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# Himachal Government Judicial Paper

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA.

Filing No. 101 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 SAINJ HYDRO ELECTRIC PROJECT (2 X 50 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 THERAFTER 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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DATED:- 17-1-2024

SHIMLA

**ATTESTED**  
Vijay Kumar Sekhri  
Advocate for Himachal Pradesh  
Y-2  
17, Vaidya Nagar  
Shimla-171004

FILLED BY

  
General Manager (Gen.)  
HPPCL, Shimla-09.

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY  
COMMISSION, SHIMLA

Filing No. 101 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 SAINJ HYDRO ELECTRIC PROJECT (2 X 50 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 THERAFTER 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

Reply on behalf of the Petitioner to the Queries raised by the Hon'ble Commission vide letter dated 12.10.2023 i.r.o Sainj HEP ( 2x50 MW) Petition.

Respectfully Showeth:

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

Vijay Kumar Saktani  
Advoc. in em. Shimla  
Work. No. 100, Noida  
Shimla (H.P.)

2. That the Petitioner i.e. HPPCL has filed the replies on dt. 13.09.2023 on the queries raised by Hon'ble HPERC vide letter dt. 15.07.2023 on above titled petition for approval.

3. That vide letter dated 12.10.2023, the Hon'ble Commission has raised certain observations/shortcomings after going through the preliminary scrutiny of replies filed by the Petitioner i.e. HPPCL on the above titled petition (i.e., General queries, Queries related to capital cost and additional capitalization & Related to Set-1 Queries raised by Commission vide letter dated 15.07.2023.

Manager (Generation)  
2L, Himfed Building,  
Shimla, 171004

4. 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 previous replies on SAINJ HEP (2x50 MW) Petition:-

**A. Queries related to Capital Cost and Financing:**

1. The Petitioner has claimed the capital cost for E&M works as follows:

Particular	Amount (in Rs Cr.)	Reference
Award cost	146.40	Table 13 of Petition
Price Variation	23.10	Table 14 of Petition
Change order variation (sum of c to g in Table 14 of Petition)	12.17	
Tax and Duties	7.68	
Foreign exchange Rate Variation	24.70	
<b>Total (A)</b>	<b>214.05</b>	
Capital Cost for E&M work claimed (B)	219.13	Table 13 of Petition
<b>Difference (B-A)</b>	<b>5.08</b>	

In this context, please reconcile the above difference. Further, provide the following detail:

- a. As per Annexure P-10 ( Execution of Electro Mechanical works ), the cost of works are given as follows:

	Contract Value
USD	83,19,779
EURO	33,04,219
INR	87,95,26,565

In this regard, please reconcile the above details with the awarded cost of Rs. 146.40 Crore and submit the corresponding INR values along with documentary proof to support the exchange rates (USD to INR and EURO to INR).

**Reply:**

Reconciliation of capital cost for E&M works is as follows:-

Particular	Amount in (Cr.)	Remarks
Award Cost (invoicing of award cost done by E&M contractor)	145.49	Out of 146.40 Cr. award cost, the invoicing for only 145.49 Cr. has been done by E&M contractor. Details as per <b>Annexure R3-1</b> . Soft copy in MS Excel format of same has also been attached as <b>Annexure R3-1A</b>
Price Variation	23.21	Details as per <b>Annexure R3-2</b> . Softcopy of same has also been attached as <b>Annexure R3-2A</b>
Change order variation	11.36	Details as per <b>Annexure R3-3</b> . Softcopy in MS Excel format of same has also been attached as <b>Annexure R3-3A</b>
Taxes and duties	18.83	Taxes on supply : 9.56 Cr.

ATTESTED

Vijay Kumar Sharma  
Advocate cum Notary Public  
Muz. No. 20/4/2019  
Shimla-171001

10/11/19

General Manager (Generation)  
PPCL, Himfed Building,  
Law Shimla-171009

		Taxes on Service : 2.17 Cr. Entry Tax : 7.09 Cr. Total Taxes & Duties : 18.83 Cr. Details as per <b>Annexure R3-4</b> . Softcopy in MS Excel format of same has also been attached as <b>Annexure R3-4A</b>
Foreign Exchange Rate Variation	20.90	Details as per <b>Annexure R3-5</b> . Softcopy in MS Excel format of same has also been attached as <b>Annexure R3-5A</b>
<b>Total (A)</b>	<b>219.79</b>	
Recoveries made from Voith Hydro Pvt. Ltd. (E&M Contractor) on account of excess Excise Duty amounting to 6.08 Crore which has not been taken during capitalization of E&M cost of Sainj HEP (B)	6.08	Deductions made attached as per <b>Annexure R3-6</b> (Same may not be considered as a part of capitalization of E&M cost of Sainj HEP)
<b>Total Capitalized Cost for E&amp;M works of Sainj HEP (A-B)</b>	<b>213.71</b>	

## Reply 1 (a)

Currency	Contract Value	Conversion Rate to INR	Equivalent Value in INR	Remarks
USD	83,19,779	45.71	38,02,97,098	Please refer Point no. 2.1 (page 5) and Page 10 of <b>Annexure R3-7</b> for documentary proof to support exchange rates taken during Financial Bid Evaluation.
EURO	33,04,219	61.82	20,42,66,818	
INR	87,95,26,565		87,95,26,565	
Total			<b>146,40,90,481</b>	

2. With reference to Table No. 4 (Capital Cost till CoD) of the Petition, the petitioner has claimed Rs. 0.33 Cr. towards maintenance under Capital Cost. In this context, please submit the following:

- a. Year wise and item/sub-head wise bifurcation of this expense and nature of expense.

ATTESTED

Vijay Kumar Sekhri  
Advocate cum Notary  
Year: 1998, 2000, 2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022  
Shimla (H.P.)

Reply:

The desired information is attached as **Annexure R3-8**

- b. Clarification, as to how maintenance is computed during construction period (prior to COD i.e., before 'Put to Use' of assets).

Reply:

The expenditure that was incurred for running routine maintenance expenses were incurred to maintain the various infrastructure work of Sainj HEP before COD

3. With reference to Table No. 4 (Capital Cost till CoD) of the Petition, the Petitioner has claimed establishment cost of Rs. 81.08 Cr. (Annexure R2-17 -Details of salary booked in establishment cost). In this context, please submit the year wise/ month wise break up of establishment cost incurred and methodology for allocation of various expenses towards salary of employees.

**Reply:**

Information pertains to CFD

4. With reference to Table No. 5 (Details of ACE till cut-off date & ACE beyond cut-off date) of the Petition, please clarify for negative entries of Rs. -0.45 Cr. and Rs. -0.05 Cr. for Civil Works and E&M Works respectively.

**Reply:**

During Capitalization of assets some excess amount was adjusted through reversed entry, hence the same is reflecting as negative value in SAP

5. The Petitioner has submitted that the projects were initially started by HPSEBL and later transfer to HPPCL. In this context, please submit the following:

- a. Detail of Overall cost passed to HPPCL along with reconciliation statement allocating the cost among the different projects i.e., Sawra Kuddu, Kashang, Sainj HEP's etc.

**Reply:** Requisite information is hereby attached as **Annexure -A ( R3)**

- b. Supporting documents detailing the assets and liabilities transferred from HPSEBL along with reconciliation statement allocating the assets and liabilities among the different projects i.e., Sawra Kuddu, Kashang, Sainj HEP's etc.

**Reply:** Requisite information is hereby attached as **Annexure R3-8A**

**B. Queries related to the reply filed by HPPCL on 1st deficiency letter dated 15.07.2023:**

6. With reference to Query No. 8c (Taxes and duties for E&M works), please submit the copy of tax invoices corresponding to Rs. 18.83 Cr. (Taxes & Duties for Supply- 9.57 Cr & Service- 2.17 Cr. and Entry tax- Rs. 7.09 Cr.). Further, please provide summary reference to page number of the invoices in MS-Excel format.

**Reply**

Copy of Tax invoices corresponding to Rs. 18.83 Crore is attached as per **Annexure R3-9.**

Summary reference sheet to page number of invoices in MS-Excel format for the same has been attached as **Annexure R3-4A.**

7. With reference to Query No. 14 (Annexure R1-45- Capital cost year wise debt), the Petitioner has submitted the following:

Year	Debt	Equity	Capital Cost
Up to 31/03/2012	79.02	21.22	100.24

ATTESTED

Vijay Kumar Sekhri  
Advocate cum Notary Public  
Yashwanth, Vikas Nagar  
Shimla-171004

*[Signature]*

General Manager (General)  
PPCL, Himed Building,  
Old Shimla-171004

Further, with regards to GoHP loan (Table No. 8 of the Petition), the Petitioner has provided opening balance of loan for FY 2011-12 as rupees 79.02 Crore. In this regard, please submit the following:

- a. Clarify that Rs. 79.02 Crore drawn during FY 2011-12, or it has been carried forward from previous years.

Reply: Rs . 79.02 Crore drawn during FY 2011-12

- b. If it is carried forward from previous years, then provide total amount of GoHP loan withdrawn during FY 2011-12.

Reply: No, it is not carried forward from previous year . The total GoHP loan withdrawn during the FY 2011-12 is R s. 79.02 , Copy of supporting documents attached as **Annexure- -B (R3 )**

8. With reference to Query No. 28 (Annexure-R1-41, Liquidity Damage), the petitioner has submitted that LD has not been adjusted against capital cost as on CoD under Civil contract. Further, the LD amount has not been recovered so far for Civil Package, as matter is Sub-judice. In this regard, please submit the following:

- a. Amount of Liquidity Damage (LD) to be recovered from contractor and not adjusted in capital cost as on CoD.  
b. Details of the cases along with the amount under dispute.  
c. Current status of the Sub-judice cases.

Reply:

The desired information is attached as **Annexure R3-10**.

**C. Queries related to the reply filed by HPPCL on 2nd deficiency letter dated 12.10.2023:**

9. Please submit the copy of invoices with summary and reference to page number as well in MS-Excel format for the following:

- a. Price variation bills for civil works submitted in Annexure R2-30(2).

Reply:

As such, the EPC contract package of Civil works in r/o Sainj HEP was a work contract and not supply contract and hence running bills were being jointly signed by contractor & HPPCL representatives which have already been submitted vide Annexure R2-30(2). However, the summary of Price variation bills for civil works in MS-Excel format has now been attached as per **Annexure R3-11A (softcopy)** for ready reference.

- b. Copy of bills for taxes & duties for civil works submitted in Annexure R2-22.

Reply :

The information is hereby submitted as **Annexure R3-11B**

10. With reference to Query No. 4 (Annexure R2-3- Details of employees), please submit Annexure-2 in MS-Excel format.

Reply:

ATTESTED

Vijay Kumar, Sekhri  
Advocate cum Notary Public  
Yashpal, Jhansi, Uttar Pradesh  
Saurabh 110 115

General Manager (General)  
HPPCL, Himed Building  
100, Chandi, Chandigarh

Excel sheet attached as **Annexure R3-12 (softcopy)**

11. With reference to Query No. 6 (Annexure R2-4- Reasons for delay E&M and Civil works in 1st & 2nd Extension of Time), the Petitioner has provided Package wise and EOT wise reasons/cause of delay. In this context, please submit the following:
- Complete details of delay attributable to HPPCL or Contractor in case of E&M work in table provided in Annexure R2-4.
  - Justification for the delay from 17-07-2017 till CoD (04-09-2017).
  - Segregated dates (from & To) for delay for each party (HPPCL & Contractor) as there is concurrent delay occurred in tables submitted vide Annexure R2-4 and Annexure R2-4(1). For example, the delay occurred due to water availability & TOC is submitted from 02-03-2017 to 30-06-2017 due to Contractor- 26 days and HPPCL- 76 days.
  - Tables in Annexure R2-4 and Annexure R2-4(1) in MS-Excel format.
  - Justification for each cause of delay in details with supporting documents e.g. letters submitted by contractor for labor strike, rainfall data of site area, newspaper cuttings for flash flood, photographs of affected areas, etc.).

**Reply:**

**a. Unit#1**

Concurrent delay 21-01-2015 to 15-04-2017 : 815 days  
 HPPCL delay 15-04-2017 to 30-05-2017 : 45 days  
 Delay 30-05-2017 to 17-07-2017 attributable to none (completion period):48 days  
**Total Delay Unit#1 : 908 days**

**Unit#2**

Concurrent delay 05-03-2015 to 15-04-2017 : 772 days  
 HPPCL delay taken 15-04-2017 to 30-05-2017 : 45 days  
 Delay 30-05-2017 to 30-06-2017 attributable to none (Completion period):31 days  
**Total Delay Unit#2 : 848 days**

- b. Justification for delay from 17-07-2017 till COD (04-09-2017) : The completion & compliance to all points raised by DoE for obtaining permission for declaration of commercial date of operation of Unit#1 & Unit#2 of Sainj HEP from DoE resulted in delay from 17-07-2017 till COD (04-09-2017).

Segregated dates (from & to) for delay for each party (HPPCL & contractor) of major fronts is as under:-

Name of Activity	Delay		Delay No. of Days	Delay due to
	From	To		
Labor from Project area participated in agitation at Catch factory Raison	20.09.2013	20.09.2013	1	Force Majeure
Non availability of access to site on account of damage to Adit-1 road due to flash floods	15.07.2015	09.12.2015	147	Force Majeure
Erection of ADIT plug gate	10.12.2016	24.12.2016	15	HPPCL delay
Invert Concrete in Adit -1	10.12.2016	09.01.2017	31	HPPCL delay
Handing over of HRT by HPPCL's E&M Contractor	10.12.2016	28.02.2017	81	HPPCL delay
Water availability & TOC	02.03.2017	04.06.2017	76	HPPCL delay

**ATTESTED**

Vijay Kumar Saini  
 Advocate cum Notary Public  
 Your P.O. - Shimla, V.K. Jindal  
 Contact No. 9779111111

General Manager (Generation)  
 HPPCL, Himfed Building,  
 Shimla-171002

	05.06.2017	30.06.2017	26	Civil Contractor (HCC) delay
Slow progress & infusion of inadequate resources by the contractor	03.06.2015	28.02.2017	382	Civil Contractor (HCC) delay
Hydraulic machine Turbine U#1	12.12.2014	15.06.2016	551	E&M contractor (Voith) Delay
Hydraulic machine Turbine U#2	29.01.2015	31.12.2016	704	E&M contractor (Voith) Delay
Generator Unit#1	21.12.2014	15.02.2016	421	E&M contractor (Voith) Delay
Generator Unit#2	02.02.2015	30.11.2016	667	E&M contractor (Voith) Delay
Cabling system	07.08.2015	15.04.2017	617	E&M contractor (Voith) Delay
Fire fighting system	28.08.2016	13.04.2017	228	E&M contractor (Voith) Delay

- d. Table in Annexure R2-4 in MS Excel format is attached as per **Annexure R3-13 (softcopy)** and Table in Annexure R2-4(1) in MS Excel format is attached as per **Annexure R3-14**.
- e. Justification for each cause of delay in detail is attached as per **Annexure R3-15**

12. With reference to Query No. 11 (Details of equity), please submit the total equity infused by GoHP, HPIBD, HPSEBL and others, if any and utilization of the same under different project i.e., Sawra Kuduu, Kashang, Sainj HEP's and other projects as well duly certified by Statutory Auditor.

**Reply:** Total equity infused by GoHP, HPIBD, HPSEBL till 31.03.2018 is as follows:

Sr. No.	Shareholder Names	Amount in (Crore)
1	HP Govt	130.77
2	HPIDB	1187.15
3	HPSEBL	527.63

Copy of Supporting Documents attached as Annexure – C (R3)

13. With reference to Query No. 13 (Annexure R2-27-Abstract of work awarded to 3<sup>rd</sup> party contractor), the total amount is Rs. 58.32 Cr. The petitioner has not provided page no. references against copy of contract works (submitted vide Annexure R1-15). In this regard, please submit the following details in MS-Excel format given below

With segregation of relevant heads mention in Table No. 4 of the Petition under Capital

ATTESTED

Vijay Kumar Saxena  
Advocate cum Notary Public  
Yashwanth Nagar, Shimla  
98140 11114

Name of Work	Name of Awarded Contractor	Awarded Amount	Awarded Date	Award letter No.	Reference to Annexure R1-15 (Copy of Award)	Amount claimed in Capital Cost
Building						
<b>Total</b>						
Township						

General Manager (Gen)  
HPPCL, Himed Building  
New Shimla-171009



<b>Total</b>						
<b>Communication</b>						
<b>Total</b>						
<b>Contingency</b>						
<b>Total</b>						

Further, please submit all the awarded documents for infrastructure works, e.g. Building (Rs. 8.05 Cr.), Township (Rs. 13.15 Cr.), communication (Rs. 24.54 Cr.) and contingency expense (Rs. 71.38 Cr.) as claimed in Table No. 4 of the Petition totaling to Rs. 117.18 Cr.

**Reply:**

The Desired information is attached as MS Excel format **Annexure R3-16 (softcopy)**. It is further added that the award letters of works awarded to third parties have already been supplied vide Annexure R1-15.

14. With reference to Query No. 15 (Preliminary i/c development investigation and planning), the Petitioner has submitted that it is inadvertently booked under contingency charges in Annexure R1-16(8). In this context, please submit the following:

- a. Mention the relevant head and amount in which "Preliminary i/c development investigation and planning" is booked under contingency charges (Annexure R1-16(8)) against DPR approved amount of Rs. 12.60 Cr.

**Reply:-**

This includes the expenditure incurred during the investigation & survey stage of the Project in preparation of pre-feasibility report/DPR of the project. Topographic survey, Geological survey, geo technical investigation i/c drilling bore holes and geo physical survey.

Name of the firm/agency executed this work.

**Reply:**

The information is attached as **Annexure R3-17**

- c. Copy of contract awarded to execute this work.

**Reply:**

Copy of contract awarded to execute investigation works has already been supplied / attached under **Annexure R3-17A (3<sup>rd</sup> party contracts)**.

- d. Supporting documents for payment made in this regard (copy of invoices / payment made).

**ATTESTED**

Vijay Kumar Sharma  
Advocate cum Notary Public  
Shimla

General Manager (Generation)  
IPPCL, Himfed Building,  
New Shimla-171009

**Reply:**

The information already stands submitted as **Annexure R1-16(8)**

15. With reference to Annexure R1-16(8) (contingency charges), the Petitioner has claimed Consultancy Charges of Rs. 10.09 lakhs. In this context, please submit the following:

- a. Name of all the consulting firms.
- b. Copy of contract awarded to consulting firms.

**Reply:**

In reply to the observations w.r.t Sr No 15(a) & (b) above, the major consultancy were carried out by HPSEBL before transferring the Sainj Project to HPPCL. It is hereby further intimated that various petty consultancies were hired and the consolidated consultancy charges were allocated under the head consultancy w.e.f 01.04.2008 to 03.09.2017 in respect of Sainj HEP as a whole.

- c. Supporting documents for payment made in this regard (copy of invoices / payment made).

**Reply:**

The SAP details of capitalization i.r.o consultancy has already been supplied vide Annexure R1-16(8) as a proof of payment.

16. With reference to Annexure R1-16(8) (contingency charges), the Petitioner has claimed R&M - Furniture & Fixture Expenses (Rs. 0.11 Crore) and R&M-Office Equipments Expenses(Rs. 0.12 Crore) and R&M - Roads & Bridges Expenses (Rs. 0.1 Cr.). In this context, please submit the following:

- a. Justify, how office & administrative and Repair & Maintenance Expenses claimed before COD.

**Reply:** Before COD, the expenditure that was incurred for running routine office work, The office & administrative expenses were incurred and the maintenance expenses were incurred to maintain the various infrastructure of Sainj HEP before COD.

Confirm whether these expenses are included in common cost (corporate office) or not.

**Reply:** No

17. With reference to Query No. 20(a) and Annexure R1-16(8) (contingency charges), the Petitioner has claimed the following:

S. No	Particulars	Amount (Rs. Crore)
1.	Common Cost Incidental Pending alloc (HO & SNR)	26.95
2.	Outsourced manpower expense	4.81
3.	OS Manpower charges Emp. Cost(PROJECT)	1.49

**ATTESTED**

Vijay Kumar Sekhri  
Advocate cum Notary Public  
Vikas Nagar  
Shimla-171009

*[Signature]*

General Manager (Generation)  
PPCL, Himfed Building,  
New Shimla-171009

In addition, As per Table No. 4, the petitioner has claimed Rs. 81.08 Cr. towards establishment charges which are mainly salary cost. In this regard, please submit the following:

- a. Confirm, whether the cost claimed under contingency charges in above table are included in establishment charges or not.

**Reply:** The cost claimed under contingency charges w.r.t. Sr. No. 1 are not included in establishment charges and the cost claimed under Sr. no. 2 & Sr. no. 3 are included in the establishment charges.

- b. Justify, how these costs are different from that are claimed under establishment charges.

**Reply:** The cost claimed under Sr. No. 2 & 3 above is the part of establishment but the same has been booked under contingency head inadvertently.

- c. Name of the entire outsourcing firms.

- d. Copy of contract awarded to outsourcing firms.

**Reply:** The desired information in respect of query 17 c & 17 d is attached as **Annexure R3-18**

- e. Supporting documents for payment made in this regard (copy of invoices / payment made).

**Reply:** The information is already submitted as Annexure R1-16(8)

18. In reference to Annexure R1-16(8) (contingency charges), the petitioner has claimed Rs. 0.66 Cr. towards "Building Maintenance (PROJECT)". In this context, please submit the following:

- a. Year wise and item/sub-head wise bifurcation of this expense and nature of expense.

**Reply:** The consolidated booking of Building Maintenance charges has been made in books of Accounts i.r.o Sainj HEP.

- b. Justify, how maintenance is computed during construction period (prior to COD i.e., before 'Put to Use' of assets).

**Reply:** Before COD, the expenditure that was incurred for maintenance expenses were incurred to maintain the various Buildings of Sainj HEP before COD

19. With reference to Query No. 16 (Annexure R2-12- Proof of land payments), please submit the following for expenses amounting to Rs. 11.24 Cr. towards land ((Total Land Cost= Rs. 32.46 Cr.) – (Freehold land cost= Rs. 21.22 Cr.)):

- a. An expense of Rs. 3,98,89,526/- towards "Damages & compensation amount 2013-14 debited" is provided in the break up. Please, justify the nature of expense.

**Reply:** - The above expenses were i.r.o house/structures constructed over acquired Land of Sainj HEP and so the same were charged to Land expenses in Books of accounts.

- b. It is observed from the break up that "R&R expense/cost transfer to Land on 03.09.2017" of Rs. 4,63,78,949/- is claimed under "Land". Please, justify the expense and also justify, why the amount is not claimed under R&R expense.

ATTESTED

Vijay Kumar Sekhri  
Advocate cum Notary Public  
Yash Vihar, Vikas Nagar  
Shimla (H.P.)

*[Signature]*

General Manager (General)  
PPCL, Himfid Building,  
Jawahar Shimla-171002

**Reply:** - At the time of booking of expenses the above expenditure was taken inadvertently in head R&R Expenses; however the same were transferred to Land Head being a part of that.

- c. Justify the expenses along with proof of payment for the remaining amount.

**Reply:** - The information already submitted as Annexure R1-16(8)

- d. Confirm, whether any provision is included in land cost up to CoD or not.

**Reply:** - No.

- e. Confirm, whether the land is free from any encumbrance or not.

**Reply:** Yes

20. With reference to Table No. 4 (R&R expense) of the Petition, the petitioner has claimed Rs. 4.09 Cr. towards R&R expense. However, in Annexure R2-19, the total amount is Rs. 4.07 Cr. only, wherein the petitioner has submitted list of vouchers and corresponding amount as break up. In this regard, please submit the following:

- a. Clarify the nature of R&R expense.

**Reply:** The R&R expenses were mainly related to Land Acquisition work for the construction of Sainj HEP and damages and compensation etc.

- b. Clarify as to whether the amount is paid or not against these vouchers and justify the same as well.

- c. Reconcile the difference of Rs. 0.02 Cr. (Claimed: Rs. 4.09 Cr. and Documentary proof in Annexure R2-19: 4.07 Cr.).

**Reply:** In reply to query at Sr. No. 19 (b) & (c) above, the actual expenditure may be considered as 4.07Crore instead of 4.09 Crore which was written by clerical mistake.

21. With reference to Query No. 17, the Petitioner has claimed Rs. 13.15 Cr. towards Township/ infrastructure as per Annexure R2-14 (Township/ Infrastructure):

S. No	Particulars	Amount (Rs. Crore)
1.	Asset capitalisation as per UC received from HPSEBL	4.21
2.	Deposit work construction of 400kV D/C Trans Line LILO	7.03
3.	Asset Cap Tally V No 04/24 dt 9.4.12 load extension	1.14

ATTESTED

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

*[Signature]*

In this context, please submit the following:

- a. Proper documents (Like transfer agreement/ any other relevant document like minutes of meeting with HPSEBL/ HPPTCL).
- b. Clarify, whether works are executed through in house or turnkey contract.
- c. Copy of contract agreement, if executed through contractor.
- d. Proof of payments (copy of invoices or payment made).

**Reply:**

In reference to Sr. No. 1 of Table of query it is submitted as follows:-

The work for providing supply of power to Sainj HEP (100MW) from 33/11kV, 3x3.15+1x6.3MVA sub-station Sainj UESD Larji was done by M/s HPSEBL as a deposit work. The copy of Utilization Certificate against work executed by M/s HPSEBL for an amount to the tune of Rs.4.09 Crore is attached as per **Annexure R3-19**

With reference to Sr. no. 2 of Table of query it is submitted as follows:-

The work of construction of 400kV D/C Transmission line was awarded as a deposit work to M/s HPPTCL. The copy of Utilization Certificate against work executed by M/s HPPTCL for an amount to the tune of Rs. 7.03 Crore is attached as per **Annexure R3-20**.

With reference to Sr. no. 3 of Table of query it is submitted as follows:-

An amount of Rs. 1.138 Crore was deposited with HPSEBL against load extension for additional load of 2780kW. Relevant documents along with copy of receipt of 1.138 Crore by HPSEBL for said deposit with HPSEBL is attached as per **Annexure R3-21**.

22. With reference to the Capital cost in Table 4 (Capital cost till CoD) of the Petition pertains to "communication" head amounting to Rs. 24,53,34,394/- and the details provided in supporting document corresponds to roads and bridges in Annexure-R2-16, please submit the following:

a. Clarify, whether works are executed through in house or turnkey contract.

**Reply:** The works are executed through contractor.

b. Copy of contract agreement, if executed through contractor.

**Reply:** The desired information is attached as **Annexure R3-22**.

c. Proof of payments (copy of invoices or payment made).

The SAP details of capitalization i.r.o Communication is attached as as a proof of payment in **Annexure R3-23**

d. Justify the meaning of "Regrouping of Assets Roads & Bridges".

**Reply:-** As per approved DPR the Road & Bridges works were mentioned in Communication Head, whereas the expenses w.r.t above works were booked under the Road & Bridges in books of accounts of Sainj HEP. It is further added that the Road & Bridges are basically the part of Communication i.e providing access/approach to our major project components.

e. Work orders for access road to different project components.

**Reply:** The desired information has already been as per reply at Sr. No 21(b) above i.e. **Annexure R3-22**

23. With reference to Query No. 20 and Annexure R1-16(8) (contingency charges), the Petitioner has claimed the following:

S. No	Particulars	Amount (Rs. Crore)
1.	Suind -Neuli road not owned by HPPCL	6.26
2.	AUC Income	-5.77

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3.	Retain earning Adjustment upto FY 2014	-8.85
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In this context, please submit the following:

- a. Justify, why Suind -Neuli road is not claimed in "Roads and Bridges"?

**Reply:** The principal owner of Suind-Neuli Road is HPPWD and the said road was temporarily handed over to HPPCL during the construction of Sainj HEP and the same was handed over back to HPPWD after the completion of Sainj HEP

- b. With reference to "Suind- Neuli road not owned by HPPCL", please submit transfer agreement with HPPWD.

**Reply:-** Handing over note attached as **Annexure R3-24** .

- c. With reference to Annexure- R2-29(2) "Expenditure details of Suind- Neuli road"), the Petitioner has mentioned cost of Rs. 1,53,55,000/- towards deposit work as executed by HPPWD. In this context, please submit the details of the works.

**Reply:-** Improvement and widening of Suind-Neuli from RD 2/660 KM to 9/500KM ( Sub head:- Removable formation deficiency X drain , X Drainage works M.T.V-Shape drain and parapets Km .RD 02/660 to 09/500 KM )

- d. Provide proof of payment for "Suind- Neuli road not owned by HPPCL".

**Reply:** The information is attached as **Annexure R3-25**

- e. Submit the nature of "AUC income" and "Retain earning Adjustment up to FY 2014" along with details of such income.

**Reply:** The AUC income and retain earning is pertaining to "Sale of Tender" and booking charges of Rest house at Larji.

24. With reference to Query No. 20 and Annexure R1-16(8) (contingency charges), the Petitioner has claimed the following:

S. No	Particulars	Amount (Rs. Crore)
1.	Common Cost Incidental Pending Alloc(HO & SNR)	26.95
2.	Repair & Main (Buildings) (Pending Allocation)	0.95
3.	Fees and Subscription (Pending Allocation)	0.08
4.	Depreciation Sainj (Pending Allocation)	6.40
5.	Misc. Expenses	0.14
<b>Total</b>		<b>34.44</b>

In this regard, please submit the following:

- a. Year wise and item/sub-head wise bifurcation of above expense items and nature of these expenses along with supporting documents to substantiate its claim.

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Shimla-171009

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Reply : The Allocation is done in the single accounting head i.e cost allocation only hence item /sub head wise bifurcation of common cost AUC ( H.O Sunder agar) cannot be provided . The related supporting documents are attached at **Annexure-D ( R3 )** , for further reference .

- b. Methodology to allocate expenses to various projects i.e., Sainj, SawraKuddu, Kashang etc.

**Reply:** The methodology to allocate common cost ( AUC ) ( H.o , Sundernagar ) as approved by the management as **Annexure -E( R3 )** and disclosed in annual report of the corporation .

25. With reference to Query No. 20 and Annexure R1-16(8) (contingency charges), the Petitioner has claimed Rs. 6.40 Cr. towards "Depreciation Sainj (Pending Allocation)". In this context, please submit the following:

- a. Justify, how depreciation is computed prior to COD i.e., before 'Put to Use' of assets.  
b. List of assets/items against which depreciation has been computed.

**Reply:** In reference to Sr. No. 25(a) and 25(b) above it is submitted that the depreciation before CoD was calculated w.r.t. assets like buildings, furniture & fixtures, office equipments, computer and softwares.

- c. Clarify, the capital cost against such assets have been included or excluded from the overall capital cost of the plant as on COD.

**Reply:** The capital cost against such assets has been excluded from the overall cost of plant as on CoD.

26. With reference to Query 20 No. (a), the petitioner has submitted the following details:

S. No	Particulars	Amount (Rs. Crore)
1.	Environment & Cat plan expense	22.53
2.	AUC- Environment & Ecology	0.50

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In this context, please submit the following:

Vijay Kumar Sekhri  
Advocate cum Notary  
Yashwanth, Vikas Nagar  
Shimla-171003

Reconcile the difference between, the amount claimed towards "Environment & Cat plan expense" is Rs. 22.53 Cr., whereas in Annexure R2-29 (1) (details of voucher), the total amount is Rs. 21.81 Crore. Also, submit the details of vouchers in MS- Excel format.

**Reply:** The information is attached in Excel Sheet as **Annexure R3-26 (softcopy)**

- b. The rationale for claiming Rs. 0.50 Cr. under separate head along with details.

**Reply:** As such, the expenditure pertaining to Environment and Ecology is not the part of AUC and the same was taken inadvertently.

27. With reference to Annexure- R2-17 (salary booked in establishment cost), the Petitioner has claimed Rs. 81.08 Crore towards employee cost. In this regard, please submit the following:

General Manager (Generation)  
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a. Year wise employee cost booked for HPPCL as a whole along with allocation of the same to various projects i.e., Sainj, SawraKuddu, Kashang HEP's etc.

Reply : Year wise employee cost booked for HPPCL as a whole along with allocation of the same to various projects i.e., Sainj, SawraKuddu, Kashang HEP's is attached as **Annexure -F**

b. Methodology on which employee cost has been allocated to various projects.

Reply : The methodology to allocate common cost ( AUC ) ( H.o , Sundernagar ) as approved by the management as **Annexure -E( R3 )** and disclosed in annual report of the corporation .

c. Confirm, whether the corporate level employee cost is included in claimed amount of Rs. 81.08 Crore or this cost is for employee deployed for Sainj project site only.

**Reply:** Corporate level Employee cost is not included in 81.08. This is the cost of employees deployed in Sainj Hep only .

28. With reference to Query No. 21, please submit the details of IDC from inception of the project as agreed in your earlier submission.

**Reply:** The detail of IDC of the project since inception is attached as Annexure -G .

29. The Petitioner has claimed infirm power sold in MUs as follows:

	Reply to Query 22	Table No. 7 of Petition
Infirm power sold	56.12 MUs	52.97 MUs

In this context, please submit the following:

- Reconcile the infirm power sold as shown in above table.
- Reconcile the figure of infirm power sold in MUs with weekly Deviation settlement account published by NRPC (and as submitted in Annexure R1-1) in MS-Excel format.

**Reply:**

- The correct value of infirm power sold (HPPCL share) is 56.12 MUs.
- Date wise details of infirm power sold as per weekly Deviation settlement account published by NRPC in MS Excel format is attached as **Annexure R3-27 (softcopy)**

30. With reference to Query No. 25 (d) regarding price escalation for E&M works, please submit the following:

- Proof of exchange rates for Supply contract.
- Proof of invoices for service contract with summary and reference page numbers.

**Reply:**

- With reference to Query no. 25(d) (Reference Annexure R2-30(1) ), Annexure R2-30(1) has been revised as per RBI reference rate achieve rates and revised Annexure R2-30(1) is attached as **Annexure R3-2**, documentary proof to support exchange rates (USD to INR and EURO to INR) is attached as per **Annexure R3-28**.

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Advocate cum Notary Public  
Shimla

**General Manager (Generation)**  
HPPCL, Himfed Building,  
Shimla-171009



- b. With reference to Query no. 25(d) (Reference Annexure R2-30(1) ), the proof of invoices for service contract with summary and reference page numbers is attached as per Annexure R3-29.

31. With reference to Query No. 28 (Annexure R2-31- Change order variation- E&M works), please submit the following:

- a. Proof of exchange rates for 66.78 exchange rates considered for OFC cable.
- b. Clarify the difference, as the invoices submitted in Annexure R1-35 are not matching with Annexure R2-31 as follows (in USD):

	Annexure R1-35	Annexure R2-31
400 kV GIS	247,625	1,135,750
400 kV XLPE cable	105,727	288,146

- c. Proof of invoices for remaining payments for change orders.

**Reply:**

- a. With reference to Query No. 28 (Annexure R2-31-Change order variation-E&M works), it is submitted that Original Contract Value for OFC cable was 1,07,635 USD and Change order value for OFC cable was 35,878 USD. Exchange rate 66.78 considered for OFC cable for calculation of Change order variation has been taken from exchange rates mentioned in invoice attached at Page 14 of Annexure R3-30.

- b. **For 400kV GIS :**

Original Contract Value (OCV) for supply = 41,43,150 USD

Change order (CO) value for supply = 11,35,750 USD

Total OCV + CO = 41,43,150 USD + 11,35,750 USD = 52,78,900 USD

No separate invoicing has been done by E&M contractor for claiming the Change Order. Following 2 no. invoices were raised by E&M contractor for claiming the Total OCV + CO value of 52,78,900 USD:-

- i. Invoice no. 7004410189 for 0.95 Lot (page 8 of Annexure R3-30)
- ii. Invoice no. 7004410226 for 0.04599 Lot (page 9 of Annexure R3-30)

Values 247,625 USD as per Table in Query 31(b) is the value of 0.04599 Lot of complete supply (OCV+CO) and Value 11,35,750 USD as per Table in Query 31(b) is the value of change order for GIS given to E&M contractor.

**For 400kV XLPE Cable:**

Original Contract Value (OCV) for supply = 8,28,828 USD

Change order (CO) value for supply = 2,88,146 USD

Total OCV + CO = 11,16,974 USD

No separate invoicing has been done by the E&M contractor for claiming Change Order. Following 06 no. invoices were raised by E&M contractor for claiming the total OCV + CO value of 11,16,974 USD:-

- i. Invoice no. 14-15/18/SUP/USD/005 for 0.63 Lot (page 1 of Annexure R3-30.)
- ii. Invoice no. 700110180 for 0.260 Lot (page 2 of Annexure R3-30)

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- iii. Invoice no. 7004410139 for 0.055 Lot (page 3 of Annexure R3-30)
- iv. Invoice no. 7004410244 for 0.016 Lot (page 4 of Annexure R3-30)
- v. Invoice no. 7004410245 for 0.016 Lot (page 5 of Annexure R3-30)
- vi. Invoice no. 7004410413 for 0.021 Lot (page 6 of Annexure R3-30)

Value 105,727 USD as per Table in Query 31(b) is the value of 0.021 Lot of complete supply (OCV+CO) for XLPE cable and value 288,146 USD as per Table in Query 31(b) is the value of Change order for 400kV XLPE given to E&M contractor.

- c. Proof of invoices for remaining payments for change orders is attached as per Annexure R3-30 and accordingly the Annexure R2-31-Change order variation-E&M works has been revised and revised sheet is attached as per Annexure R3-3.

32. With reference to Query No. 28 (Annexure R2-23- FERV variation in E&M work, Annexure R2-32(1) and R2-32(2)-Proof of exchange rates), the Petitioner has submitted proof of exchange rates for specific dates, however, in order to ascertain the variation, the dates of invoices mentioned in Annexure R2-23 is required. Therefore, please submit the following:

- a. The dates of invoice corresponding to invoiced price mentioned in Column G of table in Annexure R2-23.
- b. Further, the EURO to INR Exchange rate on 17.08.2011 (LoA date for E&M work) is 65 (as per RBI website), whereas the rate at time of award in Annexure R2-23 is shown as 52. Please justify the difference.
- c. Proof of exchange rate (EURO to INR and USD to INR) corresponding to the date of award of E&M work.
- d. Copy of invoices.

## Reply:

- a. Revised Foreign Exchange Rate Variation Table is attached as per Annexure R3-5. The invoice number and date of invoice corresponding to invoiced price have been mentioned in Column - I of Annexure R3-5. All invoices have been attached as per Annexure R3-31 and reference page numbers where these Invoices have been attached in Annexure R3-31 is given in Column - J of Annexure R3-5. FERV calculation as per exchange rates taken in invoice are calculated as per Column - M of Annexure R3-5 & FERV as per exchange rates taken from RBI reference rate achieve on date of invoicing Annexure R3-32 are calculated as per Column - Q of Annexure R3-5.

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200001/24

- b. Exchange Rate for EURO to INR as per Financial Bid Evaluation Report attached as Annexure R3-7 is 61.82 & Exchange Rate for USD to INR as per Financial Bid Evaluation Report attached as Annexure R3-7 is 45.71. Revision has been made in FERV sheet attached as Annexure R3-5.

- c. Exchange rates (EURO to INR and USD to INR) have been taken from Financial Bid Evaluation Report attached as Annexure R3-7.

- d. The copy of invoices where Foreign Exchange Rate Variation is involved are attached as Annexure R3-31.

  
General Manager (Generation)  
HPPCL, Himed Building,  
New Shimla-171009

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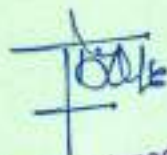
# Himachal Government Judicial Paper

33. With reference to Query 35 (Annexure R2-37-details of additional capitalization), please submit the details in MS-Excel format.

**Reply:** The information is attached as **Annexure R3-33**

ATTESTED

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Advocate cum Notary Public  
Panch Saharan, Vaidh Nagar  
Shimla (H.P.)



General Manager (Generation)  
HPPCL, Himfed Building,  
New Shimla-171009

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# Himachal Government



BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

Filing No. 101 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 SAINJ HYDRO ELECTRIC PROJECT (2 X 50 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 THERAFTER 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 Sahasr, Advocate, Shimla, Presently working as General Manager (Generation), 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 based on the official record. No part of it is false and nothing material has been concealed there from.
3. That the Petitioners further declares that this affidavit of mine is true and correct to the best of my personal knowledge, no part of it is false and nothing material has been concealed there from.
4. Verified at Shimla on 17th day of January 2024.

IDENTIFIED BY  
24369694/17/16

*Dharmendra Thakur*  
Deponent

*[Signature]*  
Deponent