sup>th</sup> September 2011, arrears payment as directed in the Tariff Order 24<sup>th</sup> January 2011 and stay order of the Honourable ATE.
- 4.82 The Commission for the purpose of determination of arrear outstanding as on 1<sup>st</sup> April 2011 for the Control Period FY12 to FY14 has considered payment of Rs 332.67 Cr made against capacity charges, primary energy charges, incentive on secondary energy, incentive against higher plant availability, income tax, and Rs 91.99 Cr (Rs 87.25 Cr and interest of Rs 4.74 Cr) of arrears payment as directed in the Tariff Order dated 23<sup>rd</sup> June 2010 along with interest till 30<sup>th</sup> September 2011
- 4.83 The computations of the arrears payable by HPSEBL are detailed in the table below:

**Table 55: Arrears Payable by HPSEBL (Rs Cr)**

Recovery of Receivables from HPSEB		FY11	FY12	FY13	FY14
Payable by HPSEBL		341.73	269.85	260.54	251.69
Payment made by HPSEB excluding rebate and adjustment for energy export	Rs. Cr.	332.67			
Opening Balance	Rs Cr	86.32	3.79	0.00	0.00
Additions	Rs Cr	9.06	0.00	0.00	0.00
Payments	Rs Cr	91.99	3.79	0.00	0.00
Closing Balance - Base Amount	Rs Cr	3.39	0.00	0.00	0.00
Interest Rate	%	11.75%	11.75%	11.75%	11.75%
Interest	Rs Cr	0.40	0.00	0.00	0.00
Closing Balance - for Repayment	Rs Cr	3.79	0.00	0.00	0.00

- 4.84 As of 1<sup>st</sup> April 2011, HPSEBL has to pay arrears of Rs 3.79 Cr to the Petitioner. The Commission directs HPSEBL to pay the entire arrears by 30<sup>th</sup> September, 2011. The interest payable on arrears till 30<sup>th</sup> September, 2011 will be allowed as a pass through in the ARR. However, any interest payable on arrears post 30<sup>th</sup> September, 2011 will not be allowed to pass through in the ARR of HPSEBL.

**4.85 LIST OF ABBREVIATIONS**

The abbreviations and acronyms used in this tariff order shall have the following respective meanings unless the context requires otherwise

No.	Abbreviation	Meaning
1	AAD	Advance Against Depreciation
2	AFC	Annual Fixed Charges
3	ARR	Aggregate Revenue Requirement
4	ATE	Appellate Tribunal for Electricity
5	FY XX	Financial Year beginning 1 April of the year (XX-1) and ending on 31 March of the following year (XX)
6	HEP	Hydro Electric Project
7	HPERC	Himachal Pradesh Electricity Regulatory Commission
8	HPSEBL	Himachal Pradesh State Electricity Board Limited
9	JVPL	Jaiprakash Power Ventures Limited
10	MAT	Minimum Alternate Tax
11	MU	Million Units
12	MW	Mega Watt
13	MYT	Multi Year Tariff
14	O&M	Operations and Maintenance
15	PPA	Power Purchase Agreement
16	ROE	Return On Equity