

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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DATED:- 20/1/24

SHIMLA

FILLED BY

*[Signature]*  
General Manager (Gen.)  
HPPCL, Shimla-09.  
General Manager (Generation)  
HPPCL, Himfed Building,  
New Shimla-171009

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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.

**ATTESTED**  
**RESPONDENT**  
Vijay Kumar Sandhu  
Advocate cum Notary Public  
New Shimla, Himachal Pradesh  
Shimla-171004

Reply on behalf of the Petitioner to the Queries raised by the Hon'ble Commission vide letter dated 26.12.2023 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 26.12.2023, the Hon'ble Commission has raised certain observations/shortcomings after going through the detailed scrutiny of the petition for

  
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approval of Capital Cost along with Additional Capitalization and Determination of Tariff for Kashang HEP which need to be replied by the Petitioner by 06.01.2024.

3. That the HPPCL is submitting the point wise reply to the Queries raised by the Hon'ble Commission i.r.o Integrated Kashang HEP Stage 1 (1x65 MW)Petition:

**General Queries:**

The point wise replies to the queries raised by the Hon'ble commission vide its letter dated 26.12.2023 in respect of Tariff Petition of Integrated Kashang HEP Stage 1 is submitted as below:

Please find below point wise replies to the tariff petition i.r.o. IKHEP Stage 1:

**A. Related to Capital Cost and Financing**

1. Please submit details of scope of works under Kashang Stage-I, Stage-II and Stage-III along with the TEC of Kashang Stage-II and Stage-III.

Reply: Details of scope of work under Stage-I, II and III are justified with DPR of respective projects, as DPR of Stage-I is already provided with Original Petition Annexure P10. DPR of stage-II&III is attached as Annexure- R3-1A and TEC of Stage-II&III is attached as Annexure- R3-1B.

2. With regards to the Capital Cost of the Project (Table No. 5 of the Petition), please submit element/item wise bifurcation of actual cost and provision made till COD.

Reply: Reply Attached as Annexure R3-2.

3. The Annexures P11 and P12 submitted against supporting documents for Contract Agreement signed for Civil and E&M Works respectively are not complete. In this regard, please submit the complete Contract Agreement of Civil Works and E&M Works.

Reply: Contract Agreement Civil is provided as Annexure-R3-3A and E&M works is provided as Annexure- R3-3B.

4. With regard to delay, please submit the following:

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Vishu Nagar, Vaidh Nagar  
Shimla (H.P.)

  
General Manager (Generation)  
HPPCL, Himfed Building,  
New Shimla-171000

- (a) A copy of correspondence/ letters as documentary evidence for the delay.
- (b) Rainfall data from March 2014 to August 2014.
- (c) Correspondence with regards to the landslide, lock out and strike by Contractor's labor.
- (d) The detailed reason and dates for 405 days delay for damage of approach road to intermediate pressure shaft along with correspondence/letters and photographs (as mentioned on Page No. 38 of the Petition) along with the details of repair work and copy (ies) of Contract Agreement/ Sub-Contract Work, if any.

## Reply:

(a) M/s HCC Correspondence letter with photographs attached as Annexure R3-4A. Correspondence regarding slow progress attached as Annexure R3-4B. Overbreak MB's copy of power house are attached as Annexure R3-4C. Site Order Book copies attached as Annexure R3-4D. Final Extension of Time letter together with Annexures containing complete Justification of all delays attached as Annexure R3-4E.

(b) Month wise rainfall data attached as Annexure R3-5.

(c) Correspondence letters included in reply to point no. (a) above.

(d) Reply included in reply to point no. (a) above. The details of repair work and contract Agreement(s) have been provided as part(s) of Annexure R3-19A, R3-19B & R3-19C.

5. With reference to Table No. 5 of the Petition, an amount of Rs. 24 Crore has been claimed towards environment and ecology, which is an escalation of 4 times in comparison with DPR cost of Rs. 6 Crore. In this regard, please submit the following:

(a) Justification for significant increase in the cost (from Rs. 6 Crore to Rs. 24 Crore).

(b) Item wise details of Rs. 24 Crore.

(c) Clarification as to whether this work was executed through internal team or through contractors and if it was executed through contractors, please submit name of the Contractors, copy of work awarded and documentary evidence of payments made to Contractors.

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Notary Public  
Vishwanath, Vikas Nagar  
Dehra Dun (U.P.)

General Manager (Generation)  
HPPCL Himfed Building,  
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Reply:

(a) The justification for increase in cost of Environment and Ecology has already been provided at Clause 3.10.5 of the main petition with necessary annexures. The primary reasons for increase in the said cost are introduction of new laws requiring implementation of CAT plan @2.5% and Wildlife management cost @2% of project cost.

(b) A complete list of expenses of Environment and Ecology expenses together with proof of payment is attached herewith as Annexure R3-6.

(c) It is clarified that none of the expenditure under Environment and Ecology has been got executed through any contractors. All this expenditure consists of money deposited to various government agencies.

6. With reference to Table No. 5 of the Petition, amounts of Rs. 0.15 Crore and Rs. 0.28 Crore have been claimed towards 'P-Maintenance' and 'Q-Special T&P' respectively. In this regard, please clarify the nature of these expenses.

Reply: SAP Record of P-Maintenance and Q-Special T&P attached as Annexure-R3-7.

7. As per the Petition, the Project(s) were initially started by HPSEBL and later transferred to HPPCL. In this regard, please submit the following:

(a) Overall cost passed to HPPCL along with reconciliation statement allocating the cost among the different Projects i.e. Sawra Kuddu, Kashang, Sainj, etc.

(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, etc.

ATTESTED

Vijay Kumar Sahani  
Associate cum Public  
Notary  
Shimla (H.P.)

a) Details of total expenditure incurred by HPSEBL is attached as Annexure- R3-8

b) Balance sheet of Kashang HEP is attached as Annexure-R3-9

8. With reference to Table No. 15 of the Petition, an amount of Rs. 5.98 Crore has been claimed against R&R cost. In this regard, please submit documentary evidence to substantiate this claim.

Reply: Documentary Evidence attached as Annexure-R3-10.

**B. Related to Query 1<sup>st</sup> Query Set:**

9. With reference to query 21 (Annexure 19 and 19a), please submit invoices in support of the claimed amount.

**Reply:** All the invoices of IKHEP Stage 1 have already been supplied as part of Annexure R18 in the reply to the first query set. There is no separate invoice for entry tax. The same has been paid against various supplies as per Form XXVI-A.

10. With reference to query 23 (Annexure R25 – Establishment Charges), please submit the following:

- Ms-Excel of Annexure R25.
- Bifurcation of actual expenses and provision made under each head till COD.
- Clarification as to why same head/ items have been booked multiple times, for instance 'Travelling Expenses', 'Salary', 'Leave Encashment', etc.

**Reply:**

- (a) Excel file Attached as Excel of Annexure-R3-11.

- (b) Bifurcation information contained in Annexure-R3-2 and R3-11.

(c) At the time of implementation of SAP all these heads were imported from Tally software and other reason was Manual settlement & Automatical settlement rule in SAP of Incidental Exp. Further it is also clarified that after implementation of SAP, Employee Cost i.e. Salary Staff, Employer PF Contribution, EDLI Charges, Leave Salary & pension, Gratuity contribution are booked under head WBS H-ITKSG-1-E-1-1 (SALARY).

11. With reference to query 23 (Annexure R25 – Depreciation), please submit the following:

- (a) Clarification as to how depreciation has been computed and further claimed before COD i.e. before 'Put to Use' of assets.

- (b) List of assets/ items against which depreciation has been computed.

- (c) Confirmation that these expenses are not included in common cost (Corporate Office).

**ATTESTED**

Vijay Kumar Sahasr  
Advocate cum Notary Public  
With Chamber, Vikas Nagar  
Shimla (H.P.)

- (d) Clarification if the capital cost against such assets have been included or excluded from the overall Capital Cost of the plant as on COD.

Reply:

(a) The depreciation amount during construction period in case of Kashang was calculated annually based on Straight Line Method (SLM) of depreciation as per depreciation rates and methodology notified by Hon'ble HPERC vide Notification no. HPERC/Gen/479 dated 1<sup>st</sup> April, 2011. The approved rates of depreciation are attached herewith as Annexure-R3-12.

(b) List attached as Annexure-R3-13.

(c) It is confirmed that these expenses are not included in common cost.

(d) It is clarified that the capital cost against such assets has been included in the Overall Capital Cost of the plant as on COD.

12. With reference to query 23 (Annexure R25 – Salary, outsourced manpower cost, medical expenses etc.), although expenses are pertaining to employee expenses, yet several heads i.e. salary, leave encashment, medical expenses, provident fund contribution, etc. Have been claimed. In this regard, please submit the following:

(a) Total employee expenses.

(b) Year-wise employee cost booked for HPPCL as a whole along with allocation of the same to various projects i.e. Sawra Kuddu, Kashang, Sainj, etc.

(c) The methodology on which employee cost has been allocated to various Projects.

(d) Actual employee cost and provision made till COD.

Reply:

(a) Reply contained in Annexure -R3-11.

(b) Year wise employee cost booked for HPPCL as a whole is attached as Annexure-R3-14. The allocation is done in the single accounting head i.e. cost allocation only hence the sub head wise bifurcation of Common Cost AUC is not available.

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Advocate cum Notary  
P.O. No. 103, Vikas Nagar  
Shimla (H.P.)

General Manager (Generation)  
HPPCL, Himed Building

(c) The methodology to allocate Common Cost AUC (H.O & Sundernagar) as approved the Management is attached as Annexure-R3-15 and disclosed in Annual Report of the Corporation.

(d) Reply contained in Annexure- R3-11.

13. With reference to query 23 (Annexure R23-O-Miscellaneous), an amount of Rs. 9.7 Crore has been claimed towards 'O-Miscellaneous' in the Petition (Table No. 5) whereas as the Annexure R23 (submitted in 1<sup>st</sup> reply), the amount is Rs. 9.05 Crore. In this regard, please submit the following:

(a) Reason for mismatch in the claimed cost in the Petition (Rs. 9.7 Crore) and Annexure R23 (Rs. 9.05 Crore).

(b) Bifurcation of vehicle expenses between hired vehicle and company owned vehicles.

(c) Clarification as to whether the vehicles are being hired on project-to-project basis or hired on Corporate level. If vehicles are hired on corporate level, then submit the methodology for allocation of such expenses to various Projects i.e., Sawra Kuddu, Kashang, Sainj etc.

(d) Year-wise vehicle expenses booked for HPPCL along with allocation of the same to various Projects i.e., Sawra Kuddu, Kashang, Sainj etc.

(e) With regards to 'O-Misc (CWIP Project civil works)', CWIP cannot be booked under capital cost. Please submit reason to claim Rs. 2.92 Crore here.

On the 2nd page of the Annexure R23, several items in the submitted list are associated either with civil work or power house. In this regard, please certify that the same expenses have not been claimed under civil and E&M works.

Reply:

(a) The SAP record supplied earlier was inadvertently missing some entries. The revised SAP record is now supplied as Annexure-R3-16.

ATTESTED

Vijay Kumar Salwan  
Advocate cum NRI  
VPO-171009, Shimla



- (b) Vehicle Expenses have been booked under O-Miscellaneous and detailed in Annexure- R3-9. Hired Vehicle Expenses have been clearly specified as "Hired Vehicle Expenses". All other vehicle expenses pertain to owned vehicles expenses.
- (c) The vehicles are being hired on project to project basis. The expenses claimed under IKHEP Stage 1 tariff petition as vehicle expenses are expenses for the vehicles hired at IKHEP Stage 1 only.
- (d) Year wise vehicle expenses booked for HPPCL, as a whole is attached as Annexure- R3-17. The allocation is done in the single accounting head i.e. Cost Allocation only hence the sub head wise bifurcation of Common Cost AUC is not available.
- (e) It is clarified that this expenditure is not CWIP and that it is only a naming mistake when the Asset Code/ GL was created in SAP.
- (f) It is hereby certified that the same expenses have not been claimed under civil and E&M works. The complete record submitted in the petition with respect to capital cost is matched against audited books of IKHEP Stage 1.
14. With reference to query 23 (Annexure R22-Building), please clarify whether the work was executed through internal team or turnkey contract and if, executed through a turnkey contract, please submit copy of the Contract Agreement.
- Reply: The Building Works have been executed in house with HPPCL own design and petty contracts being awarded to several contractors. Documents attached as Annexure R3-18A (Residential Buildings), 18B (Non Residential Buildings), 18C (Temporary Shed).
15. With reference to query 23 (Annexure R24-Communication), please submit the following:
- (a) The reason for considering O-Misc here also as it is already a separate head.
- (b) The Petitioner has also claimed one head as 'CWIP const. power'. CWIP is not a head rather it is just part of work. In this regard, please explain the reason for considering it under Capital cost.
- (c) The values under four heads/entries of the Annexure 24 are same. Please clarify if all of these items/entries are to be considered seperately.

ATTESTED

Vijay Kumar Solanki  
 Advocate cum NC  
 Rank 1st, Videsh  
 Shimla (H.P.)

(d) Amounts submitted in the Annexure do not match with amounts claimed in the Petition. Please submit the reasons for the same.

Reply: (a), (b), (c), (d) – Inadvertently, the wrong annexure was provided. The Correct Annexure for R24-Communication is attached with this reply as Annexure-R3-19A (Intake Roads Agreements/LOA), R3-19B (Power House, TRT and Old HT roads Agreements/LOA), R3-19C (Bills of Roads). It is also further clarified that the works were executed in house with petty contracts awarded to several contractors. The LoA/ Agreements/ MB entries have been provided as part of Annexure R3-19A, R3-19B and R3-19C for ready reference.

**C. Related to Query 2<sup>nd</sup> Query Set:**

16. With reference to query 1 (Annexure 1 Number of employees), please submit Annexure 1 in Ms-Excel format.

Reply: Excel file of Annexure 1 is hereby provided as Annexure-R3-20

17. With reference to query 4 (Annexure 5-Debt Equity bifurcation), please submit justification for negative entries under Debt (FY 2016-17) and Equity (FY 2016-17. FY 2020-21, FY 2021-22) columns.

Reply: The detail of negative entries along with justification for the same is attached as Annexure-R3-21.

18. With reference to Annexure 19, (BoD approval of Capital cost), it seems that the submitted Annexure 19 is the proposal submitted before the BoD for approval of Capital cost. In this regard, please submit approval of the same.

Reply: It is submitted that the memorandum for approval of Capital cost of Kashang HEP Stage-I placed before the BOD of HPPCL was approved in the 84<sup>th</sup> meeting of the HPPCL BOD. The detailed memorandum for consideration and minutes of meeting of the 84<sup>th</sup> BOD have been provided under Annexure 19 with reply 2 wherein the capital cost has been approved at/vidé agenda item no. 84.05 (Kashang HEP Stage-I- Capital cost thereof).

ATTESTED

Vijay Kumar Salwan  
Advocate cum NO. 1  
Vishwanath Salwan  
Shimla (H.P.)

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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

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

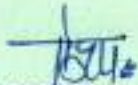
ATTESTED

Affidavit verifying the petition

Vijay Kumar  
Advocate cum No. 11  
High Court, Shimla  
Shimla (H.P.)

Er. Rohit Sharda, S/o Lt. Sh. Dev Dutt Sharda aged about 50 years, presently working as a General Manager (Gen.), 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.

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

- 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 20<sup>th</sup> day of January, 2024.

*[Signature]*  
 Dependent  
 General Manager (Generation)  
 HPPCL, Himfed Building,  
 New Shimla-171009

**ATTESTED**  
*[Signature]*  
 Gaur Kumar Sakshani  
 Advocate cum Notary Public  
 Vash Bhawan, Vikas Nagar  
 Shimla (H.P.)

Subscribed before me on the above affirmation  
 on 20<sup>th</sup> Jan 24  
 at Shimla  
 by the Dependent  
 Identified by Dimple  
 who is a Dependent of the Dependent  
 and the Dependent and I am duly read  
 and explained to the dependent, who  
 affirmed the truth of the contents of the  
 above correct affidavit in his/her presence  
*[Signature]*  
20/1/24

*[Signature]*  
 IDENTIFIED BY  
 of no  
 680091234884