

No. 2493770

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Himachal Government Judicial Paper

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA.

Filing No. 128 of 2023

Petition No.....

IN THE MATTER OF FILING OF PETITION FOR APPROVAL OF CAPITAL COST AS ON COD TAKING IN CONSIDERATION THE ADDITIONAL CAPITAL EXPENDITURE AND DETERMINATION OF TARIFF FROM COD TO FY 2023-24 FOR INTEGRATED KASHANG HYDRO ELECTRIC PROJECT STAGE 1 (1X65 MW), OF HIMACHAL PRADESH POWER CORPORATION Ltd. (HPPCL) UNDER THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF HYDRO GENERATION TARIFF) REGULATIONS, 2011 AND ITS AMMENDMENTS THEREAFTER AND UNDER SECTION-62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

THE HIMACHAL PRADESH POWER CORPORATION LIMITED, HIMFED BUILDING, BCS, NEW SHIMLA, SHIMLA -9.

PETITIONER

VERSUS

THE HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED, HPSEBL, VIDYUT BHAWAN, SHIMLA-171004.

RESPONDENT

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ATTESTED

Vijay Kumar Saklani
Advocate cum-Motary Prakar
Yash Bhawan, Vaidya Nagar
Shimla (H.P.)

DATED:- 21-10-2023
SHIMLA

FILLED BY

Dy. General Manager (SoP)
HPPCL, Shimla-09.



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Filing No. 128 of 2023

Petition No.....

IN THE MATTER OF FILING OF PETITION FOR APPROVAL OF CAPITAL COST AS ON COD TAKING IN CONSIDERATION THE ADDITIONAL CAPITAL EXPENDITURE AND DETERMINATION OF TARIFF FROM COD TO FY 2023-24 FOR INTEGRATED KASHANG HYDRO ELECTRIC PROJECT STAGE 1 (1X65 MW), OF HIMACHAL PRADESH POWER CORPORATION Ltd. (HPPCL) UNDER THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF HYDRO GENERATION TARIFF) REGULATIONS, 2011 AND ITS AMMENDMENTS THEREAFTER AND UNDER SECTION-62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

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PETITIONER

VERSUS

THE HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED, HPSEBL, VIDYUT BHAWAN, SHIMLA-171004.

RESPONDENT

Reply on behalf of the Petitioner to the Queries raised by the Hon'ble Commission vide letter dated 21.10.2023 i.r.o Integrated Kashang HEP Stage 1 (1x65 MW) Petition.

Respectfully Showeth:

1. That the Petitioner i.e. HPPCL has filed the above titled petition for approval.

2. That vide letter dated 21.10.2023, the Hon'ble Commission has raised certain observations/shortcomings after going through the preliminary scrutiny of the petition (i.e. General queries & Queries related to capital cost and additional capitalization) which need to be replied by the Petitioner by 15.11.2023

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3. That the HPPCL is submitting the point wise reply to the General queries & Queries related to capital cost and additional capitalization raised by the Hon'ble Commission i.r.o. Integrated Kashang HEP Stage 1 (1x65 MW)Petition:

A. General Queries:

1. Please submit the number of employees, year-on-year, since the start of construction of the project and broad categorization of employees at various levels.

Reply:

The details of employees are attached as Annexure-1.

2. Please share the Gantt chart of both civil and electromechanical works in MS Excel format.

Reply:

The Gantt Chart of E&M works is not available. The Gantt Chart of Civil Works is attached as Annexure-2 and MS Excel file has also been provided.

3. Please submit work completion certificate issued to the contractors for civil works and electromechanical works.

Reply:

Work Completion Certificate of Electromechanical works is attached as Annexure-3 for Unit 1, 3A for Unit 2 and 3B for Unit 3 and Work completion certificate of civil works is attached as Annexure-4.

B. Queries related to Capital Cost and Financing:

4. With respect to Table 10 of the Petition (year-wise details of debt from FY 2010-11 to FY 2018-19), please submit debt drawl specifying the date and the amount of each drawl from FY 2010-11 to COD/beyond COD for all loans i.e., PFC and Govt. of HP (ADB).

Reply:

The certified copy of year wise debt drawl from CAG certified Chartered Accountant are attached herewith at Annexure-5.

5. Please clarify the delegation of power for approving escalation in cost due to reasons like price escalation, change in scope of works, etc. along with amount details. Further, please submit the rationale for price increase in actual vs. awarded with supporting Board approvals for both E&M package and Civil works.

Reply:

i. Civil Works



As per Delegation of power, full power is delegated to the Managing Director for variations in contracts being executed during Survey & Investigation stage of projects and also full powers regarding advances to various agencies i.e. University, institute, Central/State Govt. Undertaking and Govt. Agencies etc. (Annexure-6)

The rationale for price increase against Price Variation are as per Contract Agreement Document - II of V, Section-8-Particular Condition of Contract, sub clause 13.8 (Adjustment to changes in cost) (Annexure P23, main petition).

The price escalation clauses are generally included in the contract to account for the increase in material indices and the labour indices, POL. Certain unforeseen supply/works could not be envisaged in the original contract and had only identified during actual execution of the contract, which resulted in change in scope of work.

Variations have been ordered in line with the powers vested with the Engineer-in-Charge under GCC Clause-13.1 in Contract Agreement Document - II of V (Annexure-6A). The varied quantities have been executed as per approved constructions drawings issued by the Design Cell, HPPCL, Sundernagar.

ii. E&M Works

The delegation of power for approving variation in cost due to reasons like Price Variation/ Escalation has been followed as per Contract Agreement GCC Clause 39 & change in scope of works is as per DoFP Section-V Sr. No. 9.1.2.3 (for EPC/ Turnkey Contracts covering variations with/ without rate revision and new/ extra/ substituted items, etc. Annexure P26 and P27 of petition explains this which has already been provided.

Payment under supply portion:

The Director (E), HPPCL had empowered DGM(E) under HoP of respective power houses for payment(s) on account of advance, Pro-rata Progressive, PVC on completion of E&M Works, Final Certificate, Transportation and Taxes and Duties.

The order of Director (E) to support the same has been attached as Annexure - 6B.

The rationale for price increase in actual vs awarded price is the already stipulated contract clause for price escalation (Appendix-2 'Price Adjustment' of Vol-1A and Vol-1B) of E&M Contract (Annexure). The price escalation clauses are generally included in the contract to account for the increase in material indices and the labour indices. Certain unforeseen supply/ works could not be envisaged in the original contract and had only been identified during execution of the contract, which resulted in change of scope of works.

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6. With regards to Govt. HP loan, please specify any relaxations in terms of repayment of loan, interest rate and tenure. Also submit order from GoHP in this regard, if any.

Reply:

Copies of correspondence made and approval(s) received from GoHP w.r.t. Deferment of GoHP-Loan is attached herewith at Annexure-7.

C. Related to Set-1 Queries raised by Commission on 24th July, 2023:

7. In reference to Query 1 (Annexure R1 - COD), please submit the following:
- a. It is observed that date of COD provided in the 1st reply and in Table No. 4 of the Petition is different and does not reconcile. Clarification for difference in COD specified in the Table No. 4 of the Petition and provided in the 1st reply as shown in the table below:

Unit	Petition (Table No. 4)	1 st Reply dated
1 st	31.03.2017.	01.09.2016
2 nd	01.09.2016	03.03.2017
3 rd	03.03.2017	31.03.2017

In this context, please clarify the differences.

Reply:

It is submitted that the CoD of units is as per the Petition Table No. 4 for Unit I, II and III and the same can be confirmed from the CoD certificates provided with the original petition. The values were inadvertently written in the order of their commissioning in the 1st reply.

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- b. Please submit the SLDC/RLDC certificate in support of claimed COD as Annexure R1 is a simple letter from DoE, GoHP, which does not reflect the COD as claimed.

Reply:

It is submitted that CoD of units of IKHEP was declared after obtaining letter/NOC from DOE in accordance with the Deptt. Of MPP and Power GoHP notification no. MPP-F(1)2/2005-XI dated 17th August, 2016 wherein Chief Engineer Directorate of En-



ergy in consultation with SLDC has been authorised to formally permit the developer to certify the declaration of commercial operation date for all units. Copy of notification is attached as Annexure 8.

8. In reference to Query 2 (with regards to IKHEP stage 1 and its capital cost), Clause 2.1 of PPA states that installed capacity of Kashang HEP is 65 MW, having 1 unit of 65 MW, whereas in the reply, it has been submitted that Petition has filed for all three units. In this regard, the please submit the following:
- a. If PPA is for one unit, reason for claiming capital cost against all units.

Reply: It is submitted that the PPA is for a capacity 65 MW and not for a specific Unit. The civil components considered under IKHEP Stage-I Of Integrated Kashang Project (195 MW) form an integral part of the plant irrespective of the no. of unit(s). Capital cost has been considered for all the three generating units of IKHEP as COD of all the three units have been obtained and the units capitalized accordingly. The necessary approval from HPPCL management to capitalize all three units under IKHEP Stage 1 has already been provided with the petition as Annexure – P14. The second standby Unit is also used during the peak season to utilize the excess discharge occasionally available in the Kashang Khad which is already envisaged in the TEC of IKHEP Stage 1 already supplied as Annexure – P9. The power so generated is sold to HPSEB within this PPA (Two Units Running detail attached as Annexure –9). The standby units are also utilized for maintaining high plant availability as the said units help avoid downtime on account of planned or emergency maintenance activities. Placing the two commissioned units into preservation would not only result in additional preservation cost, but also result in loss of power generating capability and therefore in national interest to avoid loss of generation, the power generating capability is being maximized by using all the three units for power generation. Also, such a practice would result in added IDC on the two units under preservation further increasing the overall capital cost at the time of filing petition for 195 MW resulting in higher financial burden on the end consumer. Moreover, if the capital cost of the same is not considered at this stage, the units having already been capitalized, the value will depreciate considerably by the time a petition for 195 MW is filed and there will be no way for HPPCL to recover the cost of the two units. At the same time HPSEB will continue to benefit from these units in terms of added generation in peak season and during plant maintenance as the units will continue to generate power irrespective of which cost is allowed by the Hon'ble commission.

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With respect to Civil Works, it is impossible to put to use the power house and transformer hall cavern for one unit only as the entire power house is a single cavern and the entire transformer hall cavern is another single cavern and once the plant was put to use, the entire Power House and Transformer Hall Caverns were also automatically put to use. The same logic as detailed ibid applies to all the common civil components of the project as well.

It is noteworthy that HPPCL and HPSEBL have an in principle agreement for sale/purchase of power from all the upcoming projects of HPPCL including IKHEP Stage – II & III. As and when the works under IKHEP Stage –II & III are completed and the capacity of Integrated Kashang Project gets augmented by 130 MW the power shall be sold to HPSEBL and the cost of common components considered herein shall get offset at the time of determination of tariff for Integrated Kashang (195 MW).

It is therefore submitted that the entire claimed capital cost of IKHEP Stage 1 may be allowed against the 65 MW PPA between HPPCL and HPSEBL at this stage please.

- b. Name of unit and its COD to be provided for which PPA has been executed with the HPSEBL.

Reply:

As elaborated in the reply to 8 (a), the PPA executed may be considered for a capacity of 65 MW with the two units considered as stand-by units.

- c. Allocation of Common cost among the units.

Reply:

As detailed in reply to observation no. 8 (a) the entire E&M Works have been capitalized as under IKHEP Stage-I

- d. Detailed breakup of total cost (for all three units) indicating unit wise allocation.

Reply:

It is submitted that all the three units along with common civil components have been considered under IKHEP Stage-I and are being put use as explained ibid. As such the total cost under IKHEP Stage-I (65 MW) has been considered as a whole and not allocated to any unit singularly.

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9. In reference to Query 5 (Annexure R2 – Trial Balance), please submit trial balance in MS-Excel format.

Reply:

Soft copy of Trial Balance (MS-Excel format) for the F.Y. (2016-17 to 2022-23) is attached at Annexure-10. In this respect, it is intimated that the CAG empanelled CA certified copies of Trial Balance in r/o IKHEP Stage -I has already been submitted.

10. In reference to Query 11 (Annexure -R7- Loan Agreement), loan agreement only for GoHP (ADB) has been provided. For PFC loan, only a statement has been attached. In this context, please submit the following:

- a. Loan agreement with PFC duly specifying terms of payment, tenure, rate of interest.
- b. Details of reset of interest rate by PFC from disbursement loan to repayment period.

Reply (a,b):

Copies of PFC Loan Agreement, Loan withdrawal & repayment details and Interest resetting details are also attached herewith at Annexure-11.

11. In reference to Query 12, the information submitted for time overrun is not sufficient, therefore:

- a. Please submit the start date and end date for the delay with regards each Extension of Time (EoT) (1st, 2nd, 3rd etc.) finally approved by the Board of HPPCL for both Civil works and Electromechanical works in the following MS- Excel format:

S. No.	Description/ Reason	From (A)	To (B)	Delay in Days	Delay in Days after Overlapping	Attribution of delay in days			Docu-mentary Evidenc-e for start/ end date of delay
		DD/M M/YY YY	DD/M M/YY YY	B-A		Contract or	No ne	HPP CL	
A	Civil Works								

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	Reason 1							
	Reason 2							
	...							
B	E&M Works							
	Reason 1							
	Reason 2							
	...							

Further, please submit proper documentary evidence to substantiate the reason for delay along with documentary evidence (like Govt. Orders/ notifications, etc.), wherever applicable.

Reply:

S. No.	Description/ Reason	From (A)	To (B)	Delay in Days	Delay in Days after Overlapping	Attribution of delay in days			Docum entary Eviden ce for start/ end date of delay
		DD/ MM /YY YY	DD/ MM/ YYY Y	B-A		Cont ract or	No ne	HPPCL	
A	Civil Works								Annex ure 26 of Petition
	Extra time consumed in construction of Adit to Valve Chamber on account of increase in length from 300m to 598.072m			107				107	
	Delay in excavation	14-	31-	17				17	

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of valve chamber On account of delay in issue of GFC drawings (14-11- 2011 to 31-11-2011)	11- 2011	11- 2011					
Extra time consumed in construction of Adit to Intermediate 368.3 m. Pressure Shaft on account of increase in length from 250 m to 368.3m			47			47	
Extra time required for excavation on account of increase in quantity of excavation from 13042 cum included in BoQ to 17139.051 cum as per actual execution at site.			122			122	
Extra time required for hauling of muck generated from geologically accepted over break for 917.395 cum quantity.			05			05	
Extra time required for backfill concrete 5211.03 cum over and above BoQ i/c quantity of backfilling of geological accepted over break.			66			66	
Due to issue of revised construction drawing No. 37-X- 115, 2							
3 Nos. shells concrete filled in unit penstock II&III were dismantled and 3 Nos. new thrust collar shells 32 mm thick 1500 mm dia. were erected as per			32			32	

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<p>revised drawing which caused delay in activity of Pressure shaft</p>								
<p>The works relating to critical activity of pressure shaft was actually completed on 14-01-2016. However, some commissioning related works in Power House Complex such as c/o stairs for laying of pipes for firefighting water tank near crushed plant. invert concreting in adit to BPS etc. were still incomplete and continued beyond 14-01-2016 and were completed on 31-03-2016. Therefore, in order to arrive at a realistic Extension of Time, this additional time on account of execution of extra work beyond 14-01-2016 onwards in power house complex is required to be added up in series with the extended time of pressure shaft. This additional time from 15-48 days 1-2016 to 31-03-16 works out to 77 days out of which only 48 days (15-01-2016 to 31-01-2016 & 01-03-2016 to 31-03-2016) have been justified as no work was carried out w.e.f. 01-02-2016 to 29-</p>	<p>15-01-2016 And 01-03-2016</p>	<p>31-01-2016 And 31-03-2016</p>	<p>48</p>			<p>48</p>		

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02-2016 due to stoppage of work by the labour of M/s HCC Ltd. due to their internal problem. As such the balance 29 days are attributable to the Contractor.								
Damage to approach road to intermediate pressure shaft (old HT road) RD 1720 m to 2051m (16-06-2013 to 25-07-2014).	16-06-2013	25-07-2014	405			405		
Closure of IPS road due to damage w.c.f 19-02-2015 to 10-05-2015 causing delay at lower inclined pressure shaft.	19-02-2015	10-05-2015	81			81		
Lock out of project by Pangi Sangharash Samiti w.e.f. 12-11-2009 to 19-11-2009.	12-11-2009	19-11-2009	7			7		
Strike and interruption of work by local residents of Pangi village w.e.f. 18-05-2010 to 20-06-2010 (total 34 days out of which only 50% delay has been accepted as justified.	18-05-2010	20-06-2010	34	17		17		
Strike and interruption of work by local residents of Pangi village w.e.f. 08-07-2011 to 19-07-2011.	08-07-2011	19-07-2011	12			12		
Disruption of work at Upper. Inclined Pressure Shaft due to prolonged	14-02-2012	26-04-2014	77	40		40		

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	excavation work in valve chamber w.e.f. 14-02-2012 to 26-04-2014 (77 days). Up to 29-02-2012 fall in non working season and after this there was partial working. Hence, delay of 40 days was considered as justified							
	Non-availability of diesel.			08		08		
	Extra time required for backfill concrete 11313.33 cum in non-143 days accepted over break.			143		143		
	Stoppage of work due to strike by Contractor's labor. (01-02-2016 to 29-02-2016)	01-02-2016	29-02-2016	29		29		
B	E&M Works							Annexure 33 of Petition
	Force Majeure Conditions	01.04.2014	30.06.2014	71		71		
	Force Majeure Conditions	01.07.2014	30.04.2016	119		119		
	Force Majeure			120		120		
	Delaying in Handing over Civil Front							
	Unit 1, Readiness of Unit 3 barrel & floors, MIV foundation	20.05.2014	15.07.201	56		56		
	Unit 2, Readiness of Unit 2 barrel & floors, MIV	31.05.2014	14.10.2014	137			137*	Delay of

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foundation							35 days has already been covered under Force Majeure hence delay of 102 days is only attributable
Unit 3, Readiness of MIV foundation	25.07.2014	08.01.2015	167				167* delay of 08 days has been covered under Force Majeure hence only 159 days is attributable
Unit 1 & Unit 2 , Readiness of GIS Hall in all respects for GIS Erection (no pending civil works)	30.06.2014	27.08.2015	392				392* Delay of 103 days has already been covered under Force Majeure hence only 289 days are attributable
Delay due to 5 no. GIS Breakers during transportation	Mid September	19.11.2015	60			60	
Re-works at Unit 1 as per observations made by M/s AHPL Generator expert , repaint of generator	24.12.2015	06.02.2016	74			74	

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barrel with oil paint & some corrosion resistant lubricant								
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- b. Please submit Board Approval for time overrun for Civil and E&M work.

Reply:

BoD Approvals already provided with main Petition as Annexure P26 for Civil work and P32 & P33 for E&M work.

12. In reference to Query 17 a (Annexure -R13- IDC), please submit the following:

- a. The Petitioner has provided IDC computation from FY 2017-18 onwards and only for GoHP loan (ADB loan). Whereas, in the Table No. 10 of the Petition, loan drawn is shown from FY 2010-11 and loans have been availed from GoHP and PFC. Thus, please submit IDC computation from inception of the project for all loans availed during construction period.
- b. Entire working of IDC computation in MS-Excel format.

Reply (a,b):

The certified copy of year wise IDC from CAG certified Chartered Accountant are attached herewith as Annexure- 12.

13. In reference to Query 20 (Annexure - R18), some Price Variation (PVC) invoices are in EURO. In this regard, please submit the following:

- a. Provide conversion rate with supporting document.

Reply:

Annexure R18 PVC invoices list provide the summary of all the PVC invoices and check the PVC invoices CHF and PVC invoices Euro sub heading in Annexure R18 for conversion document and Annexure 13 attached with this reply.

Sr no.	Description	Amount	Conversion factor	Remark
1	V-250/PVC/03 dated 13.09.2012	15393 CHF	67.25	Refer INR invoice no. 43621 provided with CHF invoices in Annexure R18.
2	V-250/PVC/08 dated 18.05.2013	26328 CHF	67.25	
3	AHPL/12-13/56 dated 11.06.2012	642567 EURO	68.77	Refer invoice in Annexure R18.



4	AHPL/12-13/174 dated 07.08.2012	290410 EURO	67.84	Refer invoice in Annexure R18.
5	AHPL/15-16/15125219 dated 22.02.2016	31633 EURO	76.17	Refer Annexure 13.

- b. Summary of all PVC invoices with references.

Reply:

Annexure R18 PVC invoices list provide the summary of all the PVC invoices.

14. In reference to Query 21 (Annexure – R19 – Tax and Duties), please clarify/submit the following:

- a. Annexure R19 a (Tax Invoice) has several common names of work as in the Annexure R18 (PVC Invoices). Annexure R18 also includes tax component which has been considered along with PVC claim. Please justify the reason for claiming tax amount separately on Annexure R18 and R19a on the same PVC component.

Reply:

It is clarified that the tax amount has been claimed once only. Annexure R19 and R19a have been prepared specifically for the details of Taxes and the Annexure R18 has been prepared specifically to provide a detail of all the invoices of the E&M contract.

- b. Reason for variation in the amount claimed in the Petition (as Rs. 11.5 Crore - page no. 40 of the Petition) and amount reflected as Rs. 7.3 Crore in the Annexure R19.

Reply:

The Annexure R19 is specific to Entry Tax only. There are other taxes (CST and Service Tax) whose detail is provided separately as Annexure R19(a).

- c. Board approval to be provided for claimed amount.

Reply:

As the taxes were being paid as per contractual provisions, there was no need for Board Approval for the same.

15. In reference to Query 22, the information submitted is not sufficient for variation in cost, therefore, please submit the following:

- a. With regard to 'Variation in cost of civil works due to increased awarded amount', as per Table No. 16 of the Petition, variation between estimated and awarded cost is Rs. 98.82 Crore



3.3	De-silting Basins	12.91	11.90	17.62
	Sub Total C- Works	19.23	29.28	24.80
4	J- Works			
4.1	Power Channel	2.32	3.44	3.27
4.2	Head Race Tunnel	27.65	42.36	36.46
4.3	Balancing Reservoir	20.34	38.27	22.22
4.4	Pressure Shaft & Valve Chamber	78.56	166.87	98.15
4.5	Power House I,II &III*	10.58	49.06	16.05
4.6	Transformer Hall I,II&III*	7.70	9.22	16.07
4.7	Main Access Tunnel	4.17	5.82	
4.8	Tail Race Tunnel	5.93	6.84	6.90
4.9	Adits	21.61	28.36	24.89
	Sub Total J- Works	190.79	350.24	224.01
	Total Civil Works (C works + J works)	210.02	379.52	248.83
5	HYDRO-MECHANICAL EQUIPMENTS			4.125
6	Total day work items (Manpower, material & machineries) if required to be executed as extra work for any component as per details attached for assumed nominal quantity.			3.997
7	Grand Total (civil, HM, and day works)			256.94
8	Service tax/ work contract tax on gross amount @ 4.12%			10.586
	Total i/c service tax			267.53
	Add contingency charges @ 3% excluding service tax			7.71
	Grand Total			275.24

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- iii. Further, under the Para No. 3.10.7 (Main Civil Works), it is specified that works include power house and transformer hall cavern related works from Stage II & III. In this regard, please provide bifurcation of Rs. 98.82 Crore between Stage I, II & III.

Reply:

Working Estimate stands provided vide Annexure-R20 with the first reply. The cost of the Power House and Transformer Hall Cavern related works from Stage II & III can-



not be considered separate from Stage 1 due to reasons already elaborated at reply to query no. 8(a).

- iv. Board approval for cost overrun as claimed.

Reply:

BoD Approval is provided as Annexure 14 and 14A.

- b. With regards to 'Price escalation as approved by the Engineer-in-charge that was paid to the Contractor', as per Table No. 16 of the Petition, price escalation is Rs. 54.26 Crore whereas as per Annexure R20b, price escalation is Rs. 63.49 Crore [Rs. 360.40 Crore (page 43 of Annexure R20b) – Rs. 296.91 Crore (Annexure R20a)]. In this regard, please submit the following:
- i. Reason for discrepancies as stated above.

Reply:

The sum of price variation stands to be 63.49 crore. The table provided below is the total of all the Price variations with their PVC approvals taken from Annexure 20b. Therefore the figure of 63.49 Crore may be considered for the same please.

	Price Variation (Rs)	Original Amount (Rs)	Total (A+B) (Rs)
1 st PVC approval	375393	2969069576	2969444969
2 nd PVC approval	3892006	2969444969	2973336975
3 rd PVC approval	4770792	2973336975	2978107767
4 th PVC approval	2592793	2978107767	2980700560
5 th PVC approval	5037734	2980700560	2985738294
6 th PVC approval	3588650	2985738294	2989326944
7 th PVC Claim	1850846	2989326944	2991177790
8 th PVC Claim	2234007	2991177790	2993411797
9 th PVC Claim	1734219	2993411797	2995146016
10 th PVC Claim	2212658	2995146016	2997358674
11 th to 20 th PVC Claim	72472682	2997358674	3069831356
21 st to 30 th PVC claim	44913620	3069831356	3114744976
31 st to 40 th PVC claim	119308156	3114744976	3234053132
41 st to 57 th PVC claim	125125267	3234053132	3359178399
58 th to 61 st PVC claim	53893228	3359178399	3413071627
62 nd to 64 th PVC claim	24858103	3413071627	3437929730
ESC bill 1 st to ESC 64 th	10354181	3441812508	3452166689
ESC bill 65 th to 66 th	87751	3452166689	3452254440
Esc bill 67 th to 68 th	840521	3452254440	3453094961

ATTESTED

Vijay Kumar Saluja
Advocate cum Notary
Shimla



ESC bill 69 th	149940591	3453094961	3603035552
ESC bill 69 th	500745	3603035552	3603536297
ESC bill 70 th	415853	3603536297	3603952150
Price variation	634882574	(3603952150 2969069576)	-
63.49 crore			

- ii. Board approval for price escalation as claimed.

Reply:

Price escalation was paid as per contractual provisions and there was no need for BoD approval.

- c. With regard to 'Price variation due to installation of Geo Technical Instruments', as per Table No. 16 of the Petition, price escalation is Rs. 6.55 Crore whereas as per Annexure R21 and Annexure P24, Board approval is only for price escalation of Rs. 2.94 Crore. In this regard, please submit the following:

- i. Since Geo Technical Instruments were not a part of original scope of work, a business case should be submitted.

Reply:

Business case is attached as Annexure-15 and BOD approval is already been already been provided as Annexure R21.

- ii. Board approval to be provided for Rs. 3.6 Crore [Rs. 6.55 Crore (Table No. 16 of the Petition) – Rs. 2.94 Crore (Annexure P24)].

Reply:

BoD Approval for original award of Geo Tech Instruments has already been provided as Annexure R21.

- d. In order to substantiate the claim of Rs. 14.99 towards 'Price variation as per work site conditions', the Petitioner has submitted Annexure P25, which is Minutes of Meeting (MOM) held to discuss the various issues relating to Stage-II & III of IKHEP and it is not sufficient. In this context, please submit the following:

- i. Confirm this cost is associated with IKHEP Stage I as MOM is regarding IKHEP Stage II & III.

Reply:



Reply: The item wise bifurcation is provided as Annexure 16.

- iii. Board approval for Rs. 21.80 Crore.

Reply:

As already mentioned in point no. 5, as per Delegation of power, full power is delegated to the Managing Director for variations in contracts. The amount of Rs. 14.99 Crore has been approved after RA Bill 85 as per the deviation statement attached (Annexure – P25 already provided). The RA Bill 96 has been passed and assets have been capitalized as per the amount in RA Bill 96 (Annexure R14 already provided). However, the approval of final Deviation Statement got put on hold when the Contractor entered into litigation due to imposition of Liquidated Damages on account of delay caused by reasons attributable to the contractor.

16. In reference to Query 24 (Annexure R27), please submit sanctioned letter/communication letter from GoHP to substantiate actual equity infused.

Reply:

HPPCL executed Sainj HEP, Sawra Kuddu HEP & IKHEP Stage-I under H.P. Clean Energy Investment Development Program. GoHP provided its proportionate Equity contribution against this program as a whole to HPPCL, & not project wise. Therefore, no such letters of GoHP, wherein specific reference of Kashiang HEP, for equity investment has been made.

Further, the equity received from Govt. of HP only, for HPPCL i.e for all the projects of HPPCL. it is submitted here that the equity capital of the Corporation as on 08.05.2023 is Rs.23,23,97,79,000/- only, which includes Share capital of Rs. 1,30,77,51,000/-, Contributed by HPSEBL and Rs.21,93,20,28,000/-, invested by GoHP (inclusive of HPIDB Share Capital). Hence, the Equity Capital infused by GoHP, as on 08.05.2023 may be considered Rs.21,93,20,28,000/-. sanction/communication letter from GoHP are attached at Annexure-17

ATTESTED
Vijay Kumar Sekhri
Advocate cum Member
Haryana Bar Council
Shimla (H.P.)

17. In reference to Query 25, the Petitioner has submitted that Annexure R28 (BOD approval for LADF) has been enclosed with the details as provided to the Commission. In this context, please resubmit it as the same is not enclosed with the details/data provided to the Commission.



Reply:

It is submitted that for the development of "Project Affected Area", provision of Local Area Development Fund (1.5% of final project cost) was envisaged in GoHP Hydro Power Policy 2006. In accordance with the ibid policy, guidelines for management of Local Area Development Fund (LADF) in respect of Hydro Electric Projects were notified by the State Government vide notification dated 16th September, 2009 which were superseded by the guidelines notified by Deptt. Of MPP & Power on 5th October, 2011 (Annexure 18).

As per aforesaid policy provision/guidelines, the Project Developer shall contribute a minimum of 1.5% of final project cost for projects of more than 5 MW for infrastructure development in the area. Accordingly, as per initial project cost, liabilities of Integrated Kashang HEP Stage-I towards LADF come out to be RS 7.06 Cr. Further, LADF cost is to be enhanced in accordance with the final project cost after commissioning of the project, therefore, on account of LADF, HPPCL has released following instalments in accordance with the guidelines issues by the State Government from time to time in this regard.

Detail of LADF Released

Amount (in cr.)	Date of Release	Remarks
0.7	13.10.2007	
2.12	20.08.2009	Enclosed as Annexure 18A
1.41	21.06.2010	Enclosed as Annexure 18B
1.41	05.09.2011	Enclosed as Annexure 18C
0.75	04.01.2013	Enclosed as Annexure 18D
0.66	20.03.2015	Enclosed as Annexure 18E
2.00	31.03.2023	Enclosed as Annexure 18F (Rs 2.00CR has been released after commissioning of IKHEP Stage-I on the basis of tentative final project cost)

ATTES/50

Vijay Kumar Sharma
Adhoc. to Comptroller
The Comptroller, Value Added
Services Ltd. (V)

Further, on 20th January, 2023 Department of MPP& Power, GoHP has notified 'Swaran Jayanti Energy Policy', which superseded all the previous notification/addendums/amendments made in this regard unless specifically saved. Provisions regarding LADF have



been incorporated at 'Chapter V' of the aforesaid Policy (Annexure-18G).

At Sub-Para No. 5.3.1 of aforesaid Policy, 'Standard guidelines to Administer and Manage Pre-Commissioning LADF' has been stipulated and the same are re-produced below:

5.3.1 Pre-Commissioning LADF

a) Initially the pre-commissioning LADF will be worked out on the basis of the project cost as per TC of the project for depositing with Government of Himachal Pradesh. After completion of the project, the LADF will be worked out on the final completed cost of the project. However, for the projects upto 25 MW capacity, LADF will be worked out on the basis of capital cost considered by HPERC while determining the generic tariff.

b) The project cost will be as approved by the Central Electricity Authority (CEA)/GoI/GoHP and includes IDC, CAT, R&R expenses etc. Escalation will be included at the time of approval of revised cost. The LADF contribution made on the basis of Project cost as per TC initially shall be adjusted and payable on the final completion cost of the project as per cost to completion arrived at the time of COD. (Actual expenditure made plus estimated cost of balance ongoing works) to be confirmed after completion of all works of the project as submitted and approved by Directorate of Energy.

c) The balance amount of LADF worked out on final project cost shall be deposited by the project developer within 6 months of the COD after getting approval/confirmation of the final project cost by the Directorate of Energy subject to the entitlement defined under clause (a) above.

Reply of Pending Queries:-

- (a) Reply to Point no. 25 of queries raised on 15.07.2023 to petition i.e.

At para no. 3.7.4 of the Petition, the Petitioner has mentioned the following:

"..... HPPCL is in the process of getting the capital cost of the project approved from its Board of Directors and once the capital cost is approved, process to release the balance amount shall be initiated."

In this regard, please clarify as to whether the total Capital Cost claimed by the Petitioner is approved by BOD. If not approved yet, the Petitioner should submit:

1. Details of approved Capital Cost for the project by BOD as against the claimed Capital Cost.

ATTESTED

Vijay Kumar Sekhri
Advocate cum Member
Yash Bhaswan, Vikas Negi
Shimla (H.P.)



No 2493819

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Himachal Government Judicial Paper

2. Amount for which BOD approval is still pending with reference to cost items which have been claimed in the Petition.

Reply (1,2):

The final project cost of IKHEP Stage-I as approved by BOD attached as Annexure-19



ATTESTED

Vijay Kumar Sskhani
Advocate cum Notary Public
Yash Bhawan, Vikas Nagar
Simla (H.P.)

No 2493820

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Himachal Govern

Paper



BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

Filing No. 128 of 2023

Petition No.....

IN THE MATTER OF

IN THE MATTER OF FILING OF PETITION FOR APPROVAL OF CAPITAL COST AS ON COD TAKING IN CONSIDERATION THE ADDITIONAL CAPITAL EXPENDITURE AND DETERMINATION OF TARIFF FROM COD TO FY 2023-24 FOR INTEGRATED KASHANG HYDRO ELECTRIC PROJECT (1X65 MW), OF HIMACHAL PRADESH POWER CORPORATION Ltd. (HPPCL) UNDER THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF HYDRO GENERATION TARIFF) REGULATIONS, 2011 AND ITS AMMENDMENTS THEREAFTER AND UNDER SECTION-62 READ WITH SECTION 86 OF THE ELECTRICITY ACT 2003.

THE HIMACHAL PRADESH POWER CORPORATION LIMITED, HIMFED BUILDING, BCS, NEW SHIMLA, SHIMLA -9.

PETITIONER

VERSUS

THE HIMACHAL PRADESH STATE ELECTRICITY BOARD LIMITED, HPSEBL, VIDYUT BHAWAN, SHIMLA-171004.

RESPONDENT

Affidavit verifying the petition

ATTESTED

Vijay Kumar Sekhani
Advocate cum-Notary
Taran Singh, Village Nagla
Shimla (H.P.)

I, Er. Sangram Singh, son of Sh. Ranjeet Singh Guleria, aged about 56 years, presently working as a Dy. General Manager (Sale of Power), Himachal Pradesh Power Corporation Limited, Shimla, do hereby solemnly affirm and declare as under:-

1. That I am duly authorised to file this Compliance Report and swear in the affidavit therein.
2. That the HPPCL Reply has been prepared and drafted at my instance and under my instruction. The content of reply are true and correct to the best of my personal knowledge



