

ODISHA HYDRO POWER CORPORATION LTD.

(A GOVT. OF ODISHA UNDERTAKING)

CIN : U40101OR1995SGC003963

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

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

E-mail : ohpc.co@gmail.com / info@ohpccltd.com, Website : www.ohpccltd.com

By Fax/ Email

File No.: OHPC – OERC – 06/2021 – Vol-(II) 642(w/e) Dt. 27.01.2022

To

The Secretary

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

Sub: Submission of Rejoinder in response to the objections to application for approval of Annual Revenue Requirement of individual power stations of OHPC for the FY 2022-23.

Ref: Your Letter No. 1615 Dt. 16.12.2021 in Case No. 103 of 2021.

Sir,

With reference to above mentioned Letter, OHPC Ltd is submitting herewith the Rejoinder to application for approval of Annual Revenue Requirement of individual power stations of OHPC for the FY 2022-23 in terms of Section 61 & 62 read with Section 86 of the Electricity Act,2003 and in accordance with the terms & conditions of approved PPA between OIIPC & GRIDCO in the form of affidavit in 09 sets (1 Original +08 Copies) along with soft copy in response to the objection & suggestion received from the objectors.

Yours faithfully,

Director(Finance)

Encl.: As above.

Memo No. 643(w/e) Dt. 27.01.2022

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

- 1) Chief General Manager(P.P). M/s GRIDCO Limited, Regd. Office: Janpath, Bhubaneswar,751022
- 2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No. 302 (B), Beherasahi, Nayapalli, BBSR – 751012.
- 3) Sri Kamala Kanta Das, Plot No.-D/102, Prestige Residency, Mahadev Nagar, Jharapada, Bhubaneswar 751006.
- 4) Sri Soumya Ranjan Patnaik, Hon`ble MLA, Khandapada , Plot No-185, VIP Colony, Nayapalli, Bhubaneswar, Odisha. 751015 E.Mail:soumyapatnaik.sambad@gmail.com.

Encl.: As above.

Director(Finance)

.....Contd.



ଓଡ଼ିଶା ଜଳ ବିଦ୍ୟୁତ୍ ନିଗମ ଲିମିଟେଡ୍

(ଓଡ଼ିଶା ସରକାରଙ୍କ ଏକ ଉପକ୍ରମ)



ଓଡ଼ିଶା ରାଜ୍ୟ ଆରକ୍ଷା ଗୃହନିର୍ମାଣ ଏବଂ ସମାଜନୀଳ ନିଗମ ଭବନ, ବାଣୀବିହାର ଛକ, ଜନପଥ, ଭୁବନେଶ୍ୱର-୭୨
ଫୋନ : ୯୧-୦୬୭୪-୨୫୪୨୯୮୩, ୨୫୪୨୮୦୨, ୨୫୪୫୫୨୬, ୨୫୪୨୮୨୬, ଫ୍ୟାକ୍ସ : ୨୫୪୨୧୦୨

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CC:

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

Encl: As above.

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

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

Filing No. : 3
Case No. : 103/2021

IN THE MATTER OF

REJOINER TO APPLICATION FOR APPROVAL OF ANNUAL REVENUE REQUIREMENT AND TARIFF OF INDIVIDUAL POWER STATIONS OF OHPC FOR THE FINANCIAL YEAR 2022-23 IN TERMS OF SECTION 61 & 62 READ WITH SECTION 86 OF THE ELECTRICITY ACT, 2003; OERC (TERM & CONDITIONS FOR DETERMINATION OF GENERATION TARIFF) REGULATIONS, 2020 & IN ACCORDANCE WITH THE TERMS & CONDITIONS OF THE APPROVED PPA BETWEEN OHPC & GRIDCO.

AND

IN THE MATTER OF

ODISHA HYDRO POWER CORPORATION LTD., REGD. OFFICE: JANPATH, BHUBANESWAR-751022.

.....Applicant

AND

IN THE MATTER OF

The Suggestions/Objections filed by

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

..Respondent

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

...Respondent

3) Sri Kamala Kanta Das, Plot No.-D/102, Prestige Residency, Mahadev Nagar, Jharapada, Bhubaneswar 751006

.....Respondent

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

.....Respondent

AFFIDAVIT VERIFYING THE APPLICATION

I, Shri Pravakar Mohanty, Son of Shri Bhaskar Charan Mohanty , aged 63 years residing at Bhubaneswar do solemnly affirm and say as follows:

(1) I am the Director (Finance) of Odisha Hydro Power Corporation Ltd., the applicant in the above matter and am duly authorized to make this affidavit on its behalf.

(2) The statements made in this rejoinder are true to my knowledge and the statements made in paragraphs are based on information available with OHPC and I believe them to be true to best of my knowledge.

Verification:

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

Verified at BBSR on the day of 27th January, 2022

Pravakar Mohanty
DEPONENT
Director (Finance)
Odisha Hydro Power Corporation
Bhubaneswar-751022



SWORN BEFORE ME

N. Mohanty
N. MOHANTY

NOTARY 27.01.2022

Regd. No. ON 20/94

382, Bhoi Nagar,

Bhubaneswar-751022

Pravakar Mohanty
DEPONENT
Director (Finance)
Odisha Hydro Power Corporation
Bhubaneswar-751022

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E.Mail:soumyapatnaik.sambad@gmail.com

.....Respondent

THE HUMBLE PETITIONER ABOVE NAMED MOST RESPECTFULLY SHOWETH THAT:

1. The application for approval of Annual Revenue Requirement (ARR) and Tariff for the financial year 2022-23 in respect of individual power stations of OHPC was filed before the Hon'ble Commission on 29.11.2021. Hon'ble OERC had also raised queries on the submission of ARR & Tariff application of OHPC for FY2022-23. OHPC had submitted the compliance to quarries of Hon'ble Commission with a copy to the objector who had purchased the ARR & Tariff application of OHPC.

As directed by the Hon'ble Commission, Public Notice was published in English text in the local English & Odia daily newspapers. The above mentioned respondents have raised objections and given suggestions on the ARR and Tariff application of OHPC for the FY 2022-23. Before going to the compliance to the objections/suggestions raised by above mentioned respondents which have been addressed separately through this rejoinder, OHPC submits hereunder some important issues pertaining to its Power Stations.

2. **Status of Generation of different power stations of OHPC for FY2021-22:**

The Reservoir Level of OHPC Power Stations as on 15.01.21 vis-à-vis on 15.01.22 is given below:



2. **Status of Generation of different power stations of OHPC for FY2021-22:**

The Reservoir Level of OHPC Power Stations as on 15.01.21 vis-à-vis on 15.01.22 is given below:

Table-1

Sl. No.	Reservoirs	As on 15.01.2021	As on 15.01.2022
1.	Rengali	118.51meter	121.75 meter
2.	Kolab	851.74meter	851.86 meter
3.	Balimela	1494.10 ft.	1481.40 ft.
4.	Hirakud	624.45ft.	627.37 ft.
5.	Indravati	637.85meter	632.13 meter

The actual generation of different Power Stations under OHPC from 01.04.2021 up to 15.01.2022 and anticipated generation up to 31.03.2022 for the FY 2021-22 is prepared on the basis of the availability of water, irrigation requirement and peak load requirement of State in co-ordination with DoE, DoWR, GRIDCO and SLDC which is furnished below.

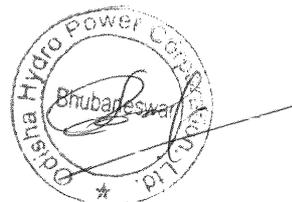
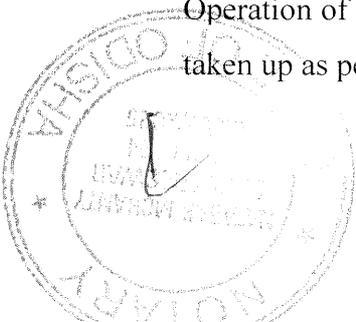
Table-2

Sl. No.	Name of the power stations	Actual generation from 01.04.21 up to 15.01.22 (in MU)	Anticipated generation from 16.01.22 to 31.03.22 based on DoWR & DoE Schedule (in MU)	Total Anticipated generation for the FY 2021-22 based on DoWR & DoE Schedule (in MU)
1.	RHEP	759.8994	90.00	849.8994
2.	UKHEP	304.554	140.16	444.714
3.	BHEP	840.2014	278.52	1118.7214
4.	HHEP	627.554	72.00	699.554
5.	CHEP	217.864	45.00	262.864
6.	UIHEP	1050.375	135.00	1185.375
Total		3800.4478	760.68	4561.1278

3. **Status of Renovation & Mordenisation of different power stations of OHPC:-**

OHPC has successfully completed the RM&U work of unit 5&6 of HHEP and both the units were synchronized to Grid. The Unit-6 was declared commercial operation on dtd.02.11.2021 and similarly the Commercial operation of Unit-5 was declared on dtd. 09.01.2022.

Similarly OHPC has successfully completed the R&M of Unit-2 of BHEP and was declared commercial operation on dtd.29.12.2021. Commissioning of Unit-1 of BHEP is nearing completion and power supply to Grid is expected shortly. After Commercial Operation of Unit-1, of BHEP the R&M works of Unit-3& 4 of BHEP, Balimela shall be taken up as per the contract with BHEL.



Beside this OHPC is in the process of conducting RLA study of those Generating Units which are at the fag end of their life. Accordingly OHPC shall submit the proposal for in principle approval of need based R&M work.

4. **Enhancement Installed Capacity of OHPC after RM&U works of HHEP, Burla:-**

After completion of RM & U works of Unit-5 & 6 of HHEP, Burla both the Units were uprated from 37.5MW to 43.65MW. Accordingly the installed capacity of HHEP, Burla increased to 287.80MW from 275.5MW.

Hence, the installed capacity of various Hydro Stations owned by Odisha Hydro Power Corporation (OHPC) shall be 2099.8 (2039.8+ 60) MW including Odisha share of Machhkund. The Installed Capacity of MHEP is 120MW (i.e. 17MW x 3 = 51MW and 23MW x 3 = 69MW). So the 50% Odisha Share from MHEP being 60 MW, has been considered for computation of total IC of OHPC.

5. **Compliance to the Objections/Suggestions raised by Sri Kamala Kanta Das on the ARR application of OHPC for the FY 2022-23:**

Para 1 to 4: No Comments.

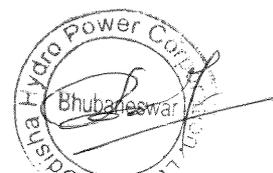
Para 5:- Objection: *“That OHPC has six hydro generating stations in different District of Odisha. The electricity generated is utilized for development of Odisha. But the District and areas where the plants are generating power remain backward and under developed even today.”*

Para 6:- Objection: *“That electricity generated by these plants of OHPC is utilized to light up cities, towns and many houses. But due to the establishment of these plants many native people of the area not only lost their livelihood but now also the areas surrounding the plant remain in dark without electricity.”*

Compliance of Para 5&6: As per the Indian Electricity Act 2003 the business of distribution of Electricity is carried out by the respective DISCOMs. OHPC sells the entire power to GRIDCO through long term power purchase agreement. Moreover DISCOMs & Govt. through various Schemes & CAPEX programmes, construct new lines & substations to provide electricity to the required consumers.

Para 7:- Objection: *“That OHPC sells electricity generated by these plants and make profit GRIDCO purchase power from OHPC at cheaper rate and sells at BSP rate and make profit Distribution company sells this power and makes profit. But per capital income of the District remains low.*

Compliance: OHPC supplies cheaper power to GRIDCO as per the approval of OERC. As regards the low per capita income of the districts, this is beyond the scope of OHPC.



Para 8 & 9: No Comments.

Para 10&11:- Please refer to compliance of Para 5& 6.

6. **Compliance to the Objections/Suggestions raised by Sri Soumya Ranjan Patnaik, MLA Khandapada on the ARR application of OHPC for the FY 2022-23:**

Para 1:- Objection: *No observations, analysis and ruling of Hon'ble OERC are found below the objections raised by the Respondents in Tariff Orders.*

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

Para 2:- Objection: *No Truing up of Tariff Orders since last several years.*

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

Hon'ble OERC has issued the Order on dtd. 03.11.2021. The observation of the Hon'ble Commission is furnished at Para No. 17 of the Tariff Applications of OHPC for the FY2022-23. Being aggrieved on the order of Hon'ble OERC, OHPC is in the process of filing review petition within the time limit..

Since the principle of truing up upto FY-2015-16 is still in dispute, OHPC has prepared the truing up from FY-2015-16 to FY-2020-21 which will be filled before the Hon'ble Commission after final decision on truing up upto FY-2020-21

Para 3:- Objection: *Absence of Multiyear Tariff Approach:*

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

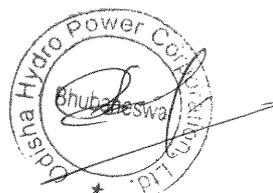
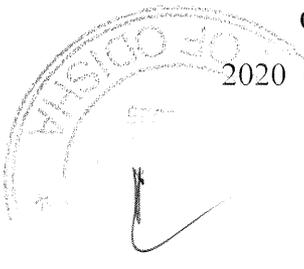
- i. Additional capitalization as per audited account and estimated additional capitalization for respective tariff years of the tariff period and
- ii. Decapitalisation,
- iii. Forecast of expected revenue and estimates of quantum of electricity to be generated by each unit .

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

Para 4:- Objection: *The Proceeding to determine Tariff is imprudent & unrealistic.*

Compliance:

OERC(Terms & Conditions for determination of Generation Tariff) Regulation 2020 under the head "Tariff Petition" had stipulated as follows:



“Notwithstanding anything contained above the existing generation plants of OHPC and OPGC (UNIT-I & II) may make an application as per the Format prescribed by the Commission for determination of tariff as per annual schedule, by November 30th of every year for determination of tariff in respect of the units of the generating station.

Provided that the OHPC and OPGC (Unit - I & II) shall make an application as per the prescribed Format with necessary information and explanations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the period for which application for determination of tariff is filed of the generating station.”

Accordingly OHPC is filing its Annual Revenue Requirement every year based on the latest Audited Account available at that time. The basis of Tariff computation of different power stations of OHPC is furnished at para no-3 of ARR petition of OHPC for the FY2022-23.

Para 5:- Objection: Sale of 5MW Power equal to 16.664Mus to CSPDCL from HHEP by OHPC Ltd.

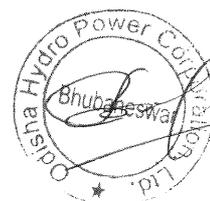
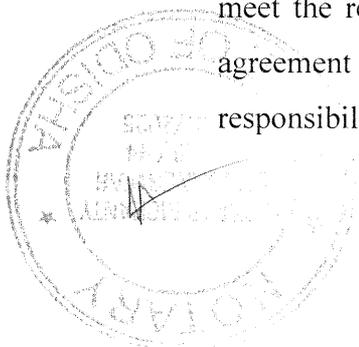
Compliance: OHPC submit the following views regarding adjustment of sale of 5MW share of power from HHEP, Burla.

CASE-I: (If 16.644MU is deducted from the Design Energy of HHEP)

OHPC is of the view that in case the Revenue collected from CSPDCL is considered as deemed revenue and deducted from HHEP's ARR then 16.644MU for 5MW share of CSPDCL shall be deducted from saleable energy of HHEP, Burla for fixation of generation Tariff of HHEP, Burla. In that case the Energy Charge Rate of HHEP for billing for sale of power to GRIDCO shall increase.

CASE-II: (If 16.644MU is nt deducted from the Design Energy of HHEP)

In the present case Hon'ble OERC has not reduced the Design Energy of HHEP by 16.644MU, as a result HHEP shall have to supply 677.17MU and maintain the availability of 75% to recover its Annual Revenue Requirement. Besides this HHEP shall have to supply 16.644MU to CSPDCL from its generation at the OERC approved rate to meet the requirement made by State of Odisha through the interstate memorandum of agreement 1983. So it may be appreciated that HHEP is striving hard to meet the dual responsibilities i.e supplying 677.17MU to GRIDCO and 16.644MU to CSPDCL and in



the process HHEP is supposed to supply 16.644MU to CSPDCL over and above its approved saleable design energy of 677.17 MU which is kept for GRIDCO.

Keeping in view of the above analysis, Hon'ble OERC has not considered the adjustment of both revenues treating 677.17MU Power supplied to GRIDCO & 16.644MU Power supplied to CSPDCL separately as two beneficiary of HHEP, Generation.

Para 6:- Objection: *Payment of Income Tax & Proposed reimbursement of Rs36.20Crs in the ARR.*

Compliance: OHPC has claimed for reimbursement of income tax by following the guidelines adopted for calculation of ARR in the tariff order passed by Hon'ble Commission in previous years. Further as per Clause No.-21 of OERC regulation, Tax on Income of the generating company shall be recovered from the beneficiaries. This will exclude Income Tax on other income streams (Income from Non-generation & Non-transmission business). As a Compliance to the above regulation, OHPC has correctly claimed Income Tax of Rs.36.1952 Crore excluding Income Tax on Interest income & non tariff income. The total Tax liability for the FY 2019-20 was Rs.57.7148 Crore. Out of which tax liability on Interest income and non tariff income was Rs.21.5196 Crore (20.3107 Cr @25.168% effective tax on Interest income on Bank Deposit of Rs.80.7005 Crore plus 1.2089 Cr @ 25.168% effective tax on Non tariff income) . So tax liability on core business was Rs.36.1952 Crore, i.e. Rs.57.7148 Crore minus Rs.21.5196 Crore. Hence Hon'ble Commission may suitably decide.

Para 7:- Objection: *Non-Tariff income (NTI): Rs.144.76Crs for FY2020-21.*

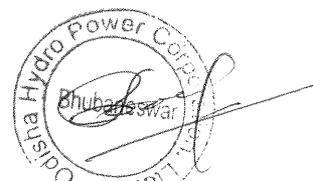
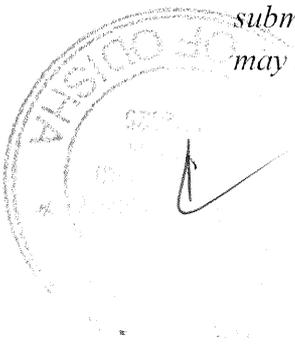
Compliance:

The Non-Tariff Income is dealt with Clause No.41, 26 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2020. The relevant clauses of the said regulation is stipulated as follows:

Clause No 41: SHARING OF NON-TARIFF INCOME

“The non-tariff net income in case of generating station from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries and the generating company, in the ratio 50:50.”

Clause No 26 (1): *“The amount of Non-Tariff Income of the Generating Company as approved by the Commission in accordance with Regulation 41 shall be deducted while determining its Annual Fixed Charge: Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.”*



Clause No 26(2): The Non-Tariff Income shall include:

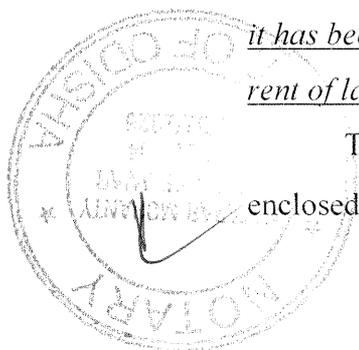
- (a) Income from rent of land or buildings;
- (b) Income from sale of scrap;
- (c) Income from investments;
- (d) Income from sale of ash/rejected coal;
- (e) Interest income on advances to suppliers/contractors;
- (f) Net Income from supply of electricity by the Generating Company to the housing colonies of its operating staff and supply of electricity by the Generating Company for construction works at the generating Station, after adjusting the expenses incurred for supply of such electricity;
- (g) Income from rental from staff quarters;
- (h) Income from rental from contractors;
- (i) Income from hire charges from contractors and others;
- (j) Income from advertisements;
- (k) Income from sale of tender documents;
- (l) Any other Non-Tariff Income.

In this connection, Regulation- 62 of the Central Electricity Regulatory Commission (Terms and conditions of Tariff) Regulations-2019 provides that ***the non-tariff net income in case of generating station and transmission system from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries or the long-term customers and the generating company or the transmission licensee, as the case may be, in the ratio 50:50.***

For better understanding regarding implementation of non-tariff income the CERC statement of reasons of Tariff Regulation 2019 may please be referred which is reproduced as follows:

“Many stakeholders suggested to clarify that only non-tariff income net of expenses shall be shared. Further, many stake holders’ suggested difficulty in segregation of non-Tariff income components to be shared like statutory investments, bank balances etc. and also stated benefit of many such type of income, especially rental and interest from contractors is already shared fully, as the impact is reflected in the reduced rates charged by such contractors. After carefully considering the submissions, it has been decided to revise the Regulation by restricting the non-tariff income only from rent of land or building, sale of scrap and advertisement.”

The relevant pages of Statement of Reasons for Tariff Regulations 2019 is enclosed as Annexure-I for reference.



It is pertinent to mention that as per section 61 of the Electricity Act,2003, SCRCs subject to the provisions of Electricity Act, specify the terms and conditions for the determination of tariff, and in doing so, should be guided by the principles and methodologies specified by the Hon'ble Central Commission for determination of the tariff applicable to generating companies and transmission licensees.

Hence OHPC has submitted the power housewise details of Non-Tariff income as stipulated in the Regulation 26(2) of the OERC(Terms & Conditions for determination of Generation Tariff) Regulations 2020 at **Annexure-15** of the Original Tariff Petition for kind reference.

Accordingly in line with the above provisions of OERC & CERC Tariff Regulations, the deductible Non-Tariff income of different power stations of OHPC to be considered for ARR of OHPC for the FY2022-23 based on the audited account of OHPC for the FY2020-21 are shown in the table below:

Deductible Non-Tariff Income of different Power Stations of OHPC for FY 2022-23

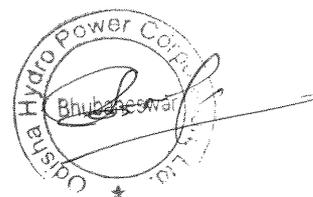
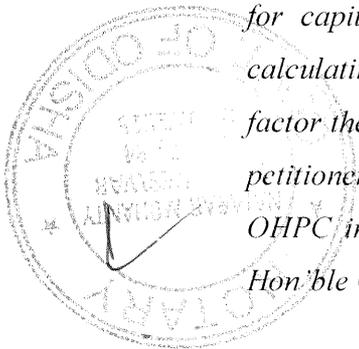
(Rs. in Crs.)

Sl. No	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Rent of land & buildings	0.054	0.064	0.096	0.220	0.025	0.082	0.541
2	Sale of scrap	0.194	0.006	0.351	3.711	-	-	4.262
3	Advertisement	-	-	-	-	-	-	-
4	Total deductible Non-Tariff Income	0.248	0.070	0.447	3.930	0.025	0.082	4.803
5	50% of total deductible Non-Tariff Income to be considered in ARR	0.124	0.035	0.224	1.969	0.006	0.041	2.402

Hence OHPC has considered Rs2.402Crs towards deductible Non- Tariff income in the present Tariff.

Therefore OHPC pray before commission to approve the deductible non-tariff income of different power stations for the FY2022-23 as shown in the Table above.

Para 8:- Objection: "That Govt of Odisha and Union Govt have disbursed Grant/ subsidies for capital investment in various projects of OHPC Ltd from time to time. But while calculating the capital cost of the Project for the purpose of AFC, the Petitioner doesnot factor the Govt. grant capital investment in various project of OHPC. Therefore we urge the petitioner to furnish the data on Govt. grant capital investment done in various projects of OHPC in order to calculate the various components of AFC. We urge the observation of Hon'ble Commission on the above issue."



Compliance:

OHPC has received only PSDF grant as subsidy through capital expenditures. The amount of Rs 7.803 Cr received as PSDF grant upto 2020-21 has been reduced from capital expenditures as submitted vide Annexure-12 of the original petition.

Para 9:- Objection: "...x...x...x... Our neighbor State Andhra Pradesh has taken several initiatives for construction of several hydro projects among which Polavaram project is one of them. Though the water reservoir of Polavaram project spreads into the land of Odisha but nothing dialogue is held with Govt. of AP by Govt. of Odisha for availing the compensating power from the aforesaid project. In the above backdrop, we urge the petitioner to submit their views and furnish us the action taken reports on the issue. We further urge the valuable observations on the above issue."

Compliance: Sharing of water & availing compensating power among two States is a inter state matter and is dealt by respective State Govt.

Para 10:- Objection: "x...x...x... So during the last 25 years, the capacity addition of hydro power mode by the Indian states including NHPC Ltd is 24041MW but sorry to State that the petitioner who is the expert of hydro power in Odisha does not add a single capacity to its installed capacity despite all favorable conditions. Such non-performance of the Petitioner in the above issue is not digested by the people of Odisha. The petitioner company is just looking dormant and survives on the revenue paid by the consumer."

Compliance:

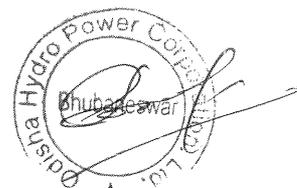
After formation of OHPC due to enactment of Electricity Reform Act 1995, OHPC has added 786.3 MU as follows to its Installed Capacity.

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

Thus OHPC has added 786.3MW (600MW + 150MW + 24MW + 12.3MW) to the Installed Capacity after its formation during 1995.

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

The status of these projects is enclosed at **Annexure-II** for kind information .



Para 11:- Objection: ".....x.....x.....x..... We can find from the study of last 20years power generation table of OHPC that there is absolute no improvement of power generation of OHPC Power Stations but in the other hand, the volume of ARR of the individual power stations have increased in the corresponding period because of the aforesaid capitalization and resulting the generation tariff of OHPC increasing year after year. Therefore, we urges the Petitioner to furnish us necessary action taken report on the above issues and state why the Performance of OHPC Ltd. is not improved despite investment.

Compliance:

Despite investment by OHPC in Renovation Mordenisation & Capital Maintenance OHPC is providing cheapest power(i.e around 70 to 90paise per Unit) in the State of Odisha. It is also the one of the cheapest power in the National scenario.

In this context it shall be worthwhile to mention that the performance of OHPC could not improve further due to some uncontrollable factor like hydrology failure, Decrease in live storage capacity of the Reservoir due to silting, Industrial water consumption from the reservoir, Restriction by generation in HHEP below 595ft by DoWR to facilitate irrigation etc.

Para 12 & 13:- Hon`ble Commission may decide.

Compliance to the Objections/Suggestions raised by Sri Ramesh Chandra Satapathy on the ARR application of OHPC for the FY 2022-23:

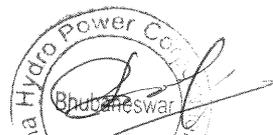
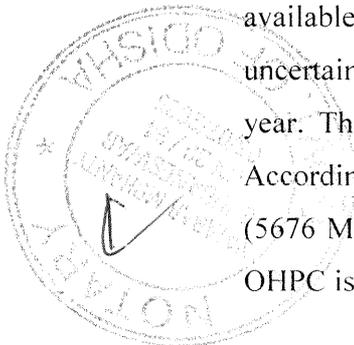
Para 1&2:-No comments.

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

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

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

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



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

Compliance: OHPC prepares its annual budget based on the prevailing circumstances and accordingly it follows the same.

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

Compliance: The claim of objector about reduction of installed capacity is not true. OHPC in the Tariff Application for FY 2022-23 has not applied for any reduction of Installed Capacity for computation of Tariff. Further, regarding the development of hydro projects, please refer to compliance given at para-10 of objection of Sri Soumya Ranjan Patnaik.

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

Compliance:

Compliance of OHPC to Para No.10 of Sri Soumya Ranjan Patnaik may please be referred.

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

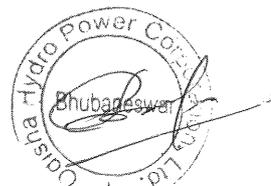
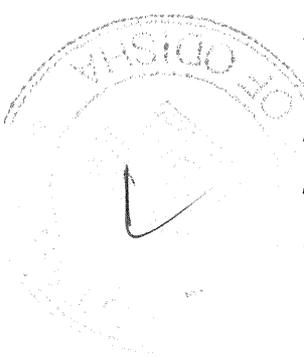
Compliance:

OHPC generates its power from storage type multipurpose reservoir where electricity generation is given lower priority after flood control, irrigation & consumptive use. All these reservoirs operation are under the control of DoWR.

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

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

Para 8:- Objection: *That the OHPC management is violating the labour law have change the rate of Hydro Allowance, Remote Area Allowance, Special Allowance, Shift Allowance. Similarly OHPC management has not paid 50% arrear wages of the worker since 2018 today. That should be paid as per settlement.*



Compliance: Regarding revision of rate of Hydro Allowance, Remote Area Allowance, Special Allowance, Shift Allowance for the OHPC employees, this is to submit that rate of allowances is revised by the OHPC Management from time to time as per requirements keeping in view the market price of necessary commodities and rate of similar allowances in other organisations of State Power Sector. Accordingly, rate of the above said allowances have been appropriately revised by the Management as per the wage revision settlement made between Management and Unions & their Federations. There is no labour law violation in such revision of the allowances.

Regarding 50% arrear dues towards Wage revision of OHPC Non-executives, this is to submit that OHPC being 100% Govt. owned PSU had already sanctioned 50% arrear towards wage revision as per the Govt. of Odisha directives. Further payment of 30% arrear dues towards Pay/ Wage revision is under process by OHPC Management as per the recent decision of Govt. of Odisha.

Para 9:- Objection: *That as per direction of Hon'ble High Court of Odisha the water resources department are failed to collect 400Cr. from the industry using water. That should be collected; I strongly oppose the wave out process of the govt. of Odisha the said amount which will adversely affect the interest of the consumers.*

Compliance: The detail of compliance given at **Annexure-IV** may please be referred.

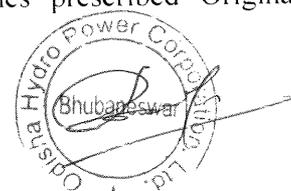
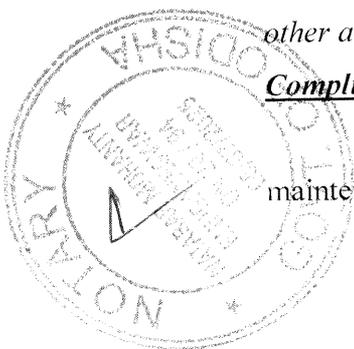
Para 10:- Objection: *That the operation maintenance (O&M) expenses of OHPC includes employees cost, repair maintenance, administrative and general expenses etc. the total staff strength of OHPC is near about 1700 nos. and above only 550nos. of workers are now managing all power. The OHPC management knowing full well regular posts are necessary to manage the power houses in different power locations but they have not filled up the same and engage outsource workers through different contractors against above post paying less salary since last 10 years. There is no service regularization for such outsource and contractual workers. Nearly 1400 outsource workers are working under OHPC.*

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

Para 11 & 12:- Objection: *That the Hon'ble Commission should appoint a fact finding committee to assess the efficiency of each units of OHPC for the greater interest of the consumers of the State. Workers are deprived of getting drinking water medical facilities and other amenities for better living.*

Compliance:

OHPC is carrying out preventive maintenance like daily, quarterly, annual maintenance & capital maintenance as per guidelines prescribed Original Equipment



Manufacturer to improve the availability of the machines. Also OHPC is conducting Residual Life Assessment of old machines to assess the requirement for timely replacement of critical spares to enhance the life of the machines and its auxiliaries. If required need based Renovation & Mordenisation & Capital Maintenance is carried out after in-principle-approval of OHPC BoD and subsequently by Hon'ble OERC.

OHPC has been providing better living and working conditions alongwith various welfare facilities like provision for free residential accommodation, free medical facilities at the Project Hospitals/ Dispensaries/ Health Centres and free drinking water supply for the employees and their family members at different Units keeping separate budgetary provisions for such welfares measures. OHPC Management is also concerned for the welfare of the employees of the organisation to protect the health and safety of the employees in the work place, hence the allegations raised are not correct.

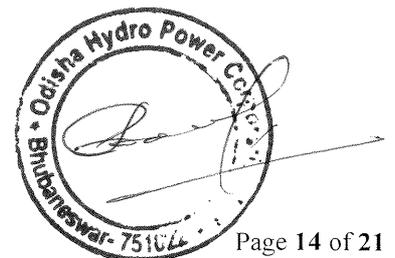
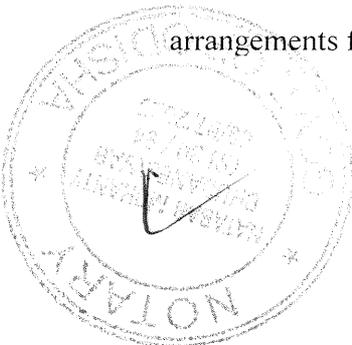
Para 13:- Objection: *That, the Hon'ble Commission should direct the OHPC authorities not to place the upvaluation demand of Govt. of Odisha as it has already been settled & finalized by the OERC in their last ARR orders for the FY2019-20.*

Compliance: The ARR & Tariff of OHPC Power Stations is computed for FY 2022-23 without considering the impact of Govt. Notification No. 5843 Dtd. 03.07.2015 in respect of upvaluation of generation asset.

Para 14:- Objection: *That, OHPC has deposited Rs 811 Crores of their surplus as fixed deposit & paying dividend charges to Govt. of India. The application filed by OHPC for increasing tariff should not be accepted as the Company is paying dividend to the Govt. of India.*

Compliance: The above amount is outcome of managing its business by OHPC within the amount/ARR approved by the Hon'ble Commission OHPC over the last 25 years since its formation. OHPC has been able to save this amount of depreciation Fund & ROE Fund after meeting all its financial obligations viz: Loan servicing, payment of Taxes/ Duties/ Cess etc, payment of dividend to Govt., and day to day operational expenses. This depreciation & RoE fund is parked by OHPC as deposits in Banks. OHPC has been undertaking various RM&U as well as Capital Maintenance works of various generating units out of the said surplus fund without availing loan from the open market which bears a high interest rate. This is being done in order to provide necessary comfort to consumer of the State.

OHPC has Rs 617.25 crores in its bank balance till date against earmarked required funding arrangements for CAPEX as follows..



	(Rupees in Cr)
RMU & Capital maintenance	516.13
JV	73.00
New Projects	<u>359.20</u>
Total	948.33

This surplus money mainly arises due to cumulative effect of the following items since inception of OHPC which are earned under regulatory frame work and approved by Hon'ble Commission.

1. Return on Equity with accumulated interest on OHPC own investment.
2. Interest on Working Capital.
3. Interest on normative loan.
4. Balance Depreciation Fund with interest towards OHPC own investment.

Payment of dividend by OHPC to Govt. of Odisha (but not Govt. of India as stated by the Objector) is the compliance of Sec-123 of the Companies Act 2013. As per the said section when a company makes any profit, it is liable to pay dividend to its shareholders read with Govt of Odisha guidelines from time to time. So OHPC paid dividend to its shareholders i.e. Department of Energy, Govt. of Odisha and it has no effect on the tariff of OHPC being a non-tariff item. So the contention of the objector is not correct and may be set aside.

Para 15:- Objection: *That, the OHPC should produce the energy status report from the month of April 2018 to till date for the greater interest of consumer.*

Compliance to Para: 15

The information regarding the actual generation status of OHPC power stations since FY 2018-19 to FY2021-22 (upto December 2021) is enclosed at ***Annexure-III***.

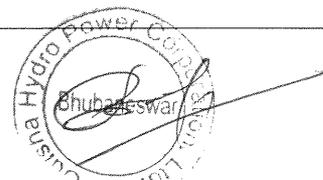
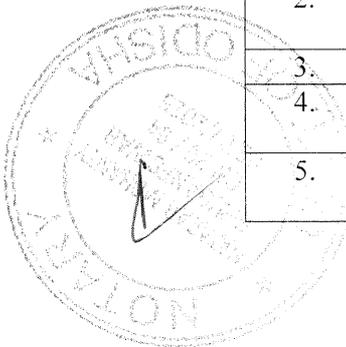
Para 16:- Objection: *That, the OHPC should produce how much money they have spent for joint venture company such as, OTPCL, Green Energy Corporation & any other Company along with OPGC.*

Para 17:- Objection: *That, the OHPC has to produce the list of Joint Venture Company where in OHPC being a promoter and their total expenditure till December' 2021.*

Compliance to para 16 & 17:

The information regarding list of Joint Venture / Subsidiary / Associates where in OHPC being a promoter is furnished in the Table below:

Sl. No.	Name of the Joint Venture/ Subsidiary /Associates
1.	Odisha Thermal Power Corporation Ltd (OTPC) J V Company between OHPC & OMC 50% each.
2.	Baitarini West Coal Company Ltd (BWCCCL) J V Company between OHPC, Gujrat Power Corporation Limited (GPCL) & Kerala State Electricity Board (KSEB) 1/3 each.
3.	Odisha Coal & Power Ltd. (OCPL) Company between OPGC & OHPC with 51% & 49%.
4.	Green Energy Development Corporation of Odisha Ltd. (GEDCOL) - 100% subsidiary of OHPC
5.	Odisha Power Generation Company Limited (OPGC) Company between Govt. of Odisha & OHPC with 51% & 49%



Amount spent by OHPC as on date in JVs / Subsidiaries / Associate Companies are as follows:

(Rupees in Lacs)

Name of JVs / Associates	As Equity
OTPCI.	15720.47
GEDCOL	5032.00
OCPL	18914.00
BWCCL	1000.00
OPGC	99778.84

Compliance to the Objections/Suggestions raised by M/s GRIDCO Limited, Janpath, Bhubaneswar-751022 on the ARR application of OHPC for the FY2022-23:

Para 1:- Additional Capitalization:

Compliance: OHPC has made additional capitalization as per Clause No 12(3) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 for different power stations. The relevant clause is stipulated as follows:

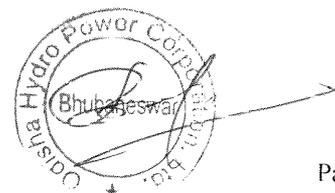
“Clause 12(3): In case of replacement of assets deployed under the original scope of the existing project after cut-off date, the additional capitalization may be admitted by the Commission, after making necessary adjustments in the gross fixed assets and the cumulative depreciation, subject to prudence check on the following grounds:

- (a) The useful life of the assets is not commensurate with the useful life of the project and such assets have been fully depreciated in accordance with the provisions of these regulations;*
- (b) The replacement of the asset or equipment is necessary on account of change in law or Force Majeure conditions;*
- (c) The replacement of such asset or equipment is necessary on account of obsolescence of technology; and*
- (d) The replacement of such asset or equipment has otherwise been allowed by the Commission.”*

The variation of Project Cost claimed by OHPC in Annexure-13 of original ARR petition and Project Cost proposed by GRIDCO is due to the following reasons.

- i) The Additional Capitalization of Rs 0.52 Cr towards expenditures incurred in Corporate office is apportioned and added to audited Capital cost of individual Power House of OHPC.
- ii) In case of CHEP, Chiplima OHPC has added Rs6.42Crs as notional IDC considering the loan component of the project cost.

Para 2:- Total Project Cost:-



Compliance:

The difference of Rs 6.95 Cr between the project cost as claimed by OHPC & GRIDCO is arising due to the reason mentioned in compliance to para 1 .

Para 3:- Depreciation:

Compliance:

Hon'ble Commission at clause no. 23(4) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2020 has specified for OHPC as follows:

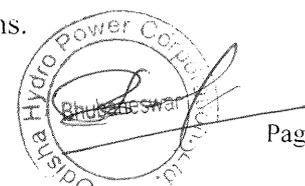
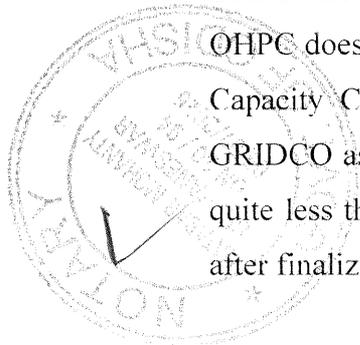
“Provided that for existing plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of the assets;

Provided, further that for existing plants of OPGC (UNIT-I & II), the applicable depreciation rate shall be as determined by Commission from time to time.”

From FY 2003-04 onwards, as per the directions of the Hon'ble High Court of Odisha, depreciation was calculated at pre-1992 norms notified by Government of India on the book value of the assets. For the purpose of determination of Annual Fixed Cost, Hon'ble Commission usually compute depreciation @ 2.57% of the project cost.

Unit	Project cost claimed by OHPC	90% of project cost	Depreciation approved by Hon'ble Commission and claimed by OHPC for FY-2022-23
RHEP	154.3	138.87	105.15
UKHEP	135.65	122.085	114.28
BHEP	341.35	307.215	254.88
HHEP	345.11	310.599	211.82
CHEP	205.09	184.581	102.73
UIHEP	1246.51	1121.859	740.87

From the above table , it may be seen that 90% of the project cost is not recovered through approval of OERC till date. Due to additional capitalization on account of R&M works &Capital Maintenance work the Project Cost of each power station has increased. Similarly due to additional capitalization in each year the Project Cost of individual power stations increase. OHPC has not recovered the 90% of the project cost till date. It may also be noted that the OHPC does not recover the approved depreciation since the amount billed for Energy Charge & Capacity Charge is not equal to ARR approved. In the recent years the amount billed to GRIDCO as energy bill is less than the ARR approved. Thus depreciation actually recovered is quite less than depreciation approved. The accumulated depreciation recovered can be assessed after finalization of Truing up petition of individual power stations.



Thus as approved by the Hon'ble Commission OHPC has computed depreciation 2.57% of Project Cost (Historic Cost+ Additional Capitalization – Decapitalization) and compared with loan repayment. The higher value is considered as Depreciation. In any case accumulated depreciation shall not exceed 90% of the Project Cost.

Para 4 :- Return on Equity (RoE):

The difference of Rs 0.323 Cr between the ROE as claimed by OHPC & GRIDCO is arising due to the reason mentioned in compliance to para 1 .

Para 5:- Application Fee & Publication Expense:

Compliance:

OHPC is filing the petition for approval of reimbursement of publication expenses based on audited account of previous years and claiming the differential expenses between approved figure and actual figure in petition for approval of ARR of subsequent years.

As per the above practice though Hon'ble OERC has approved Rs 1.50 lakh based on the audited account of FY-2019-20, OHPC has incurred expenditure of Rs1.93415 Lakhs towards publication expense during Tariff approval of OHPC for the FY2021-22. Therefore OHPC pray before the Hon'ble OERC to approve the differential publication expense of Rs0.43415 Lakhs of FY2021-22 in the Tariff approval of present year. The copy of publication expenses for FY2021-22 is enclosed at **Annexure-16** of the Original Application for reference.

As OHPC has incurred expenditure of Rs1.93415 Lakhs towards publication expense during Tariff approval of OHPC for the FY2021-22 against approval of Rs1.5Laks, the Publication Expenses for FY2022-23 has been escalated to Rs2.0Laks.

Para 6:- Miscellaneous Earnings of OHPC:

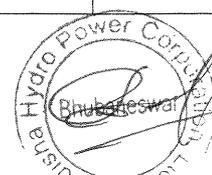
Compliance:

The compliance to Para no.-07 of Sri Soumya Ranjan Patnaik may please be referred.

Para 7:- Total Annual Fixed Cost:

The Station wise ARR and Tariff for the FY 2022-23 proposed by is as follows:

Details expenses	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Existing Saleable Design Energy (MU)	519.75	823.68	1171.17	677.16	485.10	3676.86	1942.38	5619.24
(Rs. in Crs.)								
Return on Equity	2.944	1.294	10.530	13.200	5.570	33.539	50.313	83.85
Interest on Loan	0.583	0.374	0.374	1.922	4.182	7.435	1.043	8.48
Depreciation	4.291	3.486	8.773	9.312	5.271	31.133	43.015	74.15
O&M Expenses	63.262	65.863	61.035	68.303	31.927	290.390	96.803	387.19

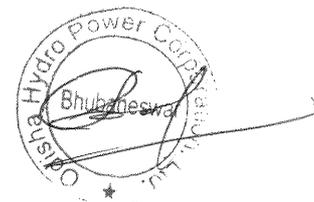
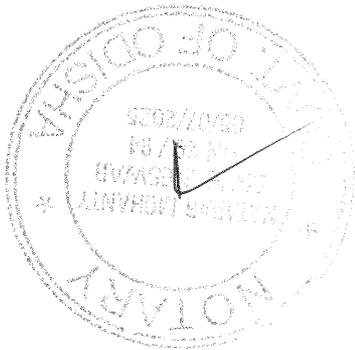


Details expenses	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Interest on working capital	2.382	2.443	2.450	2.771	1.340	11.386	4.674	16.06
Total Cost	73.461	73.461	83.162	95.508	48.290	373.882	195.848	569.73
Less Non-Tariff Income	0.124	0.035	0.224	1.969	0.006	2.361	0.041	2.402
Total ARR for FY2022-23	73.337	73.426	82.938	93.539	48.284	371.524	195.807	567.328
Average Tariff (p/u)	141.10	89.14	70.82	138.13	99.53	101.04	100.81	100.96

Para 8& 9:- Settlement of Securitized Dues of OHPC with GRIDCO:

The amount of outstanding dues is because of no n payment of energy bills by GRIDCO which they already have claimed in the ARR.. This is purely a fault by GRIDCO. Payment of interest on default in the performance by GRIDCO should not be passed in the tariff. Further, the amount of the securitized debt is the energy bill which is component of depreciation, ROE, hydrology fund etc, which otherwise would have earned revenue of OHPC as tariff income. Hence question of reduction of the same amount from ARR of OHPC as claimed by GRIDCO is not justified. In this regard the compliance at Para no-7 of Sri Soumya Ranjan Patnaik may please be referred.

Para 10: No Comments

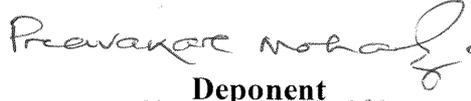


PRAYER

OHPC pray before the Hon'ble Commission to kindly approve the following in the ARR & Tariff Order of OHPC Power Stations for the FY 2022-23:

- i) The ARR amounting to Rs 567.328Cr. of OHPC Power Stations at an average tariff @ 100.96 Paise/Unit.
- ii) The ACC, AEC & ECR of different Power Stations of OHPC as shown in the Table-20.
- iii) The miscellaneous reimbursement of Rs 54.46404 Crore by OHPC from GRIDCO.
- iv) The tariff for energy billing to CSPDCL @ 1.82598 Rs / kWh considering Up-valued cost of HHEP and the norms of CERC (Terms & Conditions of Tariff) Regulations, 2019.
- v) The tariff of MHEP (Joint Scheme) @ 1.10903 Rs/unit with provision of Rs 25.8201 Crores in the ARR of OHPC & GRIDCO to enable OHPC to make payment of O&M cost to APGENCO as per the new Agreement.
- vi) The average available Installed Capacity as 1679 MW for payment of SLDC charges.
- i) To approve useful life of Unit-3 CHEP after R&M works for 35years as per the recommendation of OEM.

Place : Bhubaneswar
Date : 27.01.2022


Deponent
Director (Finance)
Odisha Hydro Power Corporation Ltd
Bhubaneswar-751022

