

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION

DIRECTIONS FOR THE APPROVAL OF HYDRO ELECTRIC PROJECTS IN THE STATE OF

HIMACHAL PRADESH.

Shimla-2, the 6th April, 2005

No: HPERC/422/2005.- In pursuant to the powers vested in it under Sub-regulation (3) of Regulation 7 of the Himachal Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2004, Himachal Pradesh Electricity Regulatory Commission gives the following directions, namely:-

1. **Short title.-** These directions may be called the Himachal Pradesh Electricity Regulatory Commission (Approval of Hydro Electric Projects in the State of Himachal Pradesh) Directions, 2005.
2. **Application.-**(1) These directions shall apply to new hydro electric projects to be undertaken by the Board, the Govt. and Generating Companies and/ or Independent Power Producers (IPPs), who intend to sell power to the Board for its use within its area.

(2) Nothing in these directions shall apply to,-

- (i) the projects requiring the concurrence of the Central Electricity Authority;
- (ii) the projects, where tariff has been determined bilaterally between the Board, the Govt. and the Generating Company, and based upon such tariff, the Power Purchase Agreement has been approved by the Commission and
- (iii) the projects, where tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government.

(3) Definitions.- In these directions, unless context otherwise requires;-

- (a) "Act" means the Electricity Act, 2003 (36 of 2003);
- (b) "Board" means the State Electricity Board constituted, before the commencement of the Electricity Act, 2003, under sub-section (1) of section 5 of the Electricity (Supply) Act, 1948 and includes its successor-in-interact, the Govt. Company or the Company or the Companies to whom the rights and functions of the Board may be transferred under section 131 of the Electricity Act, 2003; and

(c) “Commission” means the Himachal Pradesh Electricity Regulatory Commission.

4. Petition for approval. -(1) The petitioner, intending to set up new hydro electric project/generating station, shall before starting its construction, submit to the Commission in the manner, alongwith the fee, specified in the Himachal Pradesh Electricity Regulatory Commission (Conduct of Business) Regulation, 2005 petition for the approval of the new project.

(2) The petition, referred in paragraph (1), giving the details as per Form-I annexed in these directions, shall be supported through an affidavit as per form-II by the petitioner to the effect that the petition has been made in accordance with these directions accompanied by the following documents, namely:-

- (i) 10 copies of approved Detailed Project Report duly examined, signed and stamped by the petitioner;
- (ii) consent of the State Government;
- (iii) power purchase agreement, if any;
- (iv) arrangement of evacuation of power;
- (v) tentative financial package;
- (vi) plan for adequate safeguards for environmental protection with suitable mechanism for monitoring of implementation of environmental action plan and rehabilitation and resettlement (R&R) schemes;
- (vii) proposed control, co-ordination and monitoring mechanism to minimize time and cost overruns; and
- (viii) certificate wherever applicable that the proposed project forms part of resource plan submitted for review under the Himachal Pradesh Electricity Regulatory Commission (Guidelines for Load Forecast, Resource Planning and Power Procurement Process); 2001.

5. Detailed Project Report. - The Detailed Project Reports (DPRs) should be based on accurate surveys, investigations and studies and hydrological, geological, seismological, environmental and other relevant data duly certified/ authenticated by the competent authority supplying the data shared by the renowned agencies such as the Bhakra Beas Management Board, the Satluj Jal Vidyut Nigam Limited, the National Hydro Power Corporation, the National Thermal Power Corporation, etc. which are actively associated in development of hydro electric projects in the State of Himachal Pradesh.

(2) The escalation in cost shall be specified in the Detailed Project Report.

6. Action on the petition. – (1) The Commission shall, within a period of one month from the date of submission of the petition, consider, on the basis of the information submitted to it by the petitioner, and accord the approval with such modifications, as in its opinion are necessary, to protect the consumer interests.

(2) The generation tariff shall be determined after taking account the escalation cost given in the Detailed Project Report and approved under this Direction.

7. The completed cost not to exceed approved cost.- the completed cost of the project shall not exceed the approved cost except on account of;-

- (a) changes in rates of statutory taxes and duties;
- (b) changes in laws resulting in change in cost;
- (c) price variation formula agreed at the time of placement of purchase order(s) for the equipment;
- (d) foreign exchange variation;
- (e) force majeure, geological surprises, etc. as determined under direction 8; and
- (f) any other amount specifically approved by the Commission.

8. Revised approval.- In case at any stage, after filing of the petition and approval by the Commission the petitioner encounters force majeure, geological surprise or any other such conditions, which can lead to time and cost overruns beyond the limits as may be specified by the Commission, from time to time, the petitioner shall submit the complete details in this regard to the Commission and in case the project cost exceeds 3% of the earlier approved, shall apply for revised approval, and the Commission shall evolve suitable mechanism to determine the additional cost and time on this account.

9. Information to be maintained.- The petitioner shall maintain the record/ information of the project as may be specified by the Commission under Section 128 of the Act.

10. Determination of generation tariff.- The application under section 62 and 64 of the Act to the Commission for determination of generation tariff, in relation to the new projects, shall be accompanied by the approval of the projects accorded by the Commission under these directions.

11. Savings.- Noting in these directions shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice or to prevent the abuse of the process of the Commission.

By Order of Commission

**Sd/-
Secretary**

FORM-I
(See Direction 4)

FORMAT FOR FURNISHING TECHNICAL DETAILS BY GENERATING COMPANIES

1. GENERAL

- (a) Name of the Company :
- (b) Address of Registered Office :
- (c) Postal address for communication :

2. NAME AND LOCATION OF THE PROJECT

- (a) Name of the Project
- (b) District
- (c) River and Tributary
- (d) Vicinity with map
- :

3. HYDROLOGY

4. SALIENT FEATURES AND COST OF IMPORTANT CIVIL STRUCTURES AND ELECTRIC, MECHANICAL WORKS

- (a) Dam/Diversion Structure
- (b) Control structure
- (c) Disilting arrangements
- (d) Power channel
- (e) Reservoir
- (f) Head race Tunnel
- (g) Surge shaft
- (h) Pressure shaft/ Penstock
- (i) Power House
- (j) Tail race tunnel
- (k) Switchyard

5. POWER GENERATION

- (a) Gross head, net head & designed head
- (b) Design Discharge
- (c) Installed capacity and unit size
- (d) Annual generation

6. COST ESTIMATES

- (a) Civil works
- (b) Electric works
- (c) Cost upto Power house bus bar (a+b)
- (d) Transmission (if dedicated transmission up to grid connection is therewith the generator).
- (e) Escalation during construction on a,b,c,d, separately
- (f) Interest during construction
- (g) Total estimated cost up to Powerhouse bus bar.

7. FINANCIAL ASPECT

- (a) Proposed Financial Package Details (Debt+Equity) and Terms of Loan etc.
- (b) Cost per MW of Installed capacity
- (c) Cost of generation/per unit at power house bus bar
- (d) Cost of generation at power house bus bar after allowing 14% ROE
- (e) Cost per unit at grid bus bar after adding the cost of transmission and allowing 14% ROE

8. Calculation of Tariff over a life span of Project for 40 years

9. PERT CHART

10. CASH FLOW CHART and phasing of expenditure and drawl of funds

11. List of documents attached.

(Signature of petitioner)

FORM-II
(See Direction 4)

In the matter of the petition for approval of the Hydro Electric Project_____

AFFIDAVIT VERIFYING THE PETITION

I _____ son of _____ aged _____ residing at _____ do solemnly affirm and say as follows:-

1. That I am a Director/Secretary/_____ of _____ Ltd. the petitioner in the above matter and an duly authorized by the said petitioner to make this affidavit on its behalf.

2. That this petition has been made in accordance with the Himachal Pradesh Electricity Regulatory Commission (Approval of Hydro Electric Projects in the State of Himachal Pradesh) Directions, 2005 and needed complete and accurate information and information and documents have been supplied.

3. The statement made in paragraph _____ of the petition, herein now shown to me is true to my knowledge and the statements made in paragraphs _____ are based on information and I believe them to be true.

Deponent.

VERIFICATION

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

Verified at _____ on the day of _____

Deponent.