

ODISHA HYDRO POWER CORPORATION LTD.

Orissa State Police Housing & Welfare Corporation Building,

Vanivihar Chowk, Janpath, Bhubaneswar-751 022

Ph: (0674)-2542802, 2545526, 2542826, Fax-2542102

E-mail: md_ohpc@hotmail.com/md@ohpcltd.com

TARIFF NOTIFICATION

Dt. 24th March, 2025

GENERATION TARIFF EFFECTIVE FROM 1st APRIL, 2025

In exercise of powers conferred under the relevant provisions of the Electricity Act, 2003, the Odisha Electricity Regulatory Commission has passed an order on 24.03.2025 in Case No.59 of 2024 for capitalization of the Capital maintenance work for replacement of main Inlet valve of all four Units of UIHEP & Case No. 83 of 2024 with regard to determination of Aggregate Revenue Requirement and Generation Tariff for Odisha Hydro Power Corporation (OHPC) for FY 2025-26 effective from 01.04.2025.

The OHPC shall hereby notify the following Schedule of Generation Tariff for sale of power to GRIDCO Ltd. with effect from 01.04.2025 which shall remain in force until further order of the Commission.

Schedule of Generation Tariff to be effective from 1st April, 2025 Annual Capacity Charge and Energy Charge Rate for FY 2025-26

Name of the Power Stations	Annual Capacity Charge (Rs. in Crore)	Energy Charge Rate (Paise/Unit)
Rengali HEP	34.245	65.887
Upper Kolab HEP	40.562	49.245
Balimela HEP	52.135	44.515
Hirakud HEP	48.458	73.363
Chiplima HEP	22.437	46.345
Upper Indravati HEP	82.901	42.680

The detailed order of the Commission shall be available in its website www.orienc.org as well as in the website of OHPC www.ohpcltd.com

Bhubaneswar
Dt.24.03.2025

MANAGING DIRECTOR,
OHPC Ltd.



Together, Let us light up our lives

ODISHA ELECTRICITY REGULATORY COMMISSION

BIDYUT NIYAMAK BHAWAN
PLOT NO.4, OERC ROAD, SHAILASHREE VIHAR,
BHUBANESWAR -751021

TEL. No. 2721048, 2721049
E-MAIL: oerc@odisha.gov.in / orierc@gmail.com
WEBSITE: www.orierc.org

Present : Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member

CASE NO.83 OF 2024

DATE OF HEARING : 17.02.2025 (AT 11.00 AM)
DATE OF ORDER : 24.03.2025

IN THE MATTER OF : An application for approval of Annual Revenue Requirement (ARR) and Determination of Generation Tariff of OHPC Stations for the FY 2025-26 under Sections 61, 62, 64(2) & 86 of the Electricity Act, 2003 read with related provisions of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 and OERC (Conduct of Business) Regulations, 2004.

And

CASE NO.59 OF 2024

IN THE MATTER OF : Application under Regulation 12(3) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 read with Para-15 of the Order passed by the Commission in Case No.52 of 2019 seeking approval of Capital maintenance works for replacement of Main Inlet Valve of all four Units of UIHEP for FY 2024-25.

ORDER

The Odisha Hydro Power Corporation (OHPC) Ltd. has filed an application before the Commission for determination of Annual Revenue Requirement (ARR) and Determination of Generation Tariff for its different power stations for the financial year 2025-26 under Section 62 and Section 86 of the Electricity Act, 2003.

PROCEDURAL HISTORY (Para 1 to 9)

1. The Odisha Hydro Power Corporation Ltd. (OHPC) was established in 1995 under the Companies Act, 1956, as a Generating Company to carry out business of Hydro power generation in the State of Odisha. Following the unbundling of the Odisha State Electricity Board (OSEB) in 1995, under the assets, liabilities, and personnel of various

hydroelectric projects both under the erstwhile OSEB and the Government of Odisha were transferred to OHPC. OHPC is recognized as a Generating Company under Section 28 and 30 of the Electricity Act, 2003.

2. OHPC at present owns & operate six (6) Hydro Power Project across the State, namely RHEP, BHEP, UKHEP, HHEP, CHEP & UIHEP and has 50% share in Machhkund HEP. UIHEP is the latest HEP addition in the list of OHPC and has catered to many power deficit situation of the State.
3. The power generated by OHPC from the Hirakud Hydro Electric Project (HHEP) is fully dedicated to the State of Odisha excluding 5 MW share of Chhattisgarh State. Under the Government of Odisha's Transfer Scheme of 2005, GRIDCO, the state-designated entity, has been entrusted with the responsibility of bulk power procurement from Generators located within & outside the State as per Power Purchase Agreements (PPAs) and supply of power to different entity including four Distribution licensees within the State. This arrangement forms part of the "single buyer model" in Odisha, where OHPC supplies its entire power generated to GRIDCO, excluding the 5 MW share allocated to the Chhattisgarh State Power Distribution Corporation Limited (CSPDCL) as per interim judgment dated 16.12.2004 of Hon'ble High Court of MP and Order dated 17.08.2006 of Ministry of Power, Govt. of India.
4. OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2014 was notified in the year 2014 for the control period FY 2014-20 and again notified in the year 2020 for the control period FY 2020-24 and since then ARR of OHPC is being approved under these Regulations. The ARR of OHPC will be governed under OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 for the control period FY 2024-29.
5. As per Regulation 61(2) of the OERC (Conduct of Business) Regulations, 2004, a generating company is required to file an application by 30th November of each year to the Commission for determination of tariff for any of its generating stations, for sale of energy in the State of Odisha giving details of costs associated with the generation and sale of energy from the generating stations. Accordingly, on 28.11.2024 OHPC Ltd., as a generating company, had filed the Annual Revenue Requirement (ARR) and fixation of generation tariff i.e. Capacity and Energy Charge application in respect of each of its generating stations separately before the Commission for the FY 2025-26 as per section

62 ad section 86 of Electricity Act, 2003. The said application is as per the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024. OHPC has filed its reply on 20.01.2025 to the query of the Commission dated 26.12.2024 on its application.

6. After due scrutiny and admission of the aforesaid application, the Commission has directed OHPC Ltd. to publish its application in the approved format. In compliance to the same public notice was given on 14.12.2024 in leading and widely circulated newspaper and was also posted in the Commission's website, in order to invite objections/suggestions from the general public. The applicant was also directed to file its rejoinder to the objections/suggestions filed by the objectors. In response to the aforesaid public notice the Commission has received 5 number of objections from the following persons /organizations :

Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (2) Shri Krupasindhu Biswal, Ex-G.M(Electrical),OHPC Ltd., Flat No.A-302, Sonali Palace, Sailashree Vihar, Bhubaneswar-751021,(3) The Chief Executive Officer, TPWODL, At/P.O: Burla, Dist.-Sambalpur-768017,(4) Sri Ananda Kumar Mohapatra, S/O. Late Jachindra Nath Mohapatra, Plot No.799/4, Kotiteetrtha Lane, Old Town, Bhubaneswar-751002 & (5) The Managing Director, GRIDCO, Janpath, Bhubaneswar-22 were filed their suggestions/ objections. The Commission has impleaded the Principal Secretary to Government, Department of Energy, Government of Odisha, Bhubaneswar as a party to the above proceeding to put forth their views for fixation of tariff of OHPC Ltd. by OERC.

7. The date of hearing was fixed as 17.02.2025 at 11.00 AM through hybrid mode and was duly notified in the leading and widely circulated newspaper mentioning the list of objectors. The Commission also issued notice to each objector and the Department of Energy, Government of Odisha informing them about the date and time of analogous hearing of both Case No.83/2024 & Case No.59 of 2024 through hybrid mode and requested objectors and the Government's authorized representative to furnish their individual e-mail ID and Whatsapp number to the address oerc.vc@gmail.com to provide links for hearing, if they desired participation through virtual mode. Accordingly, objectors have furnished their e-mail IDs and took part during the

proceedings held through hybrid mode and offered their views/suggestion/proposal during the hearing.

All the above objectors along with Shri Pranab Kumar Mohanty, Director (Finance), OHPC and Shri Akshya Kumar Das, AGM (Electrical) on behalf of the Applicant-M/s. OHPC Ltd., Sri Satadru Chakraborty, the Representative of WISE, the Consumer Counsel, Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Shri Krupasindhu Biswal, Ex-General Manager (Electrical), OHPC Ltd., Shri Khirod Chandra Nanda, Sr.GM (RA& Strategy), TPWODL, Shri Anand Kumar Mohapatra, Ms. Murchhana Dhar, DGM (Electrical), GRIDCO Ltd. and Ms. Sonali Pattnaik, Manager (Legal), Department of Energy, Government of Odisha and the Representative of GRIDCO Ltd., were present during tariff hearing and their written submissions filed before the Commission were taken on record and also considered by the Commission. The applicant submitted its reply to issues raised by the various objectors.

8. In exercise of the power under section 94(3) of the Electricity Act, 2003 and to protect the interest of the consumers, the Commission had appointed World Institute of Sustainable Energy (WISE), Pune as Consumer Counsel for objective analysis of the applicant's Annual Revenue Requirement and determination of generation tariff proposal for its individual power stations for the financial year 2025-26. The Consumer Counsel presented views on the matter during the hearing.
9. The Commission convened the State Advisory Committee (SAC) meeting on 01.03.2025 at 11.00 A.M to discuss the Annual Revenue Requirement (ARR) application and generation tariff proposal of the generating company for FY 2025-26. The Members of SAC presented their valuable suggestions and views on the matter for consideration of the Commission.

A. ARR PROPOSAL OF OHPC FOR FY 2024-25 (Para 10 to 28)

OHPC has submitted the following:

10. Installed Generation Capacity

The present installed Generation capacity of various Hydro Power Stations owned by Odisha Hydro Power Corporation (OHPC) is 2099.80 MW including 50% share of Odisha from Machkund Hydro Electric Project [i.e. 60 MW out of 120 MW (3x17 MW + 3x23 MW)] and the net capacity addition of OHPC has increased by 36.3 MW

(24MW of MHEP due to acquisition of additional 20% stake + 12.3 MW due to uprating of Unit-5 & 6 of HHEP, Burla).

11. Design Energy

- (i) The Design Energy (DE) of a Hydro Power Station is an important parameter for determination of Tariff. The Design Energy of OHPC's Power Stations and saleable energy approved for the FY 2024-25 and proposed for the FY 2025-26 is given in the table below:

Table - 1
Design energy of Hydro Power Stations of OHPC for the FY 2024-25 and the FY 2025-26
(in MU)

Sl. No.	Name of the Power Station with Installed Capacity (in MW)	Design Energy approved for FY2024-25	Saleable Design Energy for approved for FY 2024-25	Design Energy proposed for FY 2025-26	Saleable Design Energy proposed for for FY 2025-26
1	RHEP (5x50 MW=250 MW)	525.00	519.75	525.00	519.75
2	UKHEP (4x80 MW=320 MW)	832.00	823.68	832.00	823.68
3	BHEP (6x60 MW+2x75 MW=510 MW)	1183.00	1171.17	1183.00	1171.17
4	HHEP (2x49.5 MW+2x32 MW+2x43.65MW+1x37.5MW=287.8 MW)	684.00	660.52	684.00	660.52 (*)
5	CHEP (3x24 MW=72 MW)	490.00	485.10	490.00	484.12
6	UIHEP (4x150 MW=600 MW)	1962.00	1942.38	1962.00	1942.38
Sub Total		5676.00	5602.60	5676.00	5601.62
7	MHEP Odisha Share 50% of (3x23 MW+3x17 MW=120 MW)	262.50	259.875	262.50	259.35
Total		5938.50	5862.475	5938.50	5860.97

(*) Considering Auxiliary consumption of 1% & reduction of 16.644 MU allocated to CSPDCL from HHEP generation.

- (ii) OHPC has submitted that during years of Hydrology failure OHPC sustains substantial loss in revenue due to shortfall in the recovery of Energy Charges. In response to the OHPC's claim towards Hydrology Failure the Commission had observed the following in the Tariff Order of OHPC for FY 2014-15:

“The compensation claimed towards hydrology failure is not to be allowed in view of the Commission’s earlier orders dt.10.06.2005 & dt.23.03.2006 wherein OHPC was directed to maintain a separate fund to deposit the revenue earnings out of sale of secondary energy which shall be utilized to replenish the shortfall in revenue due to lesser generation by OHPC in years of hydrology failure to provide necessary comfort to the consumers of the state. {Para 6.5(e) of Order dt.10.06.2005}.”

In view of the above, the energy sold by different power stations of OHPC for the last five years are given below:

Table - 2
Energy Sold by different power stations from the FY 2020-21 to the FY 2023-24
(in MU)

Sl. No.	Name of the Power Station	Design Energy (DE)	Saleable Design Energy (DE)	Actual Sale of 2020-21 (In MU)	Actual Sale of 2021-22 (In MU)	Actual Sale of 2022-23 (In MU)	Actual sale of 2023-24 (In MU)
1	RHEP	525.00	519.75	980.77	837.92	732.53	754.79
2	UKHEP	832.00	823.68	771.26	440.01	531.94	565.33
3	BHEP	1183.00	1171.17	1594.30	1001.96	980.72	1012.07
4	HHEP	684.00	677.16	613.82	700.72	886.34	850.22
5	CHEP	490.00	484.12	322.37	263.24	319.53	294.70
6	UIHEP	1962.00	1942.38	1713.10	1124.80	1351.49	1687.00
	Sub-Total	5676.00	5618.26	5995.62	4368.65	4802.55	5164.11
7	MHEP	262.50	259.35	298.97	315.24	254.23	386.13
	Total	5938.5	5877.61	6294.59	4683.89	5056.78	5550.24

12. Reservoir Level and Anticipated Generation for FY 2025-26.

OHPC has stated the following with regard to reservoir Level and anticipated Generation for FY 2025-26

- (a) The Reservoir Level of OHPC Power Stations as on 15.11.23 vis-à-vis on 15.11.24 is given below:

Table - 3
Reservoir level of Hydro power stations of OHPC

Sl. No.	Reservoirs	As on 15.11.2023	As on 15.11.2024
1.	Rengali	122.72mtr.	120.75mtr.
2.	Kolab	855.71mtr.	855.38mtr.
3.	Balimela	1487.90ft.	1505.80ft.
4.	Hirakud	627.93ft.	626.04ft.
5.	Indravati	636.02 mtr.	634.33mtr.

- (b) OHPC has submitted the actual generation of different Power Stations under OHPC from 01.04.2024 up to 15.11.2024. The anticipated generation up to 31.03.2025 for the FY 2024-25 has been estimated on the basis of the availability of water,

irrigation requirement and peak load requirement of power in co-ordination with Department of Energy (DoE), Department of Water Resources (DoWR), GRIDCO and SLDC. The same is furnished below.

Table - 4
Actual /Anticipated Energy Generation of Hydro Power Stations of OHPC for the FY 2024-25

Sl. No.	Name of the power stations	Approval of the Commission for state drawl of energy for the FY 2024-25 (in MU)	Actual generation from 01.04.24 up to 15.11.24 (In MU)	Anticipated generation from 16.11.24 to 31.03.25 based on DoWR & DoE Schedule (in MU)	Total Anticipated generation for the FY 2024-25 based on DoWR & DoE Schedule (in MU)
1.	RHEP	519.75	721.1576	215.00	936.1576
2.	UKHEP	823.68	522.7320	399.00	921.7320
3.	BHEP	1171.17	1220.3210	631.00	1851.3210
4.	HHEP	660.52	706.4060	109.00	815.406
5.	CHEP	485.10	178.4610	72.00	250.4610
6.	UIHEP	1942.38	1044.3025	713.00	1757.3025
Total		5602.60	4393.3801	2139.00	6532.3801

OHPC has submitted that there shall be surplus energy generation of 856.3801 MU against the approved designed energy of 5676MU. The extra/ shortfall in generation from the design energy approved for respective Power Stations shall be accounted towards the secondary energy as per order of the Commission which presently stands as (-) Rs 152.707Crs. OHPC has submitted that the deficit of secondary energy fund may be recognized and suitable provisions for recovery of short fall of energy charges due to hydrology failure, which is beyond the control of generators of OHPC, may be made by the Commission.

The saleable design energy proposed by OHPC for GRIDCO in respect of various HEP for the FY 2025-26 are as follows:

Table -5

Power Station	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Sub-total	MHEP	Total
Saleable design energy in MU	519.75	823.68	1171.17	660.52	484.12	1942.38	5601.62	259.35	5860.97

13. Project Cost

- (a) The revalued cost of old power stations under OHPC is Rs.1196.80 Crs as on 01.04.1996 as per the notification vide S.R.O No. 254/96 dtd. 01.04.1996 of Department of Energy, Government of Orissa. The Commission in its Order dated 23.03.2006 at clause no. 5.4 (C) had approved the same. Further, the Commission, in the order dated 20.03.2008 had approved Rs. 1194.79 Cr as final capital cost of UIHEP for the purpose of determination of tariff. However, the Tariff of Old power stations was determined based on the historical cost of Rs. 479.80 Cr of old power station of OHPC (against revalued cost of Rs.1196.80) as per the Notification No. 1068 dated 29.01.2003 of DoE, GoO.
- (b) The Project Cost/ GFA of old power stations is equal to Historic Cost as on 01.04.1996 (Rs.479.8 Cr.) plus New additions after 01.04.1996 up to FY 2023-24 (audited) (Rs.1154.131 Cr.) plus estimated additional capitalization for FY 2024-25 & 2025-26 (Rs.155.065) minus decapitalization (audited) (Rs.36.94 Cr.). Accordingly, Project Cost/ GFA of old power station is considered as Rs.1752.055 Crs. and similarly, the Project Cost/ GFA of UPHEP is considered as Rs.1384.897 Cr (Rs.1194.14+Rs.195.932-Rs.5.825 Cr.) for calculation of ARR & Tariff for FY 2025-26.
- (c) OHPC has also made proposals of additional capitalization as per provisions Regulation No. 8(2) and 9(7) of OERC (Terms & Condition for Determination of Generation Tariff) Regulations 2024 for different power stations for different works like Power House Electrical & Mechanical (E&M) Works, Water Supply Installation, Electrical Installation, Buildings, Power House Civil Works, Hydraulic Works, Dam, Tunnel & Substation Equipment etc.
- (d) The total additional capital expenditure of Rs.2544.853 Crs. (Rs.1154.131 for old station + Rs.1390.722 Cr. for UIHEP) has been considered as per the proposed truing up as on 31.03.2024 for calculation of Tariff for FY2025-26.
- (e) The estimated additional capitalization of Rs.40.145 Crs & Rs.114.920 Crs has been considered for the FY2024-25 & FY2025-26 respectively. These estimated additional capital expenditures are having in-principle approval of the Commission. Further, it is submitted that the relevant documents for major capitalization in the block period from FY2020-21 to FY2023-24 have already been furnished in the

truing up petition in the Case No. 69/2024. The major estimated additional capitalization proposed by OHPC in the tariff approval for the FY2025-26 (Rs.155.065 Cr.) based on the approval of the Commission are furnished in the Table below:

Table - 6

Power Station / Corporate Office	Details of Capitalisation	Details of approval by the Commission	Amount proposed for capitalization (in Crs.)
CHEP	Capital Maintenance of Unit-1 & 2	Order dated 13.06.2022 in Case No 78 of 2021	57.360
CHEP	Capital Maintenance for repair & rehabilitation of Chiplima fore bay, Spillway and Surplus escape.	Order dated 11.06.2020 in Case No 56 of 2019	87.000
HHEP	Capital Maintenance for Procurement and Commissioning of One No. of Generator transformer.	Order dated 11.06.2020 in Case No 56 of 2019	4.615
UKHEP	Capital Maintenance for Procurement and Commissioning of One No. of Generator transformer.	Order dated 11.06.2020 in Case No 56 of 2019	6.090
Total			155.065

(f) The additional capitalization considered for tariff for FY2025-26 are furnished in the Table below:

Table - 7

(Rs. in Crs)				
Sl. No	Power Stations	New additional capitalisation from 01.04.1996 to 31.03.2024 (Considered as Opening Balance in Truing up of GFA for FY2023-24)	Estimated Additional Capitalisation for FY2024-25 & FY2025-26	Proposed New additional capitalisation in Tariff calculation for FY 2025-26
1	2	3	4	5=3+4
1	RHEP	89.333	0.000	89.333
2	UKHEP	42.759	6.090	48.849
3	BHEP	416.943	0.000	416.943
4	HHEP	452.144	4.615	456.759
5	CHEP	152.952	144.360	297.312
6	Sub Total	1154.131	155.065	1309.196
7	UIHEP	1390.722 (195.932 + 1194.79)	0.000	1390.722
8	Total	2544.853	155.065	2699.918

OHPC has proposed new addition of Old Power Stations from 01.04.1996 to 31.03.2026 as Rs.1309.196 Crs. and that of UIHEP as Rs.1390.722 Crs. Total addition works out to Rs.2699.918 Crs. for computation of tariff for FY 2025-26.

- (g) Regulation No. 22(3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 stipulates that:

“In case of de-capitalisation of assets of a generating company the original cost of such asset as on the date of de-capitalisation shall be deducted from the value of gross fixed asset and corresponding loan as well as equity shall be deducted from outstanding loan and the equity respectively in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan, duly taking into consideration the year in which it was capitalised.

Provided that in cases where an asset forming part of a scheme is de-capitalised and wherein the historical value of such asset is not available, the value of de-capitalisation shall be computed by de-escalating the value of the new asset by 5% per year until the year of capitalisation of the old asset subject to a minimum of 10% of the replacement cost of the asset.”

Accordingly, the detail of decapitalization of Gross Fixed asset considered for computation of tariff for FY2025-26 is furnished in the table below:

Table - 8

Sl. No.	Name of the Power Stations	Asset reduction during the FY 2011-12 to FY 2023-24 (Considering in Truing up of GFA for FY2023-24)
1	RHEP	1.723
2	UKHEP	3.509
3	BHEP	3.205
4	HHEP	25.685
5	CHEP	2.818
	Sub Total	36.940
6	UIHEP	5.825
	Total	42.765

OHPC has submitted that the decapitalization of the asset of different power stations of OHPC from FY2011-12 to FY2023-24 as proposed in Truing up of Project Cost/ GFA was Rs 42.765 Crs out of which Rs 39.94Crs has been deducted from the Historic Cost for old power stations of OHPC as most of the assets decapitalized belong to transfer asset. Similarly, Rs5.825Crs has been deducted from the Project Cost/ GFA of UIHEP towards decapitalization for determination of Tariff.

(h) Considering the total approved capitalization up to FY 2022-23 & audited expenditure for the FY 2023-24 on account of Additional Capitalization; historic cost of old power station; Project cost of UIHEP, IDC for HHEP, Burla & PSDF grant as described above, the total Project Cost/GFA considered by OHPC for Computation of Tariff for FY 2025-26 are furnished in the Table below.

Table - 9
Project Cost/GFA for tariff calculation for FY 2025-26(in Rs. Cr.)

Name of the power stations	New Additional capitalization from 01.04.1996 to 31.03.2024 as per Truing up Petition submitted by OHPC	Estimated additional capitalization for the FY2024-25 & FY2025-26	Historic Cost as on 01.04.1996 for old Power stations of OHPC	Approved original Project Cost/ GFA of UIHEP	Total Asset reduction/decapitalisation during the FY 2011-12 to FY 2023-24 as per Truing up Petition submitted by OHPC	Project Cost/ GFA considered Tariff calculation
	(a)	(b)	(c)	(d)	(e)	(f)=a+b+c+d-e
RHEP	89.333	0.000	91.09	0.000	1.723	178.700
UKHEP	42.759	6.090	108.31		3.509	153.650
BHEP	416.943	0.000	115.42		3.205	529.158
HHEP	452.144	4.615	72.75		25.685	503.823
CHEP	152.952	144.360	92.23		2.818	386.724
Sub Total	1154.131	155.065	479.800	0.000	36.940	1752.055
UIHEP	195.932	0.000	0.000	1194.790	5.825	1384.897
Total	1350.063	155.065	479.800	1194.790	42.765	3136.952

OHPC has prayed before the Commission for approval of project cost/GFA of different power stations of OHPC amounting to Rs.3136.952 Cr for determination of tariff for the FY 2025-26.

14. Determination of Annual Fixed Cost

The OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2020 and OERC (Terms & Conditions for determination of Generation Tariff) Regulations, 2024 specify methodology for computation of tariff for supply of electricity from a hydro generating station. The tariff shall comprise of capacity charge and energy charge to be shared on 50:50 basis for recovery of annual fixed cost.

As per the said Regulations, the Annual Fixed Cost of a hydro generating station shall consist of the following components:

- a) Return on Equity (RoE)
- b) Interest on loan capital
- c) Depreciation
- d) Operation and Maintenance expenses
- e) Interest on working capital
- f) Income Tax
- g) Less: Non-tariff Income

a. Return on equity (ROE):

- (i) The equity component of OHPC has been decided in the Commission's Tariff order dtd. 19th April, 2002 in Case No. 65 of 2001 & Case No. 04 of 2002 vide Para 6.4.17 and Para 6.4.21. Based on the above order and subsequent Government Notification dated 29.01.2003, the Return on Equity was allowed to OHPC on new investments made after 01.04.1996.
- (ii) The Regulation No. 28(2) of the OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024 stipulates that, *“Return on equity shall be computed at the base rate of 14.0% for all thermal generating stations, at the base rate of 15.5% for run-of-river hydro generating station and at the base rate of 16.5% for storage type hydro generation station, pumped storage hydro generating station and run-of-river generating station with pondage;*

Provided that return on equity in case of existing generating stations of OPGC (Unit - I & II) and existing hydro stations of OHPC shall be as per the provisions of the PPA.”

However, the PPA of old power stations of OHPC & that of UIHEP have provision for revision of tariff norms as per the regulations issued by OERC/CERC from time to time.

The Clause No.9(ii) of Schedule-5 of PPA of old power stations under the head “Revision of Tariff” norm is reproduced below:

“ xxxxxxxx In case of any fresh guidelines/rules/Regulations issued by OERC/CERC regarding the tariff and its application and it shall be applicable from the date of its notification.”

The Clause No.11 of Schedule-5 of PPA of UIHEP under head “Revision of Tariff” is reproduced below.

“ xxxxxxxx The tariff shall be subject to revision at the time of renewal ,replacement or extension of this Agreement or if required as a result of any guidelines/directives that Government of Odisha and/or GOI may issue from time to time regarding the tariff and its application.”

Accordingly, the base rate of RoE for the power stations of OHPC is considered as 16.5% as per OERC's Generation Tariff Regulations, 2024 as all the power stations of OHPC are storage/pondage type.

- (iii) OHPC has stated that the Commission, in the order dated 20.03.2008 has approved Rs. 1194.79 Crs. as final capital cost of UIHEP for the purpose of determination of tariff. Since UIHEP was commissioned after 01.04.1996, the investment in UIHEP is considered as new investment. Equity Base for Govt. investment in UIHEP was considered as Rs 298.70Crs (i.e.,25% of the Project Cost/ GFA). All decapitalization relating to UIHEP has been deducted from the Original Approved Project Cost/ GFA and Equity has been calculated @25% on balance Original Project Cost/ GFA. However, for further additional capitalization over Original Project Cost/ GFA of UIHEP after COD, the equity base of 30% has been considered as per the provision in Regulation No. 26(3) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024. The Commission has approved the same in the past years. OHPC has considered the same principle in the present tariff for the FY 2025-26.
- (iv) OHPC has submitted that in case of old power Stations, OHPC has considered 30% of additional capitalizations as Equity Base as per the provision in Regulation No. 26(3) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 which includes approved Additional Capitalization from 1996-97 onwards up to FY2023-24 as proposed in truing up and estimated additional capitalization for FY 2024-25 & FY2025-26.
- (v) The Commission in the Tariff approval of OHPC for the FY2023-24 had approved the Return on Equity with following observations:
- “Para No.60 (c)(vii): The Commission has analysed claim of Return of Equity by OHPC in the tariff petition for FY 2023-24. The OERC Generation Tariff Regulations, 2020 provides that the Return on Equity shall be computed at the base rate of 14% for all generating stations. However, the Regulation further provides that the RoE in case of OHPC stations shall be as per provisions of the PPA. The Commission scrutinised the PPA of the OHPC plants and it is found that for old plants, the Return on Equity is 15.5% and for UIHEP, the RoE is 16%. Accordingly, the RoE has been calculated on Equity base excluding the CWIP portion for FY 2022-23. Accordingly, the Commission approved Rs.91.521 Cr towards Return on Equity for all stations of OHPC for the FY 2023-24.”*
- (vi) Accordingly, OHPC has urged to consider new investment for each power station for computation of RoE for FY 2025-26, the details of which are furnished in the Table below:

Table - 10
Computation of RoE for different power stations of OHPC for FY 2025-26 (in Rs. cr.)

Name of the Power Station	Capital Addition considered for RoE upto FY 2023-24 as per audited account (in Crs)	Share of Equity (%)	Value of Equity capital (in Crs)	ROE @16.5% as per New OERC Regulations 2024 & provisions under PPA
(1)	(2)	(3)	(4)=(2)*(3)	(5)=16.5% of (4)
RHEP	89.333	30	26.800	4.422
UKHEP	48.849	30	14.655	2.418
BHEP	416.943	30	125.083	20.639
HHEP	456.759	30	137.028	22.610
CHEP	297.312	30	89.194	14.717
UIHEP	1384.897	25&30	356.021	58.743
Total	2694.093		748.779	123.549

NB: Approved Project Cost/ GFA of UIHEP is Rs1194.79Cr.

Decapitalization of Rs.5.825 Cr. in respect of UIHEP for FY 2013-14 to FY 2023-24 has been deducted from the approved initial Project Cost/ GFA.

Updated Project Cost/ GFA (excluding Additional Cap.) of UIHEP = Rs 1194.79Cr – Rs5.825Cr =Rs1188.965Cr.

Additional Capitalization of UIHEP from FY2013-14 to FY2023-24 =Rs195.932Cr

Project Cost/ GFA for Tariff of UIHEP = Rs1188.965Cr. + Rs195.932Cr = Rs 1384.897 Cr.

- The Equity Capital of UIHEP has been considered @25% of Project cost/GFA (i.e.) Rs.1188.965 Cr, which is Rs.297.241 Crs. The equity capital @30% for net additional capitalization from FY 2013-14 to FY 2025-26 (i.e.) Rs 195.932 Cr. works out to Rs.58.78 Crs (i.e.). So the total equity capital of UIHEP comes out to Rs.356.021Cr. (Rs.297.24 Cr + Rs.58.78 Cr.).

OHPC submits before the Commission to approve Return on Equity of different power stations of OHPC amounting to Rs123.549Crs for the FY2025-26.

b. Interest on loan capital

- The present status of UIHEP Govt. loan in respect of UIHEP is given in the following Table:

Table - 11
Present Status of Govt. Loan in respect of UIHEP based on the approvals of the Commission

(Rs. Cr.)	
Original Approved Project Cost/ GFA	1195.42
Project Cost/ GFA after deducting the infirm power cost	1194.79
Equity capital @25%	298.70
Govt. Loan	497.86 (PFC loan – Rs.319.49 Cr.)
Depreciation allowed from 2010-11 to 2024-25 @ Rs30.23 Crore	453.45
Loan Repayment made till FY 2023-24 & to be paid for FY2024-25	453.45
Balance Outstanding Loan as on 01.04.2024	44.41 Crore
Cumulative interest on Govt. Loan from FY 2006-07 to FY 2024-25 @ 7%	424.09 Crore (Govt. proposed to consider as regulatory asset)
Cumulative interest on normative loan from FY 2001-02 to FY 2024-25 @ 7%	140.43 Crore (Not paid)

Note: PFC loan of Rs319.49 has already been repaid in full by FY 2009-10.

OHPC has so far paid Rs423.22Cr to Govt. by March 2024. The depreciation amount of Rs.30.25 Cr. approved for FY 2024-25 shall be paid by the end of this Financial Year (2024-25).

- (ii) The Commission in Para 131 of Compendium of Tariff Order of OHPC for FY 2013-14 has observed that “*after the total repayment of Govt. loan as approved above, this loan repayment may start at the same rate of Rs.30.23 Cr. each year i.e., beginning with 2026-27. The interest component will be considered after the total repayment of the principal in line with the Govt. loans*”. The Commission in para 57(a)(ii) of the Tariff Order of OHPC for FY2024-25 had made following observations:

“As per earlier directions of the Commission, OHPC has not considered the impact of interest on Govt Loan & Normative Loan of Rs 78.74Cr in respect of UIHEP for Tariff Calculation for the FY 2024-25. Similarly, in view of the directives of the OERC, OHPC has not claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset.”

- a. **Normative loan:** OHPC has submitted that though, State Govt. loan (at interest rate of 9.8%) has been repaid, the normative loans of the respective units are still pending. The normative loans of CHEP, RHEP & UKHEP for the FY 2025-26 is considered at interest rate of 9.8% as per Clause No. 22 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. The

normative loan of BHEP, Balimela is considered at interest rate of 9.6 % for FY 2025-26 based on PFC interest rate applicable to BHEP. Similarly, the normative loan of HHEP, Burla is considered at interest rate of 8.75 % for the FY 2025-26 based on PFC interest rate applicable to HHEP, Burla. The Normative loan of UIHEP for the FY 2025-26 due to the additional capitalization based on audited accounts of FY 2022-23 is considered at interest rate of 7% being the prevailing rate of interest for State Govt. Loan as per the OERC's tariff norms.

- (iii) Hence, basing upon the earlier directions of the Commission, OHPC has not considered the impact of interest on Govt Loan & Normative Loan of Rs.78.74 Cr. in respect of UIHEP for Tariff Calculation of OHPC for the FY 2025-26. Similarly, OHPC has not claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset in view of the directives of the Commission. The details of interest on loan claimed by OHPC for FY 2024-25 is provided in the Table below:

Table - 12
Statement of Outstanding Loan & Interest thereon for the FY 2024-25
(Rs. in Crore)

Sl. No.	Source of Loan	Loan O/S as on 01.04.2025	Interest on Loan for the FY 2025-26
1	State Govt. Loan for UIHEP @7%*	44.41	0.00
2	Normative Loan for Rs78.74Cr for UIHEP, Mukhiguda @ 7%	78.74	0.00
3	Normative Loan for CHEP@ 9.80%	155.99	14.78
4	Normative Loan for UKHEP@ 9.80%	16.30	1.54
5	Normative Loan for HHEP@ 8.75%	119.02	10.07
6	Normative Loan for BHEP@ 9.60%	123.52	11.46
7	Normative Loan for RHEP@ 9.80%	21.39	2.03
8	Normative Loan for UIHEP@ 7.0%	114.24	7.73
Total		673.60	47.607

- (iv) Therefore, the interest on loan towards Normative Loan for each Power Station are summarized in the following table:

Table - 13
Interest on loan of different power stations of OHPC (Rs. Cr.)

Source of loan	Interest on loan for FY 2025-26						(Rs. In Crs)
	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	TOTAL
Normative loan	2.026	1.544	11.462	10.067	14.777	7.730	47.607

- (v) Therefore, OHPC has submitted before the Commission to approve Rs 47.607 Cr for the FY2025-26 towards payment of Interest on Normative Loans for different Power Stations of OHPC as mentioned in the above table.

c. Depreciation:

- (i) Depreciation is the refund of capital subscribed and is a constant charge against an asset to create a fund for its replacement. It is an important component of Annual Fixed Cost of the Generating Station for computation of depreciation, the relevant Regulation 31(5) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 is reproduced below:

Regulation 31(5). DEPRECIATION : “Provided that for existing Hydro generating plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by the Government of India on the book value of the assets or loan repayment linked to that asset, whichever is higher;”

The comparative statement for actual loan repayment and depreciation @2.57% of the Project Cost/ GFA (pre-1992 Norms) for the FY2025-26 are shown in the Table below to arrive at the total depreciated amount (Rs.83.33 Cr.) to be claimed in the ARR & Tariff of OHPC for the FY 2025-26 in line with above provision of OERC’s Generation Tariff Regulations, 2024.

Table - 14
Depreciation Claim for the FY 2025-26 (Rs. in Cr)

Sl. No.	Power Stations	Project Cost/ GFA	Depreciation @ 2.57%	Loan Repayment	Depreciation Claimed@2.57% of the Project Cost/ GFA or Loan repayment whichever is higher
1.	RHEP	178.70	4.59	1.43	4.59
2.	UKHEP	153.65	3.95	1.09	3.95
3.	BHEP	529.16	13.60	8.23	13.60
4.	HHEP	503.82	12.95	7.93	12.95

Sl. No.	Power Stations	Project Cost/ GFA	Depreciation @ 2.57%	Loan Repayment	Depreciation Claimed@2.57% of the Project Cost/ GFA or Loan repayment whichever is higher
5.	CHEP	386.72	9.94	10.40	10.40
6.	UIHEP	1384.90	35.59	37.85	37.85
Total		3136.95			83.33

d. Operation and Maintenance (O&M) Expenses:

- (i) Regarding O&M, some of the Regulations of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 are reproduced below.

Regulation 3(1)(vv) stipulates that:

“Operation and Maintenance Expenses” or “O&M expenses” means the expenditure incurred for operation and maintenance of the project, or part thereof in a financial year and includes the expenditure on manpower, maintenance, repairs and maintenance spares, other spares of capital nature valuing up to Rs 10 lakhs, additional capital expenditure of an individual asset costing less than Rs. 20 lakhs, consumables, insurance, security expenses, overheads and fuel other than used for generation of electricity;”

Regulation No. 21(2) stipulates that:

“...x...x.....x...Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.”

Regulation 34(2)(f) stipulates that *“O&M norms for the existing plants of OHPC will be as determined by the Commission from time to time.”*

Accordingly, OHPC has submitted the power station wise and asset wise estimated additional capitalization (less than Rs 20 lakhs) and Capital Spares (valuing up to Rs. 10 lakhs) as per budgetary provisions approved by OHPC for the FY2024-25 & FY2025-26 amounting to Rs 18.18 Crs, which have not been considered as estimated additional capitalization and the same are included in the O & M Expenses as per Regulation 3(1)(vv) & 21(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 as mentioned above. The details of power station wise and asset wise such estimated capital expenditures less than Rs 20lakhs and Capital Spares valuing up to Rs. 10 lakhs are given in the Table below.

Table - 15
CAPITAL EXPENDITURES CONSIDERED UNDER O&M FOR FY 2025-26
(Rs.in Crs)

SL. No	Power Stations	Estimated Capital Spares valuing up to Rs. 10 lakhs for FY2024-25 & FY2025-26	Estimated Additional capital expenditure costing less than Rs. 20 lakhs FY2024-25 & FY2025-26 (Corporate office apportioned)	Proposed estimated Capital expenditures considered as O & M Expenses as per the Regulations
(1)	(2)	(3)	(4)	(5)=(3)+(4)
1	RHEP	0.00	4.62	4.62
2	UKHEP	0.00	3.24	3.24
3	BHEP	0.00	2.66	2.66
4	HHEP	0.00	2.50	2.50
5	CHEP	0.00	3.38	3.38
6	Sub Total	0.00	16.41	16.41
7	UIHEP	0.00	1.77	1.77
8	Total	0.00	18.18	18.18

- (ii) The Commission in the previous years has approved O&M expenses of different power stations of OHPC by escalating the average of actual O&M expenses of last two years @ 5.72% per year and deleted the Dam Maintenance Expense against UIHEP received from DoWR. As per the existing practice of computation of O&M, OHPC has, accordingly, computed the O&M Expense of different power stations of OHPC for the FY 2025-26 by escalating the average of actual O&M expenses for FY 2022-23 & FY2023-24 @ 5.72% for FY2024-25 & FY2025-26 and has deducted an amount of Rs.2.43Crs from the O&M Expense of UIHEP, Mukhiguda towards the Dam Maintenance Expense received from DoWR for the FY 2023-24 (audited) as per the principle adopted by the Commission in the tariff orders of OHPC for the FY 2022-23, FY2023-24 & FY 2024-25.
- (iii) OHPC has included estimated other spares of capital nature valuing up to Rs 10 lakhs, additional capital expenditure of an individual asset costing less than Rs. 20 lakhs for the FY2024-25 & FY2025-26, in the O & M expenses as per Regulation 3(vv) & 21(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024. The same is computed as Rs 18.18Crs. This expense have been added to the escalated value of average O & M expenditure of FY2022-23 & FY2023-24.
- (iv) After deducting losses from assets, inventory, CSR, rebate on sale of scrap, and donations (as noted by the Commission), the audited O&M expenses for FY 2021-22 and 2022-23 are Rs. 278.646 Cr and Rs. 316.973 Cr, respectively. As a result,

the O&M expense for FY 2024-25 stands at Rs. 332.854 Cr, compared to Rs. 317.89 Cr approved by the Commission.

- (v) OHPC has also pointed out computation error of Rs. 14.964 Cr in the Commission's approval of the O&M expense for FY 2024-25. Additionally, OHPC requested the Commission to allow Rs. 13.18 Cr (Rs. 346.034 Cr - Rs. 332.854 Cr), which was deducted by the Commission for loss of assets, inventory, CSR, rebate on sale of scrap, donations, etc. OHPC believes that these expenditures should be allowed as pass-through, as they arise from operational activities. These unapproved O&M expenses have been factored into the proposed O&M expenditure for FY 2025-26.
- (vi) Accordingly, the computation of O & M Expense of different power stations of OHPC for FY 2025-26 are shown in the Table below.

Table - 16
Statement of O & M Expenses for different power stations of OHPC for FY 2025-26
(Rs. Cr.)

Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	CO	Total
1	O & M expenses for FY 2024-25 approved by OERC	57.7	55.3	57.82	54.32	24.56	249.70	68.19		317.89
2	O & M expenses for FY 2022-23 as per Audited Account.	47.57	46.21	45.63	43.02	21.25	203.68	49.61	36.87	290.16
3	O & M expenses for FY 2023-24 as per Audited Account.	48.95	57.51	68.11	48.67	31.51	254.75	55.60	41.88	352.23
4	Average of O&M expenses (2022-23 & 2023-24)	48.26	51.86	56.87	45.85	26.38	229.21	52.61	39.37	321.20
5	Escalation @5.72% for FY 2024-25	51.02	54.83	60.12	48.47	27.89	242.33	55.62	41.63	339.57
6	Escalation @5.72% for FY 2025-26	53.94	57.96	63.56	51.24	29.48	256.19	58.80	44.01	358.99
7	Add: Estimated Additional capitalization less than Rs 20lakhs and Capital Spares valuing up to Rs. 10 lakhs for the FY2024-25 & FY2025-26 (Corporate Office apportioned)	4.62	3.24	2.66	2.50	3.38	16.41	1.77		18.18

Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	CO	Total
8	Total O & M Expenses for the FY 2025-26(6+7)	58.56	61.21	66.22	53.74	32.87	272.60	60.57	44.01	377.17
9	Corporate Office expenses apportioned to different units under OHPC based on Installed Capacity	5.39	6.90	11.00	6.21	1.55	31.06	12.94	44.01	
10	Total O & M Expenses for the FY 2025-26(8+9)	63.95	68.11	77.23	59.95	34.42	303.66	73.51		377.17
11	Less Amount to be received from DoWR towards Dam Maintenance Sharing of UIHEP for FY 2025-26							2.43		2.43
12	O&M Expenses for the FY 2025-26	63.95	68.11	77.23	59.95	34.42	303.66	71.08	0.00	374.74
13	Add: Unapproved O & M for FY 2024-25	8.88	12.78	7.06	-2.82	-1.50	24.40	3.74		28.14
14	Total O&M Expenses for the FY 2025-26(12+13)	72.83	80.89	84.29	57.13	32.92	328.07	74.82	0.00	402.89

(vii) OHPC has therefore submitted to approve Rs 402.89 Cr towards O&M Expenses for the FY 2025-26 for the different Power Stations of OHPC.

e. Interest on Working Capital

(i) Regulation No. 32(4) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates that:

“Interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken loan for working capital from any outside agency.”

(ii) OHPC has computed Interest on Working Capital of different power station for the FY2025-26 as per the provisions in the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024.

Further the Regulation No. 32(3) regarding rate of interest on working capital stipulates that-

“Rate of interest on working capital shall be on a normative basis and shall be equal to the one year marginal cost of lending rate (MCLR) of the State Bank of India issued as on 01.04.2024 or on 1st April of the year during the tariff period 2024-2029 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later, plus 300 basis points.”

- (iii) The Reserve Bank of India has issued guidelines for setting lending rate (on loans) by commercial banks under the nomenclature Marginal Cost of Funds based Lending Rate (MCLR). The MCLR of SBI (as on 1st April 2024) for one year was 8.65%. OHPC has considered the MCLR rate of SBI (as on 01.04.2024) plus 300 basis point for computation of Interest on working capital as per the Regulation mentioned above. The Commission may approve the same.
- (iv) Accordingly, basing upon the above principles, the Interest on working Capital of different power stations of OHPC for the FY 2025-26 has been calculated, details of which is given are the table below.

Table - 17
Interest on Working Capital for FY 2025-26

(Rs. in Crs)

Sl. No.	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
1	Interest on Loan & GC	2.03	1.54	11.46	10.07	14.78	39.88	7.73	47.61
2	RoE	4.42	2.42	20.64	22.61	14.72	64.81	58.74	123.55
3	O & M Expenses	72.83	80.89	84.29	57.13	32.92	328.07	74.82	402.89
4	Depreciation	4.59	3.95	13.60	12.95	10.40	45.49	37.85	83.33
5	Less Non Tariff Income	1.00	0.77	1.07	1.16	3.32	7.326	1.04	8.369
6	Adjustment of Non-Tariff Income of FY2023-24	0.61	0.78	1.24	0.70	0.18	3.497	1.46	4.954
7	Less Sale of Power to CSPDCL				3.43		3.429		3.429
8	Total [1+2+3+4-5+6-7]	83.48	88.81	130.16	98.87	69.66	470.98	179.56	650.53
10	O & M Expenses for One Month	6.07	6.74	7.02	4.76	2.74	27.34	6.24	33.57
11	Maintenance spares @15% of O & M Expenses	10.92	12.13	12.64	8.57	4.94	49.21	11.22	60.43
12	Receivable equivalent to 45days of Annual Fixed Cost	10.69	11.38	16.57	12.56	8.83	60.03	22.71	82.74
13	Total Working Capital	27.68	30.26	36.24	25.89	16.51	136.58	40.17	176.75
14	Interest on Working Capital calculated @ 11.65%	3.225	3.525	4.221	3.016	1.923	15.911	4.680	20.59

- (v) OHPC has submitted to approve Rs 20.59 Crs towards Interest on Working Capital for the FY 2025-26 for the different Power Stations of OHPC.

f. Non- Tariff Income (NTI)

- (i) The Non-Tariff Income is dealt in Regulation No.35(1), (2) & 60 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. The relevant provision of the said regulation are reproduced below:

(ii) **Regulation No 60: SHARING OF NON-TARIFF INCOME**

“The details of Non-Tariff income in case of generating station as listed in Regulation 35(2) shall be furnished by the Generating Company at the time of Tariff filling. The net Non-Tariff Income excluding Income from Investments shall be shared between the beneficiaries and the Generating Company, in the ratio 50:50.”

- (iii) **Regulation No 35 (1):** *“The amount of Non-Tariff Income of the Generating Company as approved by the Commission in accordance with Regulation 60 of these Regulations shall be deducted while determining its Annual Fixed Cost:*

Provided that the Generating Company shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission..”

- (iv) **Regulation No 35 (2):** *“The Non-Tariff Income shall include:*

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

- (v) Accordingly, OHPC has submitted the power house wise details of Non-Tariff income as stipulated in the Regulation 35(1),(2) & 60 of the OERC (Terms &

Conditions for determination of Generation Tariff) Regulations 2024 & details of non-tariff Income of FY2023-24(audited), which is given in the following Table:

Table - 18
Non-Tariff Income of different Power Stations of OHPC for FY 2025-26 (Rs Cr.)

Sl. No	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Net sharable Non-Tariff Income	1.994	1.549	2.145	2.318	6.646	2.086	16.738
2	50% of net sharable Non-Tariff Income to be considered in ARR	0.997	0.774	1.072	1.159	3.323	1.043	8.369

(vi) The interest earned on the old outstanding securitised dues of GRIDCO amounting to Rs 142.50 Cr has not been taken into consideration for computation of sharable non tariff income as the Commission in its order dated 11.07.2023 passed in case no. 35/2023 had given its direction to GRIDCO for repayment of principal amount of Rs.619 Crore in 72 equated monthly instalments from July'2023 which will carry simple interest @ 6% per annum. Further total outstanding interest up to June'23 amounting to Rs.236.50 Crore shall be paid by GRIDCO payable in 18 equated monthly instalment w.e.f. July'2023. Further, it is humbly submitted that had the energy dues of Rs619 Cr been received in time, OHPC could have earned interest on such proceeds.

(vii) ADJUSTMENT OF EXCESS PAYMENT OF NON-TARIFF INCOME (NTI) BY OHPC IN THE TARIFF FOR FY2021-22:

The Commission in its order dated 05.09.2022 in Case No.65 of 2021 at para No.25 had made observation on treatment of NTI & recovery of excess deduction of NTI in the FY 2021-22. Accordingly, OHPC has adjusted Rs 4.954 Crs (i.e. Rs 24.77 Crs/5=Rs 4.954 Crs) as 3rd instalment of recovery of excess Non-tariff income deducted by OERC in the Tariff of OHPC for FY 2021-22.The above Rs 4.954 Crs is apportioned among the different Power stations of OHPC in the ratio of installed capacity.

(viii) Accordingly, OHPC has submitted before the Commission to approve the sharable non-tariff income of Rs 8.369 Cr from different power stations for the FY 2025-26.

15. Aggregate Revenue Requirement (ARR) & Tariff for the FY 2025-26

Basing upon the above parameters, the power station wise ARR and tariff of OHPC have been proposed for the FY 2025-26 as follows.

Table – 19
Station wise ARR and Tariff for the FY 2025-26 considering saleable D.E. of 5601.62 MU

Details expenses	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
Existing Saleable Design Energy (MU)	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
(Rs. in Crs.)								
Return on Equity	4.422	2.418	20.639	22.610	14.717	64.805	58.743	123.55
Interest on Loan	2.026	1.544	11.462	10.067	14.777	39.877	7.730	47.61
Depreciation	4.593	3.949	13.599	12.948	10.399	45.488	37.846	83.33
O & M expenses	72.830	80.893	84.292	57.132	32.919	328.066	74.821	402.89
Interest on Working Capital	3.225	3.525	4.221	3.016	1.923	15.911	4.680	20.591
Total Cost	87.095	92.329	134.213	105.773	74.736	494.147	183.821	677.968
Less Non-Tariff Income as per Audited Account for FY2023-24	0.997	0.774	1.072	1.159	3.323	7.326	1.043	8.369
Adjustment of recovery of 3rd instalment of excess Non-Tariff income deducted in ARR of OHPC for FY2021-22 (Apportioned as per Installed Capacity)	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.954
Less Sale of power to CSPDCL for 2025-26				3.429		3.429		3.429
Total ARR for FY2025-26	86.705	92.332	134.380	101.884	71.588	486.889	184.235	671.124
Average Tariff (p/u)	166.82	112.10	114.74	154.25	147.87	133.06	94.85	119.81

16. Application Fee and Publication Expenses

- (i) Regarding Application and Publication Expenses, Regulation No.66 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates the following:

“The application filing fee and the expenses incurred on publication of notices in the application for approval of Tariff, may in discretion of the Commission, be allowed to be recovered by the generating company, directly from the beneficiaries.”

- (ii) As per the Commission notification no. 1992 dated 31.08.2009 (in the clause no. 17), the Commission has fixed a fee of Rs. 5000/- per MW as application fee for determination of

tariff of conventional fuel based plant/ hydel plants, subject to maximum limit of Rs. 25,00,000/- (Rupees Twenty-five lakhs). In consideration of the above order, OHPC has to deposit application fee of Rs. 25 Lakhs for the FY 2025-26. Further OHPC has proposed Rs 2 Lakhs reimbursement towards publication expenses for FY 2025-26. OHPC has submitted to approve Rs 27 Lakhs, which is to be reimbursed from GRIDCO towards application & publication expenses, the details of which is given the Table below:

Table - 20
Application Fees and Publication Expenses FY 2025-26
(Rs. In lakhs)

Sl. No.	Particulars	Amount to be reimbursed
1	Application fee for FY2025-26	25.00
2	Publication expenses for FY2025-26	2.00
	Total	27.00

17. Electricity Duty on Auxiliary Consumption

- (i) As per the PPA, the taxes and duties including ED on auxiliary consumption etc payable by OHPC to the State Government and other statutory bodies shall be passed on to GRIDCO in the shape of supplementary bill raised by OHPC. GRIDCO will make payment accordingly within 30 days of receipt of bills.
- (ii) As per the Odisha Electricity (Duty) Amendment Act, 2016, notified in Gazette Notification No. 1981 Dtd. 05.11.2016, the electricity duty (ED) shall be paid on auxiliary equipment consumption and the transformer losses within the power stations. The Auxiliary Energy Consumption (AUX) has been defined in CERC Tariff Regulation 2024 & OERC (Terms & condition for determination of generation Tariff) Regulation, 2024.
- (iii) Basing upon the subsequent implementation of Odisha Electricity (Duty) Amendment Rules, 2017 by Dept. of Energy, Govt. of Odisha vide Notification No.617 dated 24.01.2017, OHPC is paying the Electricity Duty in “J” format, where Electricity Duty is payable on total Energy Generated minus total Energy Sold. OHPC has stated that this implies that the Electricity Duty is payable on the Auxiliary Equipment consumption and Transformer loss within the Power Station.
- (iv) Further in pursuance to Sub-section-I of Section-3 of Orissa Electricity (Duty) Act-1961 and supersession to the Govt. Notification No 9539 BT(ed)-01/2016-En dated 27.12.2016, the Dept. of Energy, GoO has revised the rate of ED, vide notification

No.912 dated the 12.05.2017. Accordingly, the Rate of Electricity Duty / Unit has been revised from 30 paise per unit to 55 paise per unit with effect from 12th May 2017 as per the above Notification and OHPC has computed ED @55paise per Unit for all power stations and has submitted to approve reimbursement of ED amounting to Rs3.349Cr for the FY 2025-26 from GRIDCO as reimbursement, the details of which are given below..

Table - 21
ED claim for OHPC's power station for FY 2025-26

Power Stations	Design Energy (in MU)	Proposed Percentage of Auxiliary Energy Consumption (in %)	Auxiliary Energy Consumption to be approved (in MU)	(Rs. in Crs)	
				ED Rate Applicable (in Rs/Unit)	ED proposed for Reimbursement by OHPC @55p/u (in Crs)
RHEP	525	1	5.25	0.55	0.289
UKHEP	832	1	8.32	0.55	0.458
BHEP	1183	1	11.83	0.55	0.651
HHEP	684	1	6.84	0.55	0.376
CHEP	490	1.2	5.88	0.55	0.323
UIHEP	1962	1	19.62	0.55	1.079
MHEP Odisha share	262.5	1.2	3.15	0.55	0.173
Total	5676		60.89	0.55	3.349

18. License Fee for Use of Water for Generation of Electricity

- (i) As per the gazette Notification Dt.01.10.2010, OHPC has to pay @Rs. 0.01/KWh as Licence Fee on water used for generation of electricity from all Hydro Electric Project and the same would be reimbursed from GRIDCO.
- (ii) Govt. of Odisha in the Revenue & Disaster Management Department has amended the Odisha Irrigation (Amendment) Rule, 2016, which was published in Odisha Gazette on 27.09.2016. As per the amendment made in Rule-23-A (2) (f) of the Odisha Irrigation Rule, the license fee for drawl or allocation of water was enhanced @10% per annum w.e.f. 1st day of April earlier each year or specified year.
- (iii) Accordingly, OHPC was paying water cess @1.1paise/ unit for the FY 2017-18, @1.2 paise/ unit for the FY2018-19, @1.3paise/ unit for the FY2019-20, @1.4paise/ unit for FY2020-21, @1.5paise/ unit for the FY2021-22, @1.6paise/ unit for the FY2022-23, @1.7paise/ unit for the FY2023-24 , @1.8paise/ unit for FY2024-25 and got reimbursed from GRIDCO. In a similar manner OHPC shall pay Licence Fee on water used for generation of electricity for FY 2025-26 @1.9 paise/ unit amounting to Rs 11.285 Cr

based on the approved design energy for generation as shown in the Table below, which shall be reimbursed from GRIDCO on actual basis. As per the Clause No. 6 of New Machkund Agreement, 2020, the Water Cess for Odisha Share of MHEP(jt.) Scheme is to be approved by the Commission as reimbursement on payment to Govt. of Odisha as statutory dues. The relevant portion of the Agreement is reproduced below:

“ ...x...x...x ... However other statutory dues applicable if any shall be paid and shared equally by both parties.”

Accordingly, OHPC has included the reimbursement of Water Cess on sale of Odisha Share of MHEP in the Table shown below.

Table - 22
License fee for Consumption of water for generation of electricity during the FY 2025-26
(Rs. in Crs)

Power Stations	Design Energy (in MU)	Licence Fee on water Proposed by OHPC @0.019Rs/Kwh of Generation (in Crs)	Remarks
RHEP	525	0.998	OHPC will claim reimbursement @Rs 0.019/Kwh on actual generation of each Power Station.
UKHEP	832	1.581	
BHEP	1183	2.248	
HHEP	684	1.300	
CHEP	490	0.931	
UIHEP	1962	3.728	
MHEP (Odisha Share)	262.5	0.499	
Total	5938.5	11.285	

Accordingly, OHPC prays before the Commission for approval of provisional amount of Rs11.285Cr towards License fee as mentioned in the Table above, which is to be Reimbursed from GRIDCO subject to approval to the extent of actual water Cess paid to the Govt. based on actual generation pattern for the FY2025-26.

19. SLDC Charges

- (i) As per OERC (fees & charges of state load dispatch center and other related matters) regulations, 2010, SLDC has to levy and collect annual charges from the users towards System Operation Charges (SOC) and Market Operation Charges (MOC).
- (ii) The Commission has provisionally approved Rs 2.08 Cr towards payment of SLDC fees & charges for the FY 2024-25 considering 1798.8 MW of average available Capacity from OHPC’s power Stations for the FY 2024-25, which is to be collected by SLDC

from OHPC on monthly basis and OHPC has to reimburse the same from GRIDCO. Since OHPC has not received the ARR, fees & charges of SLDC for the FY 2025-26, the previous year approved charges applicable to OHPC has been escalated @5.47% to arrive at the charges payable by OHPC for the FY 2025-26. Accordingly, Rs. 2.194Cr. has provisionally been considered as fees & charges of SLDC payable by OHPC assuming average available Capacity of 1635 MW from OHPC's Power Stations for the FY 2025-26 considering the shutdown of different generating units on account of Renovation & Modernization & other planned maintenance.

- (iii) Accordingly, OHPC has submitted that the Commission may provisionally approve Rs. 2.194 Crs to be reimbursed from GRIDCO by OHPC, towards payment of SLDC fees & charges for the FY 2025-26 considering 1635 MW of average available Capacity from OHPC's power Stations for the FY 2025-26.

20. Reimbursement of Contribution Made to ERPC

OHPC has been paying annually Rs.15 Lakhs towards contribution to ERPC Establishment Fund & Rs 01Lakh towards contribution to ERPC Fund. Assuming the same claim of ERPC, OHPC has claimed Rs.16.0 Lakhs as a pass through in the tariff for FY 2025-26, which is to be reimbursed from GRIDCO. Any excess claim (above Rs16.0 Lakhs) made by ERPC for the FY 2025-26 will be claimed as additional reimbursement in the subsequent Tariff year.

21. Income Tax

Regarding Tax on Income, the Regulation 29(1) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates the following:

“Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business.”

Income Tax paid by OHPC for the FY 2023-24 is detailed below:

Table - 23
Calculation of Income Tax for Reimbursement for FY 2025-26 based on Audited Account of FY 2023-24

Statement of Computation of income Tax Reimbursement from GRIDCO		
(Rs. In Crs)		
Sl. No	Particulars	As per OERC Generation Tariff Regulation 2024
A	Total Other Income as Per Audited Accounts (Refer Note No- 31 of Audited Accounts)	358.011
B	Non Tariff Income reduced From ARR	16.738
C	Reimbursement from GRIDCO on A/C of Income Tax	7.290
D	Dam Share from DOWR	2.430
E	Net Other income	331.552
F	Income Tax on other Income @25.168%	83.445
G	Total Tax liability as per Audited Accounts	97.894
H	Income Tax to be claimed from GRIDCO (G-F)	14.449

Accordingly, OHPC prays for approval of Rs 14.449 Cr towards reimbursement of income tax for FY 2025-26 on core business.

22. REIMBURSMENT OF UNAPPROVED INCOME TAX BASED ON AUDITED ACCOUNT OF OHPC FOR THE FY2021-22 & FY2022-23:

(Less approval of Reimbursement of Income Tax based on the Audited Account of FY 2021-22 & 2022-23)

OHPC has submitted that the Commission had outlined a procedure for Income Tax (IT) reimbursement approval in Case No. 65/2021 for the FY 2021-22 tariff review. OHPC followed this procedure and claimed an IT reimbursement of Rs. 21.95 Cr for FY 2023-24 in its original ARR application. However, the Commission approved only Rs. 20.62 Cr for FY 2023-24, instead of the claimed Rs. 21.95 Cr. OHPC requested a review of the IT reimbursement approval, and in its order (Case No. 52 of 2023), the Commission noted that OHPC could submit the details in the next tariff proceeding (ARR for FY 2024-25). Accordingly, OHPC proposed the approval of the differential amount of Rs. 1.3 Cr (Rs. 21.95 Cr - Rs. 20.62 Cr) in its tariff application for FY 2024-25. However, the Commission revised its prior approval from Rs. 20.62 Cr to Rs. 6.62 Cr, which has already become final.

OHPC further submitted that the same procedure as adopted by the Commission in case no 65/2021 in respect of approval of IT reimbursement, OHPC claimed IT

reimbursement of Rs. 17.02 Cr for FY 2024-25 in its original tariff application for FY 2024-25 whereas the Commission allowed Rs. 7.29 Cr for FY 2024-25. As observed from the order, it is found that the Commission has considered the Gross profit as per Audited Account which has been prepared as per the companies Act,2013 for computation of IT reimbursement from core income. However, Gross Profit as per the Income Tax Act and as per the Audited accounts are different and prepared under two different laws in different manner. Hence, Gross profit as per the Income Tax Act should be considered for computation of IT Reimbursement. Further, while considering the other income for computation of IT reimbursement, the Commission has not deducted some items like Dam share from DoWR, exempted income etc. In view of above the differential amount of Rs. 15.33 Cr (i.e. Rs 21.95 Cr - Rs 6.62 Cr) & Rs. 9.73 Cr (i.e. Rs 17.02 Cr - Rs 7.29 Cr) for the FY 2023-24 & 2024-25 respectively towards IT reimbursement may please be reconsidered.

Accordingly, OHPC has submitted before the Commission to approve the unapproved income tax reimbursement for an amount of Rs25.06 Crs (Rs.15.33 Cr + Rs.9.73 Cr) from GRIDCO in the Tariff of OHPC for tariff approval of FY 2025-26 This amount may be accordingly provided in the ARR of GRIDCO for FY 2025-26.

23. **REIMBURSEMENT OF 1ST INSTALLMENT OF TRUING UP IMPACT:**

OHPC has submitted that discrepancies exist in the Gross Fixed Assets of certain power stations between the Audited Accounts and the approvals of the Commission. This issue was raised during the public hearing on 11.07.2023 in Case No. 52 of 2023 regarding the review of ARR & Tariff order for FY 2023-24. The Commission agreed to conduct a joint verification of the Audited Accounts and approvals of the Commission regarding Gross Fixed Assets from FY 1996-97 onwards. In its order dated 16.08.2023, at para no. 11, the Commission made following observations on the matter.

“Para No. 11: The Commission heard the Petitioner and Respondents in extenso. During the hearing, the Commission had raised the following points:

OHPC is required to submit the details of assets of each station (pre-1992 asset), additional assets capitalized each year, asset class etc., which will be verified jointly by concerned officer(s) of OHPC & OERC for finalization of the Gross Fixed Asset of OHPC as per Audited Accounts vis-à-vis the approval of OERC already given.”

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	MHEP (Odisha Share)	Total
<i>Audited Account of FY2021-22 & FY2022-23</i>								
<i>(h) 1st Year of Truing up Claim for the block period from FY2020-21 to FY2023-24 considering the reimbursement of truing up claim in five equal installment.</i>	1.362	0.434	8.009	10.204	5.737	9.749		35.496
Total								91.537

Thus, OHPC has submitted that the Commission may approve the total reimbursement of Rs **91.537** Cr. as proposed by OHPC in the above table. The above expenditure may be included in GRIDCO's ARR and hence shown as revenue requirement in OHPC filing for FY 2025-26.

25. **Aggregate Revenue Requirement & Tariff for Machhkund H.E. (Jt.) Scheme**

- (i) OHPC has submitted that the Final bill received from APGENCO towards 50% share of O&M expenditure payable by OHPC to APGENCO for FY 2023-24 amounts to Rs 35.5413 Cr. The total expected annual expenditure towards 50% power purchase cost from MHEP is calculated as Rs.35.3734 Cr for FY 2024-25 by applying escalation factor of 5.72% per year. The cost per unit is derived as Rs 136.393 paisa/unit considering drawl of 50% share of saleable design energy of Machhkund i.e. 259.35 MU.

Table - 25
Projected Tariff of Machhkund H. E. (J) Scheme for FY 2025-26
PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2025-26

	2024-25
Present Installed Capacity of MHEP (Jt.) Scheme (MW)	120
(50%) Odisha Share as per New Agreement dated 23.10.2020 (MW)	60
Design Energy of MHEP for Generation (MU)	525
Normative Auxiliary Energy Consumption (AUX) (%)	1.2%
Normative Auxiliary Energy Consumption (AUX) (MU)	6.3
Saleable Design Energy for sharing between Andhra Pradesh & Odisha (MU)	518.7
(50%) Saleable Design Energy Share of Odisha (MU)	259.35
Drawl of Total Share of Odisha Energy by GRIDCO (MU)	259.35
O&M Escalation factor @ 5.47 % for two years over the O&M Bill of MHEP for FY 2023-24.	1.112

PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2025-26	
	2024-25 (Rs. in Crs.)
1. Total Audited Cost of O&M Bill of MHEP (Jt.) for the FY 2023-24.	63.5988
2. 50% O&M Expenditure share (Orissa share of Actual O&M Expenditure for 2023-24)	31.7994
3. O&M Expenditure for FY 2025-26 applying the escalation factor	35.3734
4. Total Expected Expenditure during the FY 2025-26	35.3734
5. Provisional Tariff (Paise/Kwh)	136.393
Reimbursements of Statutory Dues/Duty/Cess as applicable shall be considered under the O&M Expenses.	

OHPC has submitted to approve the provisional tariff of MHEP (Joint Scheme) @ 136.393 Paise/unit for the FY 2025-26 and to make provision of Rs 35.3734 Crores in the ARR of OHPC & GRIDCO. The differential amount payable to APGENCO, if any, shall be determined after annual joint reconciliation between OHPC & GRIDCO, and shall be considered on the next Tariff for approval.

26. Tariff for Energy Billing to Chhattisgarh State Power Distribution Company Limited (CSPDCL):

- (i) OHPC has submitted that the erstwhile Chhattisgarh State Electricity Board (CSEB), presently Chhattisgarh State Power Distribution Company Limited (CSPDCL), has been drawing 5MW share of Chhattisgarh State (erstwhile share holder being Madhya Pradesh) from Hirakud and is taking a plea since the FY 2006-07 to pay the energy charges at the tariff approved by the Commission for HHEP, Burla, applicable for the consumers of Odisha, considering the supportive measures extended by the Govt. of Odisha, which is considerably less than the actual cost of generations from HHEP on which billing is made to them as per the Minutes of Meeting dated 24.12.2004.
- (ii) OHPC has submitted that the energy billing and other applicable terms & conditions have been decided by the Hon'ble High Court, Jabalpur, MP (vide orders dated 16.12.2004 & 02.09.2005 in W.P. No. 1241/2002); Order dated 17.08.2006 of the Ministry of Power, Govt. of India; Minutes of Meeting dated 24.12.2004 under the Chairmanship of the Chief Secretary, Govt. of Odisha. In spite of this CSPDCL, Chhattisgarh did not accept the concept of energy billing of generation from Hirakud

Power. Finally in a meeting at Raipur between OHPC & CSPDCL on 28.10.2014, it was decided as under:

“Signing of PPA:

It is jointly agreed that PPA shall be executed between OHPCL & CSPDCL for purchase of 5 MW power from Hirakud Hydro Electric Project, Burla. For execution of PPA a draft power purchase agreement shall be sent by OHPC which is after getting approved by Chhattisgarh State Electricity Regulatory Commission, execution shall be done.

Applicable tariff for power purchase from HHEP, Burla.

CSPDCL suggested that as power is being purchased from a hydel power project situated in Orissa it has status of inter-state project, as such tariff should be decided in accordance to norms approved by Central Electricity Regulatory Commission. Further OHPC has submitted that OERC has jointly agreed to decide the tariff from 2006-07 onwards in accordance to regulation notified by CERC, treating HHEP Burla as a inter-state entity. In case OERC advises to apply CERC for fixation of tariff for this inter-state transaction, then OHPC shall file a petition before CERC for fixation of tariff.

Presently it is decided that from 2008-09 onwards CSPDCL shall pay at a rate as approved by OERC provisionally till the rate is approved by appropriate Commission and afterwards necessary adjustment shall be done in accordance to law. ”

- (iii) OHPC has submitted that the Commission have provisionally fixed the Energy Charge Rate (ECR) for billing the CSPDCL for the FY 2015-16 to FY 2024-25. For ensuing FY 2025-26, OHPC has computed the tariff for billing of Energy to CSPDCL as per the CERC (Terms and Conditions of Tariff) Regulation’2024 as furnished in the Table below.

**Table - 26
Tariff for CSPDCL for 2025-26**

Details of Expenses HHEP	Amount (Rs in Crs)
Salable Design Energy of HHEP (in MU)	677.16
Project Cost/ GFA (Up-valued cost as on 01.04.1996 + Capitalization up to 31.03.2023 - Decapitalization)	561.23
Return on Equity (@ 22.0494%)	37.12
Interest on Loan	11.82
Depreciation (@ 5.28%)	29.63
O & M expenses (Escalated @ 5.47%)	57.29
Interest on Working Capital (@ 11.90%)	3.64
Total ARR	139.50
Average Tariff (p/u)	206.012
Total amount to be billed for 16.644MU for FY2025-26 (Rs in Crs)	3.429

OHPC has submitted to approve the tariff for energy billing on CSPDCL @206.012 paisa/unit for the FY 2025-26.

27. **Normative Plant Availability Factor (NAPAF)**

- (i) OHPC has submitted that the Regulation 50(c) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates as follows for fixing of NAPAF for different power stations of OHPC.

“The Normative Annual Plant Availability Factor (NAPAF) for existing Hydro Generating Stations of OHPC Ltd will be as determined by the Commission from time to time.”

Further, the Commission in Case No. 52 of 2019 had fixed the NAPAF of different power stations as follows:

Table -27

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	83- for first 3 years 87 – for subsequent 2 years	75	75	88
Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

In view of the above, the NAPAF of different power stations of OHPC for the FY 2025-26 for computation of Capacity Charges may please be extended as mentioned in the Table below:

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

28. **Two-Part Tariff**

- (i) OHPC has stated that as per Regulation 45(1) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024, the fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these Regulations and recovered on monthly basis under capacity charge (inclusive of incentive) and energy charge. Further as per Regulation 45(12) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024,

“The computation and payment of capacity charge and energy charge for existing plants of OHPC will be as determined by the Commission from time to time.”

Accordingly, annual capacity charges, annual energy charges and energy charge rate of different power stations of OHPC for FY 2025-26 are shown below.

Table - 28
Capacity charge and energy charge of OHPC power stations for FY 2025-26

Name of the Power Stations	Annual Fixed Cost (AFC) (Rs in Crs.)	Annual Capacity Charges (ACC) (Rs in Crs.)	Annual Energy Charges (AEC) (Rs in Crs.)	Saleable Design Energy (in MU)	Energy Charge Rate (ECR) (in P/U)
RHEP, Rengali	86.705	43.353	43.353	519.75	83.410
UKHEP, Baraniput	92.332	46.166	46.166	823.68	56.048
BHEP, Balimela	134.380	67.190	67.190	1171.17	57.370
HHEP, Burla	101.884	50.942	50.942	660.52	77.124
CHEP, Chiplima	71.588	35.794	35.794	484.12	73.936
UIHEP, Mukhiguda	184.235	92.118	92.118	1942.38	47.425

OHPC has submitted to approve the AFC, ACC, AEC& ECR of its power stations as indicated in Table above for the FY 2025-26.

29. COMPLIANCE TO THE DIRECTIVES AS PER PARA NO 63 OF ARR AND TARIFF ORDER OF OHPC FOR FY 2024-25

PARA NO	DIRECTIVES OF OERC	COMPLIANCE
63(a)	<i>“The Design Energy of UKHEP, BHEP, UIHEP, and CHEP has come down over the years. The reason for less generation shall be submitted to the Commission for each HEP along with actual generation (in MU) in last ten (10) years.”</i>	<p>The actual generation in MU of OHPC Power stations in last 10 years.</p> <p>Reasons for less generation:</p> <p>HHEP, Burla : Unable to achieve its Design Energy till FY 2020-21 because of its Renovation, Modernization & Uprating (R,M&U) work of Unit-5 & Unit-6. The desired generation during spillage period could not be achieved due to R, M & U of the said units.</p> <p>CHEP, Chiplima : Unable to achieve Annual Design Energy of generation since its inception. The energy generated by the CHEP for FY 2020-21 is 328.42 MU which is the maximum in last 10 years but far below the Design Energy (490 MU). However, CHEP was maintaining machine availability more than approved NAPAF in recent years.</p> <p>BHEP, Balimela : Due to hydrology failure and R & M works, BHEP generated energy less than its design energy in some years.</p> <p>UKHEP, Bariniput : Unable to achieve Design Energy in most of the years due to hydrology failure. It achieved its Design energy of generation only in the FY 2018-19 since last 10</p>

		<p>years.</p> <p>UIHEP, Mukhiguda : Unable to achieve Design Energy of generation most of the years due to hydrology failure. However, UIHEP was maintaining machine availability around approved NAPAF in last 10 years.</p>
63(b)	<p><i>“OHPC shall submit the status of capital maintenance of Unit 1&2 of Chiplima Power House and Repair & Renovation of power channel from Burla Power House to Chiplima Power House for which huge amount has been approved by the Commission.”</i></p>	<p>OHPC submitted that M/s VHN proposed for a new design Inner Guide Ring as per the present requirement. OHPC agreed to the proposal of M/s VHN. Now the manufacturing of new Inner Guide Ring is under process and is expected for reaching of refurbished component at site last week of October-2024. OHPC submitted that the schedule date for handing over of unit to OHPC was 11.07.2024 and expected date of handing over of unit of OHPC is 15.12.2024. Further stated that the capital maintenance work of unit no-2 will be taken up after completion of unit no-1. OHPC submitted regarding the repair & renovation of power channel BHEP & CHEP that work order no 4035(WE) dtd. 30.06.2021 and 4072 dtd 01.07.2021 were placed on M/s NBCC for the work “Repair & Renovation of power channel from RD 0.00 ft to 16000 ft and Repair & Renovation of power channel from RD 30000 ft to 83480 ft respectively on deposit work basis. OHPC BoD in its 180th meeting has in principle approved to carry out the work through M/c OCC Ltd. On deposit work basis. The execution of work will be commencing very shortly, in coordination with DOWR, M/s OCC ltd and local authorities.</p>
63 (c)	<p><i>“OHPC shall submit the present status and the completion schedule of Kharag HEP (63 MU), pump storage projects associated with UIHEP, UKHEP, BHEP and nine (9) off the river closed loop PSP.”</i></p>	<p>OHPC submitted that the proposed UIPSP will utilize the existing Indravati reservoir in a closed cycle operation. The proposed PSP will have an underground power house located near the lower reservoir, equipped with four vertical-axis reversible-type Francis hydroelectric units having capacity of 150 MW each. The final DPR of UIPSP has been prepared by M/s WAPCOS. Techno-Economic clearance has been accorded by CEA, New Delhi on 19.08.2024. Further, the application for forest clearance stage-1 clearance submitted on PARIVESH portal of MOEF&CC on 15.10.2024 and was accepted by Project Screening Committee (PSC) on 23.10.2024 and land acquisition is under process. Regarding Kharag HEP 63 MW that GEDCOL has prepared 4 nos of Pre-feasibility reports for the development of Kharag HEP. OHPC submitted that the DPR for UKPSP and BPSP are under process.</p>
63 (d)	<p><i>“OHPC shall submit the status of implementation of floating solar projects on the existing reservoirs.”</i></p>	<p>OHPC submitted that MOU signed with NHPC on 20.07.2020 to form a Joint Venture Company for development of 500MW floating solar Projects in different reservoirs of Odisha. NHPC invited tender on 23.10.2021 for implementation of 300 MW floating Solar project on</p>

		behalf of JV company. The levelized tariff discovered through open tender in August 2021 was 3.56/unit which could not be taken forward due to non-acceptance of tariff by GRIDCO. Retender was done on 05.04.2023 at a levelized tariff based on cost quoted by BHEL increased to 4.67/Unit.
63 (e)	<i>“OHPC shall submit brief details of any major Forced Outage of HEP, reasons thereof and remedial measures taken to avoid repetition of such incidence in future.”</i>	OHPC has submitted the brief details of major Forced Outage of HEP, reasons thereof and remedial measures taken to avoid repetition of such incidence in future.

30. Approval of capital maintenance work for replacement of MIV of 4 generating Units of UIHEP, Mukhiguada:

(a) OHPC has submitted that based on the provisions of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2020 and different Orders of the Commission, OHPC has submitted the proposals seeking approval of Capital Maintenance Works for replacement of Main Inlet Valve along with new MIV seal control system for all the 04 nos. of Generating Units of UIHEP. The matter was registered as Case No. 54 of 2024 and the Commission, vide letter No.970 dtd. 29.08.2024, had directed OHPC to serve the copy of the petition to the Respondents (i.e. Principal Secretary, DoE, GoO & GRIDCO). Complying to the direction of the Commission, GRIDCO had submitted the reply on 13th September 2024.

(b) Further, OHPC has submitted that the Public hearing on the said matter was held on 15.10.2024 and the Commission has made following observation:

“we are of the view that the proposal of M/s. OHPC Ltd. for approval of capital maintenance work for replacement of MIV of all the four units of UIHEP needs views of all the stake holders through public notice, as it has impact on the tariff. Therefore, we decide to hear the matter along with the tariff proceeding for the ensuing year. Accordingly, M/s. OHPC Ltd. is directed to include the present matter in the public notice to be issued on the tariff proposal for the ensuing year inviting views/suggestions/objections from the interested parties. The matter will be heard analogously with the tariff petition of the ensuing year. Further, it is advised that M/s. OHPC Ltd. may make additional submission /modify the application basing on the suggestion given by the Commission during the hearing today regarding necessity of replacement of complete MIV of all the four generating units of UIHEP based on advice of OEM including a brief technical report of experts view in this regard. However, pendency of this proceeding before the Commission shall not act as a bar in case emergency arises for capital maintenance work for replacement of Main Inlet valve of all four units of UIHEP.”

Accordingly, in compliance to the direction of the Commission, OHPC is resubmitting its application for approval of the capitalisation for execution of the capital maintenance work for replacement of Main Inlet Valve of all four Units of UIHEP.

(c) **Background**

UIHEP, Mukhiguda has 600 MW (4x150 MW) of installed capacity and each unit is of M/s. Fuji Electric, Japan Make. The Units were commissioned during the period from 1999 to 2001. The Y piece of Unit No. 1 & 2 is one and that of Unit No. 3 & 4 are from another Y piece.

(d) **Observation of Vibration**

Mainly vibration was observed in one penstock while all machines were under shut down during 2018. Gradually, vibration was observed in all the penstocks & machines.

(e) **Action of OHPC:**

OHPC submitted that the phenomenon of auto oscillation of penstock was rarest in India. OHPC had explored alternative options from Govt authorities such as Department of Water Resources (DoWR), GOO and CWC to ascertain root cause of auto oscillation and penstock vibration problem, but did not succeed. Since the penstock vibration problem in all the four units of UIHEP were developed in 2018 and the same were getting accentuated over passage of time and above all considering the fact that alternative options were not forthcoming from other avenues, OHPC decided to seek assistance of the OEM for finding a long-term solution to the problem which was rising to a risky proportion.

OHPC intimated M/s. Voith Fuji, the OEM, to assess the root cause of penstock vibration and to furnish expert view to reduce the risk of auto oscillation and possible risk. The experts from M/s Voith, Hydro, Germany on 15th April 2021, had given online presentation regarding solution to auto-oscillation problem in the penstock of UIHEP and suggested to implement the solutions to the problem as fast as possible to reduce the risk of auto-oscillation and possible danger of severe accident arising out of rupture of penstock. The reasons of pressure pulsation were discussed and deliberated with the expert from Voith, Germany. As per the views of expert from Voith, Germany, pressure pulsation / vibration during shut down of the generating units may be occurring in MIV

due to leakage of water from MIV seal or due to less area of MIV inside cavity (due to which upstream pressure becomes less than the downstream pressure).

The OEM (M/s Voith) expert after detailed analysis suggested that vibration is being experienced due to improper sealing of MIV. They suggested two possible alternatives:

- ❖ First alternative was to replace the seal rings and rubber seals of the all four Unit MIVs to stop leakage. However, no guarantee can be extended as the solution is temporary in nature.
- ❖ Second alternative was to replace the complete MIV with new improved design along with new MIV seal control system & OPU system for all the four units of UIHEP, Mukiguda for long term improvement mitigating auto-oscillation effects.

(f) **OEM offer and approval of BoD OHPC:**

The OEM was requested to submit a techno-commercial offer, proposing the supply and replacement of old MIVs with MIV of new improved design for all four units of UIHEP at Rs. 54 Crores (exclusive of GST). Following discussions, the matter was presented in the 167th OHPC BoD meeting held on June 30, 2022. Acknowledging the sensitivity of the problem, the Board advised to convene the TCC-I meeting early and authorized the Chairman to decide based on the recommendation of TCC-I including any modifications or cancellations required against the decision taken under the item No.167/24 for procurement of 4 sets of control valves for which orders have already been placed on the OEM in April 2022. The OEM stated that the control valves ordered on April 16, 2022, would be incompatible with the new MIVs and proposed a New MIV Seal Control System instead. OHPC suggested amending the existing contract to replace the control valves with the new system at the previously agreed contract price of Rs. 3.2203 Crores (exclusive of GST) without additional financial impact, to which the OEM agreed.

The Board after detailed deliberation on the subject matter, acknowledged & observed the followings:

- The auto-oscillation and penstock vibration issues at UIHEP have persisted since their first occurrence in 2018. If the vibration issue is not effectively addressed, these problems pose significant risks to the plant. The penstock vibration phenomenon is complex and requires careful intervention.

- The Board accepted the recommendations of TCC-I in the meeting held on August 17, 2022 regarding the supply and replacement of the New MIV Seal Control System at the same price of Rs. 3.2203 Cr (excluding GST) under the existing PO terms and conditions dated April 16, 2022.
- In the 170th OHPC Board meeting held on January 19, 2023, the Board felt it prudent to replace the entire MIV as recommended by the OEM to mitigate potential risks to the plant. Accordingly, the Board advised to consider the OEM's long-term proposal for a complete replacement of MIV with an improved design along with the New MIV Seal Control System compatible with the new MIVs.

(g) OHPC has submitted that as per the directives of OHPC Board, a negotiation meeting was held between OHPC and M/s Voith to furnish further discount. In response, M/s Voith furnished final discounted offered price for supply and replacement of four sets of MIVs with new improved design MIVs at a price of Rs. 49, 54, 50,000/- along with four sets of new MIV seal control system at a price of Rs. 3.2203 Cr. The detailed discounted offer is as below.

**Table - 29
New MIV Price Schedule**

Sl. No.	DESCRIPTION OF SUPPLY & SERVICES	QTY (Sets)	Unit FORD Price (Rs.)	Total FORD Amount (Rs.)
1	Design, Manufacturing & Supply of New Spherical Valves (MIV) of improved design along with New High Pressure OPU System, By-Pass Valves & associated pipelines & hardware.	04	11,00,00,000/-	44,00,00,000/-
2.	Removal of old valves, OPU system, by- pass valves, pipelines etc and installation & commissioning of the above supplies with New MIV Control System.	04	1,38,62,500/-	5,54,50,000/-
Total Final Prices exclusive of GST				49,54,50,000/-

MIV Seal Control System Price Schedule

Sl. No.	DESCRIPTION OF SUPPLY	QTY (Sets)	Unit FORD Price (Rs.)	Total FORD Amount (Rs.)
1	Design, Manufacturing & Supply of New MIV Seal Control System compatible with new MIV of improved design.	04	80,50,800/-	3,22,03,200/-
Total prices exclusive of GST				3,22,03,200/-

Thus, the total expenditure towards the replacement of old MIV & control valves with that of new MIVs of improved design along with new MIV seal control system = 49,54,50,000 + 3,22,03,200 = Rs. 52, 76, 53, 200/- excluding GST.

- (h) In compliance with the Board's advisory and approval of the competent authority, an LOI was issued to M/s Voith Hydro Pvt. Ltd., India with due approval of competent authority & in line with TCC-I recommendations, a work order was placed for the design, manufacture, supply, and replacement of new MIVs for all four generating units of UIHEP at Rs. 49,54,50,000/- (exclusive of GST) under UIHEP Work Order No. 335, dated 13th January 2023. Additionally, an amendment purchase order was issued for four sets of the new MIV Seal Control System at Rs. 3,22,03,200/- under UIHEP Amendment Purchase Order No. 1318, dated 17th March 2023.

The total expenditure for addressing the auto-oscillation and penstock vibration problems in four generating units of UIHEP stands at Rs. 52,76,53,200/- (excluding GST).

31. **Compliance to the queries raised by the Commission**

During the public hearing on dated 15.10.2024, the Commission has raised queries on following issues:

- Option of OHPC for not going for replacement of one set of MIV on Trial basis.
- Advantages of new MIV with new improved design.
- Reasonability of the rate quoted.
- Reason for choosing OEM for replacement of MIV work.
- Guarantee period.

Replies to above issues have been submitted along with following supporting documents.

- i. Copy of the letter of OHPC to Govt authorities such as DoWR, GOO and CWC to ascertain root cause of auto oscillation.
- ii. Extracts taken from the minutes of the 167th, 168th, 169th & 170th BoD of OHPC.
- iii. Purchase-cum-work order for “Design, Engineering, Manufacturing, Supply, Erection, Testing & Commissioning of new MIVs for all the 4 generating units of UIHEP, Mukhiguda”.

- iv. Purchase-cum-work order for Design, Manufacturing & Supply of 4 sets of new MIV seal control system for all the 4 generating units of Mukhiguda.
- v. The technical details of the new MIV as submitted and presented by the experts from M/s Voith, Germany.
- vi. Copies of the orders M/s. Voith received from 118 MW Nikachhu HEP, a SPV owned by Royal Govt of Bhutan, for accessing the rate of new MIV.
- vii. Rate reasonability certificate submitted by OEM.

32. Replies submitted by OHPC to queries raised by the Commission regarding replacement of MIV of all four (4) units of UIHEP are as follows:

I. Regarding not going for replacement of one set of MIV on trial basis:

OEM tried to replace the seal ring and rubber seal of Unit-4 of UIHEP, which was under planned maintenance. The operation of MIV and inspection of leakage was under observation, The operation of MIV was smooth for few months and no significant leakage was observed. But, gradually the auto-oscillation of penstock was noticed once again. On detail inspection, the OEM found that the surface on which the seal ring was mounted eroded and was beyond the repair. Hence OEM withdrew the first option and after detailed analysis suggested to replace the complete MIV with new improved design along with new MIV seal control system & OPU system as a long-term solution.

II. The advantages of new MIV with new & improved design:

The technical details of the new MIV as submitted and presented by the experts from M/s Voith Germany are as follows:

- a) Increase in the spherical diameter of the new MIV to 2000 mm, which, in turn, ensured increase the water flow into the closing side of the seal ring to compensate leakage & make sure that the leakage water on the opening side is drained and drainage line is opened/ not blocked by debris.
- b) There are other differences between the new & old MIV including change in the low pressure air oil accumulator to high pressure nitrogen accumulator. The operating pressure in the OPU had increased from 50Kg/Cm² to 62 Kg/ Cm².

III. The Guarantee period:

The OEM had extended the Guarantee for a further period of 12 months i.e. from 24 months to 36 months from the date of commissioning of MIV of each unit covering auto-oscillation & penstock vibration.

IV. The reasonability of the rate quoted:

OHPC had asked the OEM to provide orders received from other purchasers for supply of similar MIVs and obtained the copies of the orders received from 118MW Nikachhu HEP, a SPV owned by Royal Govt. Bhutan, for comparison purposes. The price-adjusted derivation statement was prepared & placed before the TCC-1 of OHPC, which was acknowledged and accepted by the Board. The price adjusted for differential sizes of the two MIVs (Bhutan & UIHEP) and updated for FOREX & domestic inflation worked out to be Rs 13.26 Cr per MIV, whereas OHPC extracted a negotiated price from Voith at Rs 12.39 Cr. This fully justified the price reasonableness of the negotiated Voith offer.

V. The reason for choosing OEM for replacement of MIV work:

OHPC had attempted several times in the past to source supplies & services of various equipment from parties other than OEM of the particular generating unit, but had not been successful. Two such examples during the last ten years are as follows:

Case No.1: in the year 2019, OHPC had decided to procure one set of 150 MW stator for unit-4 of UIHEP through open tendering process. This required preparation of detailed technical specification of the stator which could not be done because OHPC did not possess detailed design data of the various equipment in a hydro power station. OHPC, thereafter, attempted to avail assistance of WAPCOS for framing the technical specification, but to no avail as WAPCOS did not respond. Upon examination, the whole gamut of issues, it was found that none of the OEMs including BHEL are providing the customers their design data as being their patented property. Having realized the complexity of the task, OHPC in 2020 finally decided to procure the said stator from the OEM.

Case No.2: In the year 2015, BHEP faced problems in the DVR of unit-7 and made attempt to avail services of Alstom (OEM of unit-7 & 8 is LMZ of Russia) but could not succeed because the DVR is password protected and no OEM

provides the password as well as the operating system software (OSS) of the DVR without which no-one else other than the OEM can provide services for trouble shooting. In 2017, BHEP also faced similar problems in digital governor of unit-8 which was also password protected and the services of the LMZ experts had to be hired to sort out the issues. Further OHPC submitted that non-transfer of design data by OEM to the Generators is a major constraint to seek the proposal from other service providers to develop a tailor-made Capital asset.

33. Period of Shutdown:

As per UIHEP Work Order No. 335, dated 13th January 2023, the OEM must complete the commissioning of the new MIV system and MIV seal control system within three months from the handover of each generating unit. The shut-down period of three-month per MIV set may be staggered over a period of time based on machine availability and SLDC's permission. Due to technical reasons, OHPC plans to conduct the Capital Maintenance of Units 3 & 4 simultaneously during the lean period from November 2024 to January 2025. Maintenance for Units 1 & 2 will be scheduled later in consultation with SLDC. In line with previous approvals, OHPC seeks approval from the Commission to allow OHPC & SLDC to deduct the installed capacity of the unit under maintenance (for upto three months) from the total 600 MW installed capacity for the purpose of calculating PAFM for Capacity Charge recovery.

Table - 30
Details of proposal for approval of capital maintenance work of UIHEP, Mukhiguda

Sl No	Name of the Unit	Name of work	Estimated capital addition (Rs)	Period of shut down for availing capacity charge benefit	Remarks
1	Unit 1 to 4 of UIHEP, Mukhiguda	Design, Engineering, Manufacturing, Supply, Erection, Testing & Commissioning of new MIVs with new MIV seal control system.	52,76,53,200	3 months for replacement of each MIV with seal control system.	(1) Zero date for installation of each MIV shall be decided in consultation with SLDC (2) The capacity (MW) of the Unit under Capital Maintenance shall be deducted from the total Installed Capacity for computation of PAFM.

C. VIEWS OF OBJECTORS AND REPLY / REJOINDER OF OHPC (Para 34 to 63)

The observation/comments/views of objectors and corresponding Rejoinder/Reply of OHPC are as follows:

34. Design Energy

Views of Objector(s)

- (a) TPWODL has submitted that the Respondent DISCOM responded to the ARR application, stating that the Saleable Design Energy for GRIDCO approved for FY 2024-25 is 5862.47, including MHEP Odisha Share. OHPC has stated that some generating stations consistently fail to generate their approved Annual Design Energy. The Applicant, a Hydro Power Generation Company, was incorporated in the year 1995 and has an installed capacity of 2063.5MW. The entire power produced by the generating stations is dedicated to the State of Odisha and supplied to GRIDCO.

The installed capacity of HHEP, Burla has increased from 275.5MW to 287.8MW after the completion of RM&U works of Unit-5 & 6. The installed capacity of OHPC has also increased from 2063.5MW to 2099.8. The estimated total generation for FY 2024-25 is 6532.3801 MU against the approved Design Energy of 5676.00 MU, except for MHEP Odisha Share. This results in a surplus of 856.3801 MU from the approved designed energy. However, the extra in generation from the design energy approved for respective Power Stations has been accounted towards the secondary energy fund. The Commission may take a suitable decision on this matter. The Commission approved an average rate of 0.95 paise per unit for FY 2024-25, but this year, the Applicant proposes an average rate of 1.21 paise per unit, representing an abnormal increase. A comparison gives the comparison of Energy, Total Cost, and Average per Unit Rate between the Commission's approval for FY 2024-25 and OHPC's proposal for FY 2025-26.

- (b) GRIDCO has submitted that the petitioner claims that some generating stations are unable to generate their Annual Design Energy, leading to non-recovery of approved Energy Charges due to constraints. GRIDCO requests the Commission to provide directives for OHPC to approach the CEA for revision in design energy, as per the Regulation 45(7) of OERC Generation Tariff Regulation, 2024.
- (c) The Objector, Shri Anand Mahapatra, has submitted that the OHPC reports an actual generation of 4393.38 MUs from 01.04.2024 to 15.11.2024 and anticipates 2139

MUs for the balance period from 16.11.2024 to 31.03.2024, resulting in a total generation of 6532.38 MUs for the current FY 2025. However, the applicant claims a surplus generation of 856 MUs. The monsoon is not good for the current year, as all reservoirs show deficit water except Balimela. The low power generation is attributed to the applicant's inefficiency, not the inadequate monsoon or hydrology failure. The applicant is urged to take necessary action to improve the efficiency of the OHPC power stations

- (d) The Objector, Shri Ramesh Satpathy, has submitted that the OHPC has applied to reduce design energy in their Annual Revenue Requirement, which is unacceptable. The OHPC has not improved or developed any hydro projects or mini hydro projects. The Government should appoint a full-time Chairman for the OHPC, but this has not been done.

Rejoinder/Reply of OHPC

The design energy of a Hydro Electric Project is a basic design criterion which is calculated prior to the project inception considering statistical data of rainfall over the catchment and gross total inflow from all source and generator-turbine capacities. Accordingly, the Design Energy has been defined in OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 as follows:

“Design Energy” means the quantum of energy which can be generated in a 90% dependable year with 95% installed capacity of the hydro generating station.” So, actual generation from a hydroelectric project depend on the rainfall pattern, availability of water in the reservoir& machines for generation, demand of the state. Further the water available in a carry-over reservoir is very often carried over to the next year due to uncertainty and irregular pattern of rainfall which affects the actual generation in a particular year. Therefore, there is always a mismatch between actual generation & design energy. Accordingly, OHPC power stations have never generated exactly equal to its Design Energy (5676 MU) during any financial year. In most of the financial years, the total generation of OHPC is less than the Design Energy of 5676 MU due to reasons mentioned above.

The claim of Objector about reduction of Designed energy is not true. OHPC in the tariff application for FY 2025-26, has not applied for any reduction of Design energy for computation of Tariff. However, OHPC has applied for reduction of Saleable Design

Energy of CHEP, Chiplima and MHEP(Jt.) Scheme as per regulation 50(e) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024. In this regard para no. 6(B) of the Tariff Application may please be referred. Further, regarding the development of hydro projects, reply to the directives of Commission has been furnished at Para no. 20 of original application of OHPC for the FY2025-26.

35. **Failure of Hydrology & Shortfall generation**

Views of Objector(s)

The Objector, Shri Ananda Mohapatra, has submitted that the Applicant, OHPC, has been criticized for not complying with directives issued by the Commission in previous tariff orders. The actual power generation from OHPC's power stations has been below the Design Energy installed since FY05. The approved design of hydro power projects in Odisha is similar to Machhkund and NHPC's projects.

The Applicant is regularly replying that the failure of hydrology is the main reason for less generation below design energy. However, this narrative is baseless and is not supported by evidential documents such as actual hydrology in the catchment area of the project recorded by the Dept of Meteorology, Govt of India. The Commission has not asked the Applicant to submit these documents or pay attention to them in previous tariff proceedings. The Applicant's response to these anomalies has been a topic of contention in previous tariff proceedings.

The Applicant, in compliance with the OHPC's Generation Tariff Order for FY25, has responded to queries regarding the actual generation of OHPC Power Stations and Machkund for the last 10 years. The Applicant cites hydrology failure and inadequate monsoon as major reasons for low power generation design energy by OHPC Stations. However, the Applicant does not provide year-wise actual hydrology data, which could be used to justify the claims. Without this data, it is unclear how the Applicant can claim hydrology failure and low generation.

Rejoinder/Reply of OHPC

The Design Energy of a power station is generally finalized during DPR stage and is approved by CEA. After lapse of some years, some of the hydro power station may not achieve its Design Energy due to siltation, decrease in inflow, change in climate condition, etc. For this CERC/ OERC in its Tariff Regulation has made provision for revision of Design Energy due to continuous hydrology failure for four (4) years. The

relevant regulation no. 45(7) of OERC Generation Tariff Regulation 2024 is reproduced as follows:

“Provided that in case actual generation from a hydro generating station is less than the design energy for a continuous period of four (4) years on account of hydrology factor, the generating station shall approach the Central Electricity Authority with relevant hydrology data for revision of design energy of the station.” In this context it shall be worth while to mention here that as per the direction of OERC, OHPC had engaged an independent agency M/s Spark Ltd. for reassessment of Design Energy of different power stations of OHPC. M/s Spark Ltd_ had submitted report on reassessment of design energy of individual power stations of OHPC. The methodology of reassessment of design energy was approved by CEA. OHPC had filed a petition on reassessment of DE of individual power stations before OERC and it was registered as Case No. 121/2008. OERC had deferred the reassessment of DE of OHPC power station as it may result to hike in Tariff. So, failure of hydrology is not a baseless narrative made by OHPC over the years. Moreover, OHPC has improved its performance by maintaining the PAF (Plant Availability Factor) more than Normative approved by OERC.

36. Additional capitalisation

Views of Objector(s)

- (a) GRIDCO has submitted that the petitioner has submitted Rs.407.372 Crs increase in the project cost for tariff calculation for FY 2025-26 and a 26.14 paise per unit increase in the average tariff of OHPC Stations for FY 2025-26 compared to the approved average tariff for FY 2024-25.

The project cost of OHPC stations has increased by Rs.407.32 Crs. due to a true up claim, additional capitalization for FY 2023-24 and estimated additional capitalization for FY-2024-25 and FY-2025-26. The OHPC has considered the project cost for FY-2025-26, including the true up claim, instead of the Audited Accounts of FY-2023-24, resulting in a significant increase in the average per unit cost of OHPC stations. The Commission is requested to provide directives to OHPC to furnish the tentative average tariff based on the Audited Accounts of FY-2023-24. That the petitioner in its Tariff Application for FY 2025-26 have claimed additional capitalisation as follows:

- The Commission approved new additions from 01.04.1996 to 31.03.2023, amounting to Rs. 1350.063 Crs, and additional capitalisation claims for FY-2023-24, amounting to Rs. 253.623 Crs.
- The Commission has approved new additions of Rs. 1096.44 Crs from 01.04.1996 to 31.03.2023, as per its Order dtd. 13.02.2024 in Case No.111/2023.
- The OHPC has considered a net additional capitalisation of Rs. 207.574 Crs in the truing up petition, Case No. 69 of 2024. The petitioner is requested to clarify discrepancies in the claim and provide detailed station-wise additional capitalisation claims for better understanding and clarity.
- The Objector has submitted that any capital expenditure incurred by OHPC must meet the conditions set by the Commission under regulation 21 (1) of the OERC Generation Tariff Regulations, 2024. The Regulations allow the Commission to admit additional capital expenditure for existing or new projects within the original scope of work and after the cut-off date, subject to prudence check.
 - (i) Payment made against award of arbitration or for compliance with the directions or order of any statutory authority or order or decree of any court of law;
 - (ii) Change in law or compliance of any existing law which is not provided for in the original scope of work;
 - (iii) Deferred works relating to ash pond or ash handling system or raising of ash dyke as part of ash disposal system in the original scope of work,
 - (iv) Force Majeure events;
 - (v) Works within Original Scope executed after the cut-off date and admitted by the Commission, to the extent of actual payments made;

GRIDCO requests the Commission to direct OHPC to submit additional capital expenditure details, justifying items failing under Regulation 21(1) (a) to (e) of the OERC Generation Tariff regulations, 2024, and to disallow any capital expenditure that does not comply with the regulation.

As per GRIDCO, OHPC has claimed an estimated additional capitalization of Rs. 155.065 Crs. for FY-2024-25 and FY-2025-26, but there is a discrepancy between the approved figure by the Commission and the one submitted in the tariff application. The petitioner is requested to provide clarification and complete the

capital maintenance work of Chiplima, Upper Kolab in due time to avoid cost and time overruns. The petitioner is also requested to provide the status and planning of the approved capital maintenance work of various units, as per Case no. 56 of 2019.

The petitioner has requested to consider the Estimated Capital Expenditure for Capital Work for FY 2024-25 and FY 2025-26 for calculating ARR and determining tariff, as per Regulation 9(7) of OERC Generation Tariff Regulation 2020. However, the petitioner has failed to recognize that interest costs during construction are part of the capital cost, which can be recoverable through ARR and may be allowed by the Commission. The petitioner also failed to consider the possibility of cost over-run and time over-run, which could affect the benefit in terms of Interest on Loan and Return on Equity.

- (b) The Objector, Shri Anand Mahapatra, has submitted that the updated project cost after capitalisation and de-capitalisation is proposed to be double the original cost for FY26 and for which the Average Tariff of OHPC power stations has increased from 94 Paisa/Unit (FY25) to 120 Paisa/Unit. The project does not show an increase in generation, rather a baseless narrative about hydrology failure and the applicant's failure to meet design energy in previous years. A cost-benefit analysis of the additional capital cost incurred by OHPC after the cut-off date is necessary.
- (c) The Objector, Shri Anand Mahapatra, has submitted that the historic cost of five power stations, excluding UIHEP, as of 31.03.1996 is Rs. 479.80 Cr, while the original project cost is Rs. 1194.79 Cr. The total project cost of OHPC power stations is Rs. 1674.59 Cr. The Applicant decapitalizes Rs. 42.77 Cr, leaving a net additional capitalization of Rs. 1307.29 Cr. During FY25 & FY26, a sum of Rs. 155.07 Cr will be capitalized, increasing the additional capitalization of all OHPC Power Stations to Rs. 1462.36 Cr. The updated project cost of all OHPC power stations as of FY26 is Rs. 3137 Cr. OHPC claims ROE, Depreciation, and Interest on Loan considering these capitalization and project cost. The Applicant's updated project cost in the last tariff filing for FY25 was Rs. 2732.53 Cr, but in the instant application it rose to Rs. 3137 Cr. Therefore, a differential sum of Rs. 404 Cr cannot be traced out.

Rejoinder/Reply of OHPC

- (a) The amount approved by Commission for the proposed estimated capital works to be executed for the FY2024-25& FY2025-26 is Rs 166.34Crs.

- (b) The amount proposed as estimated capital works to be executed for the FY2024-25 & FY2025-26 is Rs 155.065Cr. However, OHPC has claimed the actual amount of above capital works for Rs 155.065 Cr based on the price discovered through tendering process.
- (c) Differential Project cost proposed in the Tariff for FY2025-26 is equal to GFA proposed in Tariff Application (Rs. 3136.952Cr) minus GFA approved by Hon'ble OERC for FY-2024-25 based on Audited Account of FY-2022-23 (Rs.2729.58Cr) i.e. Rs.407.37 Crs. The financial year wise break up of approved vis-à-vis proposed and differential project cost and the detail of capital expenditure has been enclosed.
- (d) OHPC has proposed these additional capitalization as per the provision envisaged in the OERC (Terms & Conditions for Determination of Generation Tariff) Regulation 2024 & previous Orders of the OERC.
- Accordingly OHPC has correctly claimed to deduct Rs.8.369 Cr as non-tariff income from the total projected ARR in line with the provision envisaged in the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024.

37. **ARR & Tariff**

Views of Objector(s)

- (a) The Objector, Shri Ramesh Satpathy, has submitted that the application for determining the generation tariff of OHPC for FY 2025-26 is not accepted by consumers in Odisha due to the virtual ownership of the OHPC by the Govt. Water Resource Department. The department should appear before the commission and provide their views.

The department has directed the OHPC to generate power below 600 Feet at HHEP, Burla, resulting in a 42M.U. generation loss and a total loss of around 150M.U. Similarly at Chipilima. The OHPC spent in RM & UR at unit 5 & 6 of HSEP, which should not be considered in this application

- (b) TPWODL has submitted that the Applicant's revenue requirement and tariff hike for FY 2025-26 is 27% higher than the approved figures for FY 2024-25, with 34% increase for Old Hydro Stations, 14% increase for Indravati Hydro Project, and 11% increase for Machkund Hydro Project. This increase would adversely affect the RST of DISCOMs and will be burden on consumers of Odisha. That, the significant increase in all the above expenses would impose excessive burden on the general consumers of the State, as this would be passed on to the ultimate users through

GRIDCO and DISCOMs. Therefore, Commission may critically examine the proposal of the applicant and take necessary steps in approving tariff.

- (c) The Objector, Shri Anand Mahapatra has submitted that the major capacity charges servicing the GFA : return of equity, depreciation, and interest on loan. Most fixed assets in the GFA have completed their life period, and loans for investment in projects have been cleared. The government grant capital deployed in the Enterprise is not assessed or disclosed. Depreciation charges are directly linked to loan repayment, and if no loan repayment occurs, there would be no depreciation charges and interest on loan chargeable to tariff. The Respondent urged the commission to investigate this matter before determining the tariff of OHPC Power Stations.

Rejoinder/Reply of OHPC

The proposed increase in ARR for FY 25-26 are mainly due to adjustment of project cost due to truing up of tariff for the period 2020-24, estimated additional capitalisation for capital maintenance works for FY2024- 25 & 2025-26, hike in rate of return in equity, claim of unapproved O & M for FY 2024-25 and consideration of capital spare & capital expenditure in O&M expense as per the provisions outlined in OERC Generation Regulation 2024. The detail justification of additional capitalisation and operation & Maintenance Expenses are mentioned in ARR & Tariff Application of OHPC for FY2025-26.

The proposed increase in ARR for FY 25-26 are due to increased maintenance costs and operational expenses reflected in the audited account for FY2023.-24 in comparison to same for the FY2022-23.

The proposed tariff is essential to ensure the financial viability and operational efficiency of our generating stations. These proposed additional capitalisation for different power stations of OHPC in the present tariff is crucial for improving reliability as well as increasing the operational life through Renovation & modernization.

The maximum generating units of OHPC power stations are operating at the fag end of their useful lives and require capital investment for need based capital maintenance and Renovation modernization work main training efficiency, reliability and life extension of the units. Further, the proposed increase in tariffs are essential to address the rising operational costs & maintenance expenses for reliable and high quality low cost power.

OHPC acknowledges that increase in tariff may impact general consumers through GRIDCO and DISCOMs. Nevertheless, these rises in tariff will have temporary hike in tariff for initial year of capitalisation. However, the hydro assets of the State shall be preserved for serving low cost power to the consumers of Odisha in long run.

OHPC is constantly losing energy charges for 78MU (i.e., 31.0MU for restriction up to 595ft RL & another 47MU for restriction from 595ft to around 600ft RL) every year on account of restriction in generation from Hirakud reservoir below 600ft. R.L by DoWR, Govt. of Odisha/ SLDC. OHPC has consistently been raising this issue in its earlier tariff applications. Furnishing all the facts in detail with prayer to the Commission either to consider the reduction in D.E of HHEP, Burla & CHEP, Chiplima proportionately or allow compensation in accordance with the Clause No.11 of the Electricity Act, 2003. Moreover, Hon'ble OERC at Regulation no. 45(7) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 had provided provision to compensate loss of Generation below: The saleable design energy, if these loss of generation is beyond the control of Generators.

OHPC has submitted that the Commission to decide.

The useful life of a hydro generator is 40years as per the Regulation 3(1)(sss) of the OERC (Terms & Determination of Generation Tariff) Regulations 2024. Accordingly, the Unit-5 has completed its useful life on 18.04.2002. Similarly, the Unit-6 of HHEP, Burla completed its useful life on 04.08.2003. So, even after completion of useful life of Unit-5 & 6 of HHEP, Burla, OHPC had made operational for another 10 to 12 years with minor capital expenditure to provide cheap power to the State of Odisha.

OHPC had to make Capital Investment for RM &U of Unit-5 & 6 to increase the useful life of these Units for another 35years. It will be worthwhile to mention here that OHPC has uprated the Installed Capacity of Unit-5& 6 from 37.5MW to 43.65MW each. So, although capitalization of RM&U of Unit-5 & 6 have some marginal increase in tariff in the initial years but have long term benefit to provide cheap power to the State of Odisha.

38. Annual Carrying Cost of GFA & ROE:

Views of Objector(s)

- (a) The Objector, Shri Anand Mahapatra, has submitted that the ROE, interest on loan, and depreciation have significantly increased compared to the previous year. The approved ROE for FY25 was Rs. 99.26 Cr, but proposed to be Rs. 123.55 Cr for

FY26. Making returns out of public capital, like equity, is illegal, and the applicant's return on equity should be dismissed in the tariff determination proceeding. Public utilities like OPGC, OPTCL, and GRIDCO cannot make returns on equity from public capital.

- (b) TPWODL has submitted that the Applicant's proposal for Return on Equity (RoE) calculation of Rs. 123.549 crore, considering 16.5% RoE as per the new OERC Regulations 2024 and provisions under the Power Purchase Agreement (PPA), is deemed excessive and should be critically examined by the Commission.

Rejoinder/Reply of OHPC

The increase in ROE from Rs99.26Crs (approved in FY2024-25) to Rs 123.55Crs (proposed in Tariff Application for FY2025-26) is due to increase in Gross Fixed Asset of Rs 407.37Crs as mentioned in para no.4 above & increase in rate of ROE to 16.5% is as per Regulation 28(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 read with PPA.

OHPC has proposed Return on Equity (RoE) @16.5% as per Regulation No. 28(2) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulation 2024 and as per the provisions laid at Clause No-9(ii) of Schedule-5 of the PPA of old power stations of OHPC & Clause No-11 of Schedule-5 of the PPA of UIHEP. The relevant clauses of PPA of old power stations of OHPC& UIHEP are reproduced below:

Clause No-9fii) of Schedule-5 of PPA of old power stations under head "Revision of Tariff" norm, is reproduced below.

"In case of any fresh guidelines /rules/ regulations issued by OERC/CERC regarding the tariff and its application and it shall be applicable from the date of its notification".

Clause No-11 of Schedule-5 of PPA of UIHEP" under head "Revision of Tariff", is reproduced below.

"The tariff shall be subject to revision at the time of renewal, replacement or extension of this Agreement or if required as a result of any guidelines/directives that Government of Odisha for GOI may issue from time to time regarding the tariff and its application".

Hence, it is clearly mentioned in the above Clauses of the PPA between OHPC & GRIDCO that in case of any fresh guidelines/ rules/ regulations issued by OERC/CERC regarding the tariff and its application and it shall be applicable from the date of its notification. In this context, the RoE @ 16.5% is applicable for storage type hydro generating station as per the above of the OERC (Terms & r Determination of Generation Tariff) Regulation 2024.

Further, it is pertinent to mention that Hon'ble CERC has set out the RoE @ 17% for storage type hydro, in the new CERC Tariff Regulation 2024, whereas this Commission has allowed lesser rate of RoE @ 16.5% to minimize the tariff burden on the consumers of Odisha.

39. Interest on Loan

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the interest on a loan was approved for Rs. 23.51 Cr in FY 2025 but has been doubled in FY 2026. The OERC Regulations, 2024, require the normative loan outstanding as on 01.04.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.03.2024 from the gross normative loan. The applicant has not submitted relevant data in the current application, and it is urged to submit the required data before the public hearing of the case

• Rejoinder/ Reply of OHPC

The power station wise detail Calculations of ARR along with its different Components has been enclosed at Original Tariff Application of OHPC for the FY2025-26.

40. TRUE UP

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the applicant, OHPC, has failed to file the Truing up Petition for the previous FY24 within the specified timeline, instead filing the ARR & Tariff Application for FY26 but denying the true up for the previous year. The Applicant has manipulated Regulation 11 & 12(3) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024. The applicant must review Regulation no. 12(3), which allows OHPC and OPGC to file annual applications for truing up expenses related to capital expenditure and additional capital expenditure incurred in the previous year for their existing generation plants/stations. The applicant must submit this information to the Commission, along with the Audited Accounts, extracts of books of account, and other necessary details, to assess the reasons for any variation in financial performance from the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges.

Rejoinder/Reply of OHPC

OHPC had filed the Truing Up of ARR for the FY2020-21 to FY2023-24 as per the Regulation No. 8(1) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulation 2020 & direction of Hon'ble Commission in the Order dated 08.06.2023 in Case No. 53 of 2022 & Case No.19 of 2023 regarding approval of true-up of ARR and Tariff of individual power stations of OHPC from FY2016-17 to FY2020-21.

Also, as per the Regulation No. 11 of OERC (Terms & Conditions for Determination of Generation Tariff) Regulation 2024 OHPC has considered the Gross Fixed Asset as on 31.03.2024 of the proposed Truing Up petition as opening capital cost for computation of Tariff for FY2025-26. OHPC shall submit the Truing Up petition for the previous year i.e. FY2024-25 at the end of the Tariff period (2024-2029) as per the provision envisaged in the Regulation 12 of OERC (Terms & Conditions for Determination of Generation Tariff) Regulation 2024.

41. Financial Performance of OHPC

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the Commission Wants to assess & examine the reasons for and extent of any variation in financial performance from the approved ARR and expected revenue from Tariff and Charges. As the Applicant is a wholly owned Govt of Odisha enterprise, Commission need to know their financial performance in relation to approved ARR, Tariff, and Charges. They are urged to request documents from the Applicant to assess their performance

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

42. Self-identified PSPs

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the OHPC has identified 10440 MW Pumped Storage Projects in Odisha districts and issued work orders for Pre-Feasibility Reports. However, there are questions about timelines for these projects. For the 1763 MW Pumped Storage Projects, timelines are given, with Balimela PSP 500 MW starting by FY27 and Upper Kolab PSP 600 MW (4x150) starting by FY27 and Upper Indravati PSP 600 MW (4x150) starting in June 2025 and commissioning by FY31. The

Levelized Tariff of individual PSPs is not disclosed. The Kharag hydro electricity project, 63 MW (3x21), will commence by FY 2026 and Commission by FY 2030. The levelized tariff for Kharag Small HEP is Rs. 5.40 per Kwh. The project is at an advanced stage, but it is not feasible to run at such a high tariff. The OHPC is urged to consider the issue of Levelised Tariff and make a decision in the interest of the State

Rejoinder/Reply of OHPC

Various studies and data collection for preparation of pre-feasibility report for proposed pumped storage projects at Kandhamal (5300 MW), Kalahandi (1000 MW), Deogarh (640 MW), Mayurbhanj (1000 MW), Boudh (1000 MW), Ganjam (1250 MW) and Nayagarh (250 MW) is under progress. Accordingly, OHPC will apply to State Nodal Agency (RENA) to take up feasible projects. Tentative Timeline has been provided by OHPC For Self-Identified Pumped Storage Projects.

43. Additional Submission filed during last Tariff Proceeding for FY25

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the applicant has failed to respond to objections filed by the OERC on 29.01.2024, even after one year. The additional submission alleges that 23240 MUs (@4648 MUs per annum) amounting to Rs. 13478 Crs has been stolen from the Power Houses of OHPC by Industries connected to the Primary Grid Sub-station. The applicant is urged to file a para-wise reply before the commencement of a Public Hearing so that OERC can address the issue in the interest of the State. The OERC is also urged to direct the applicant to file a para-wise reply and address the issue of loss of green power.

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

44. Timelines and Timeline failure Cases

Views of Objector(s)

The Objector, Shri Ananda Mohapatra, has submitted that the timeliness in the power sector is crucial for notifying regulations, forecasting demand and supply, R&M works, plans, and projects within deadlines, maintaining operational flow, and meeting the objectives under the Electricity Act objectives. It fosters cost effectiveness, reasonable tariffs, and customer satisfaction by delivering services on time. Timeliness also

improves the regulatory regime of the electricity, increases customer trust, and demonstrates professionalism and respect for utilities, clients, and consumers.

Timelines are crucial for the growth of the Applicant and Regulatory body, but they are often violated by all parties involved. The regulatory body fails to notify regulations on timelines, and power demand and supply forecasting is irregular. Business plans and projects are not approved on time, and replacements of defective transformers, meters, and electrical plants are not completed within regulated timelines. The Commission is urged to pay strict attention to these timelines to ensure stakeholder satisfaction and meet Act objectives.

Rejoinder/Reply by OHPC

No Comment has been made by OHPC.

45. Peak FRL attained by the Reservoirs during the year is ignored

Views of Objector(s)

The Objector, Shri Ananda Mohapatra, has submitted that the Applicant's Tariff applications for tariff determination do not include the actual peak FRL of the reservoir, as OERC Tariff orders do not provide such data. The Design FRL is provided, but the actual peak FRL is not. The Commission has not verified supporting documents while admitting the baseless narrative of the application. Therefore, the Applicant should be urged to verify evidential documents before admitting this baseless narrative called failure of hydrology in the interest of the State

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

46. Actual Peak FRL

Views of Objector(s)

The Objector, Shri Ananda Mohapatra, has submitted that the Applicant compares reservoir levels on a specific date in the current year (15.11.2024) to the same day in the previous year, but fails to provide information on the actual peak Full Reservoir Level (FRL) of the reservoir. The design FRL is provided in the application, but no actual FRL data is provided in the tariff proceeding. This raises questions about water utilization and why there is a low reservoir level in the current year compared to the previous year. The previous tariff proceedings did not address these vital questions, leading the Respondent

to urge the OERC to reject the baseless narrative and request relevant data for cross-verification of hydrology in the interest of the State

Rejoinder/Reply of OHPC

No Comment has been made by OHPC

47. Capital Maintenance work for replacement of MIVs of all generating units of UI HEP, Mukhiguda

Views of Objector(s)

GRIDCO Submitted that the OHPC has resubmitted its application for approval of capitalisation for the replacement of the MIV of four generating units, as per the OERC's direction during the hearing of Case No.54 of 2024. The total expenditure for the replacement of old MIV and control valves, along with a new seal control system, is RS.52.76.

GRIDCO has reviewed the petition and maintains its previous views, as stated below:

1. GRIDCO requests the Commission to thoroughly examine the capital maintenance for the four units of UIHEP to ensure cost efficiency and ensure affordable hydro power reaches end consumers without water spillage, preventing hydro power generation loss.
2. OHPC proposes a marginal tariff increase of 1.0569 paise/kWh for the replacement of MIVs for all four units of UIHEP. GRIDCO requests a detailed cost-benefit analysis of the capital maintenance proposal, estimated at 52.76 crore, to provide clarity and understanding. The Commission should direct this.
3. GRIDCO requests the Commission to issue directives to the Petitioner to ensure timely completion of the proposed capital maintenance work to avoid time and cost overruns.
4. GRIDCO requests directives from OHPC to ensure the availability of all four units of UIHEP during the critical summer months (April to June) to effectively meet peak summer demand.

Rejoinder

Response of OHPC has been discussed in the order.

48. **Public Servants do not pay public capital**

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the equity capital of public utilities, such as OHPC, OPGC, OPTCL, and GRIDCO, is not paid by public servants but by the people or private bodies. This equity capital is typically used for the welfare of the people. If the public fails to pay the required capital for the successful formation and operation of public utilities, the government seeks private or banking bodies to float adequate private capital through loans. 30% of the total private capital brought up by public utilities is eligible for return, so it is booked to equity. Public bodies, including regulatory bodies, do not make returns out of public capital as per the law. This good governance model was evident during the initial period of the regulatory regime of electricity in Odisha. However, after the breakup year 2009, the governance has depleted, and public bodies are now making returns out of public capital under the approval of regulatory bodies. Therefore Respondent urged the commission & Dept of Energy, Govt of Odisha, to intervene and pass necessary orders to stop making returns out of public capital and recover the public capital lying in the accounts of regulatory bodies..

Rejoinders/Reply of OHPC

No Comment has been made by OHPC

49. **Depreciation**

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the depreciation was approved for Rs. 70.15 Cr in FY25 but increased to Rs. 83.33 Cr due to full repayment of old loans and asset lifetime completion. Depreciation charges to Tariff should be lower. Previously, it was limited to Rs 30 Cr but has been approved more than double in the last 3-4 years. Therefore, it is urged upon The OERC should scrutinize the Capitalisation, GFA, and Cost-Benefit analysis and Govt Grants public capital in the current proceeding, passing prudent servicing charges of GFA in the state's interest.

Rejoinder/Reply of OHPC

No Comment has been made by OHPC

50. **Incomplete ARR & Tariff Application**

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that Regulation 30(3) of Generation Tariff Regulations, 2024 states that loan repayments for each year of the tariff period 2024-2029 should be equal to the depreciation allowed for the corresponding year/period. If assets are de-capitalized, the repayment should be adjusted by taking into account cumulative repayment on a pro rata basis, not exceeding the cumulative depreciation recovered up to the asset's de-capitalization date. The Commission clarifies that the loan repayment is equal to the depreciation, and no depreciation reserves will be accumulated over time. The applicant is urged to submit the repayment of loan, approved depreciation, and accumulated depreciation reserves for the last five years before a public hearing so that the tariff could be determined in a transparent manner.

Rejoinder/Reply of OHPC

As per the Regulation No. 15 of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, the project cost including any additional capitalisation shall be financed in following way:-

- (i) at least 70% of the funds deployed shall be financed by way of loan
- (ii) Balance shall be financed by way of equity.

In the event actual equity utilised is in excess of 30% of the project cost including any additional capitalisation, the excess equity over and above 30% of the funds deployed shall be considered as normative loan.

As per Regulation No. 31(5) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, for existing Hydro generating plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of the assets or loan repayment linked to that asset, whichever is higher. As per Regulation No. 30 of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, Depreciation as approved by Hon'ble OERC shall be utilised for repayment of loan.

However, since OHPC has not taken any actual loan, Hon'ble OERC allows depreciation considering 70% of the project cost as normative loan & thus normative loan shall also form a part of the accumulated depreciation. Therefore the contention of the Respondent is not correct.

51. **Salvage Value of Assets**

Views of Objector

The Objector, Shri Ananda Mahapatra, has submitted that the applicant has not submitted the list and value of fully depreciated assets with a 10% salvage value, violating Regulation no. 31(3). The applicant is urged to submit the data before a public hearing.

The O&M cost was approved for Rs. 317.89 Cr in the last Tariff for FY25, but the cost has been hiked by 27% and proposed to recover Rs. 402.89 Cr from the tariff in FY26. The hike is deemed unacceptable and a Cost-Benefit analysis is requested before Tariff determination.

Rejoinder/Reply of OHPC

As per provision envisaged in the OERC Generation Tariff Regulation 2024, the income generated from the sale of the scrap is included under deductible non-tariff income. OHPC is sharing the income from sale of scrap at a ratio of 50:50 from FY2021 -22 after publication of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020.

52. **Non-Tariff Income (NTI)**

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the application for Tariff FY26 reveals that the applicant credits Rs. 205.79 Cr under the head NTI, but sets aside Rs. 189.04 Cr from the tariff. The applicant claims that this income from investment is not chargeable to tariff, citing regulation no. 60 and 35 (2) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024. The applicant, a government body, belongs to the people and should be made aware of the reasons behind keeping this sum of Rs. 189.04 Cr outside the tariff determination regulation. The income from investment credited to the account of OHPC is public money, not private money of public servants. The applicant urges the commission to review its regulation and include the income from investment in NTI to make tariffs affordable for consumers in Odisha.

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

53. Average Tariff of OHPC Stations

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the Applicant's proposed Average Tariff for its six power stations is 119.78 Paisa/Unit for the upcoming year, compared to the approved average tariff of 93.67 Paisa/Unit for the current FY. This means the Applicant has hiked the average tariff by 26.11 Paisa/Unit, equivalent to 28% compared to the current year's effective tariff. The reasons for this hike are discussed in previous paragraphs, and the Respondent urged to reduce the average tariff below the current year's tariff and direct the Applicant to improve operational efficiency.

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

54. Reimbursement from GRIDCO

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the applicant is reportedly proposing eight times higher reimbursement from GRIDCO than the current year's approval, which was approved by the commission at Rs. 11.21 Cr, compared to the proposal of Rs. 33.75 Cr. The Respondent is urged to justify these higher claims before the public hearing

Rejoinder/Reply of OHPC

OHPC has rightly claimed the reimbursement from GRIDCO as per the OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020. For details of the reimbursement as claimed by OHPC, para no 16 of the Original ARR application for FY 2025-26 may be referred.

55. Sale of Power to Chhattisgarh (CSPDCL)

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the Unit Price of Sale of Power Chhattisgarh SPDCL from HHEP, Burla was approved for 219.67 P/U in FY24, reduced to 199.51 P/U in FY25, and proposed for 206.01 P/U in FY26. There is no reason to reduce the price below the approved price for FY24. The Respondent urged the

Commission to consider asset up-valuation and updated project cost after additional capitalization in the proceeding to determine the unit price of power sold to CSPDCL.

Rejoinder/Reply of OHPC

No Comments has been made by OHPC

56. Tariff for Machkund HPS

Views of Objector(s)

The Objector, Shri Ananda Mahapatra, has submitted that the Applicant proposes a unit price of 136.39 P/U for Machkund HPS power in the upcoming FY26, compared to the approved price of 116.97 P/U in FY24 and 123.65 for FY25, the unit price projected by the Applicant for ensuing FY looks very high and invites due scrutiny by experts paid for the purpose.

Rejoinder/Reply of OHPC

The tariff of Machkund is calculated by escalating the audited O&M expenses for the FY2023-24. The final O&M bill received from APGENCO for the FY2023-24 has been enclosed along with the Tariff application of OHPC for the FY2025-26.

57. Upcoming Hydro Projects of OHPC and Reliability of Power Supply

Views of Objector(s)

(a) TPWODL has submitted that the Central Electricity Authority (CEA) study from 2017-2023 estimated the country's total exploitable large hydropotential at 133.4 GW and identified pumped storage potential at 181.4 GW. In Odisha, the exploitable conventional hydro potential is 2825 MW, while the pumped storage potential is 5075 MW. The Objector respectfully requests that the Applicant informs the Commission on the identified capacity and any plans to develop these resources.

(b) GRIDCO has submitted the following:

- OHPC has submitted that as per their application, OHPC is actively involved in developing Floating Solar and Large Hydro Projects, including the 63 MW Kharag Hydro Electric Project in Kandhamal district, and Pumped Storage Projects like Upper Indravati, Upper Kolab, and Balimela.

- The Commercial Operation Date for hydro projects is projected to be after FY 2029-30, expected to boost economic development, create jobs, enhance infrastructure, and contribute to environmental sustainability.
 - The objector requests the Commission to issue directives to the Petitioner to prioritise and expedite the completion of these projects, as early completion would help to meet Hydro Power Obligation targets and optimize tariffs through effective utilisation of the State's hydro resources ensuring timely project completion without any time or cost overruns.
- (c) The Objector, Shri Anand Mahapatra, has submitted that the Applicant OHPC has made commendable efforts to improve power supply reliability during the peak summer period in Odisha. Despite timely efforts and cooperation, the reliability of power supply in Odisha is worst, as revealed by the Central Electricity Authority (CEA). The power analyst disagrees with the indices used to measure power supply reliability, such as SAIDI and SAIFI. The Applicant believes that people in rural areas do not require diesel generators for social, ceremonial, and political functions. They believe people have faith in the power supply and hope to achieve good power supply and that is my good reliability of power supply. I do hope, with your kind cooperation and support, we will be able to achieve the above target of good power supply by 2036 while our linguistic based State Odisha observing centenary foundation year.

The Electricity Act, 2003 provides a mechanism to improve the reliability of power supply in various states, including Odisha. However, the reliability indices on power supply are generally poor, with Odisha ranking very poor. In 2004, the Commission notified the Licensee's standard of performance regulations, which allowed the calculation of two major indices relating to power supply reliability per month per consumer. However, these regulations were limited to the two major indices, SAIDI & SAIFI (System Average Interruption Duration Index & System Average Interruption Frequency Index). The reliability indices Regulations did not have teeth to bite the failure of services. The matter of reliability of service was discussed in the Forum of Regulators constituted under the provisions of the Act.

In 2018, the Forum of Regulators (FOR) identified alarming indices of unreliable power supply in various states, including cities and rural areas. The FOR prescribed standards for SAIDI & SAIFI, recommending a normative index of 10 hours power

interruption per month for consumers under SAIDI and 15 power interruptions per month for consumers under SAIFI. Consumers in cities like Gujarat, Maharashtra, Madhya Pradesh, and other states are sustaining only 5 minutes and 5 interruptions per month. The OERC's 2019 normative indexes were not compared to the CEA report, which found that consumers in these cities only sustain 5 minutes and 5 interruptions per month. This raises concerns about the reliability of power supply, as the Central Government has developed five indices, including the two major indices SAIDI & SAIFI, to address these issues.

The power supply reliability in central Odisha, operated by TPCODL, is low, and by 2036, consumers in rural Odisha will not be using diesel generators for various social, ceremonial, and political functions. The State Power Sector Enterprises, including OHPC, OPGC, OCPL, OPTCL, GRIDCO, TPCODL, TPNODL, TPWODL, and TPSODL, are making profits. GRIDCO, being a power trader, made Rs. 1010 Cr profit in FY 2024, but for the State and Equity holders, it made losses. Therefore, the mission to dissuade the use of diesel generators by 2036 is not a difficult task

The regulatory body OERC needs to wake up new regulations for Licensee's Standards of Performance. The Commission should initiate calculations for the approval of normative indexes for SAIDI & SAIFI, at least for the Capital City of Odisha BBSR. If the power supply at BBSR improves by next year through proper implementation of the approved normative indexes, 2036 is not far away to achieve good power supply in Odisha. Good power supply in the Capital city of Odisha will serve as a beacon for other cities, municipalities, NACs, and Gram Panchayats. Therefore, Cooperation is sought on the issue to achieve this goal.

Rejoinder/Reply of OHPC

OHPC has already furnished the details status of the upcoming Pumped Storage projects & Hydro Electric Projects along with the Original Tariff application for FY 25-26.

After completion of RM & U works of Unit-1 to 6, the installed capacity of individual unit of HHEP, Burla was uprated & accordingly, the installed capacity of HHEP, Burla increased to 287.8MW from 235.5MW.

Further, 02 Nos of generating units (each having 75MW installed capacity) were commissioned during expansion of Balimela Hydro Electric Project, Balimela in the year 2008-09.

After acquisition of additional 20% share from Machkund Hydro Electric (Joint) Project, the Odisha share was increased from 36MW @30% to 60MW @50% of the total capacity of 120MW (i.e., 17MW x3 = 51MW and 23MWx3 = 69MW) of MHEP(It.) Scheme.

Hence, the installed capacity of OHPC is increased to 2099.8 MW from earlier value of 1873.5MW. So, there is a net addition of 226.3MW by OHPC.

Besides the above, OHPC has taken steps for setting up of Upper Indravati PSP at Kalahandi District having installed capacity of 600MW, Upper Kolab PSP at Koraput District having installed capacity of 600MW, Balimela PSP at Malkangiri District having installed capacity of 500MW and Kharag Hydro Electric Project at Kandhamal District having installed capacity of 63MW. These plants are expected to be operational by 2032. Hence, total upcoming addition of install capacity would be around 1763MW.

58. **Encroachment-free quarters**

Views of Objector(s)

The Objector, Shri Krupasindhu Biswal, has submitted that –

- (a) The OHPC has not improved its installed capacity due to various reasons. Policy issues need to be addressed urgent to save costly properties, such as vacant land and buildings, from unauthorized occupation or unauthorized use. Proper utilization of surplus land and buildings could generate revenue from other sources, benefiting the state by higher dividend payments and consumers by lowering generation tariff.
- (b) Encroachment-free quarters and lands can significantly reduce electricity and water usage by unauthorised occupants without any payment to the Corporation
- (c) The Rengali Hydro Electric Project and UKHEP's controlling office was relocated to rented accommodation without claiming property in the EIC office, resulting in OHPC being deprived of its share of land and buildings at Bidyut Bhawan and EIC office premises. OHPC also failed to claim property in Bhubaneswar, operating in rented buildings for 29 years. The OHPC Ltd., the legal heirs of the former OSEB and Chief Engineer, is now an orphan corporation.

- (d) Gold-rated State PSU faces significant monthly rent payments for its corporate office building, which are loaded into the Generation Tariff. The corporation lacks a guest house, resulting in monthly expenditures. A guest house could save the corporation lakhs of rupees. OHPC Ltd. is facing revenue loss due to large-scale encroachment of land and buildings in various units, with 30-40% of quarters and land under unauthorized occupation. This unauthorized occupation results in a significant revenue loss for the corporation. The collection of these bills could have provided a significant income source and potentially lower the generation tariff.
- (e) OHPC Ltd. could establish solar projects in surplus lands around the Power House and colony areas to increase its installed capacity and potentially earn crores of rupees. However, the company has not received the right of return for these assets, making asset monetization difficult. The government provided large tracts of land for construction of projects, but many remained vacant due to employee transfers or retrenchment. Retirements also reduced the number of employees in each project, leaving surplus quarters vacant. Policy changes have led to outsourced work, resulting in a decrease in regular employees and surplus quarters. Accommodation rules for employees do not address surplus quarters, leading to unauthorised encroachment.
- (f) The OHPC is facing shortage of single accommodation for regular employees, trainees, and executives, leading to an acute surplus. They are provided joint accommodation instead of single quarters. Agencies employing workers for outsourcing through contracts contribute significantly to the project running, but are denied quarters due to existing corporation rules and unauthorized occupation by outsiders. Outsourced employees, including security guards, data entry operators, attendants, and AMC workers, are primarily low-paid and contribute significantly to the organization's profitability. The OHPC has the option to allot quarters for outsourced or contract employees' accommodation and rental collection, but this is not feasible due to the absence of provisions in the Accommodation Rules or rampant encroachment. Low-paid employees' families face hardship in the project area due to the lack of private houses and affordable housing, while outsiders enjoy free quarters without paying rent, water, and electricity charges. Single accommodation is not possible due to unauthorized occupation of OHPC quarters and encroaching of lands in colonies and power house peripheries.

- (g) Even the unauthorized occupants are staying in some of the old & damaged quarters. In case of any eventuality, there will be unnecessary legal complications which are to be time consuming and expensive to resolve.
- (h) The petitioner has not mentioned income from other sources or plans to free costly lands and buildings from encroachers. Additionally, the petitioner has not mentioned its share of land and building at Bhubaneswar from GRIDCO/OPTCL and EIC (Electricity)-Cum-PCEI, Odisha as the legal heir of the former OSEB/Office of Chief Engineer (Projects) as per Transfer Scheme Rules 1996.

Rejoinder/Reply of OHPC

OHPC has submitted the following:

- a) Action is being taken at the respective Unit level for eviction of unauthorized occupation from OHPC properties. The support of District Administration is being sought in this regard by respective Unit management.
- b) At the time of transfer of the assets of the projects to the control of OHPC, the lands and buildings were in the name of either erstwhile OSEB or Irrigation & Power Deptt. ROR Revenue Deptt./ Forest Deptt. After formation of OHPC, the process of transfer of ROR of the project lands and buildings have been initiated and in some cases, the process of ROR has already been completed.
- c) At the time of construction of the projects, a good number of Quarters were constructed at the project sites, which were subsequently transferred to OHPC as per the provisions of OER Act,1995 and Transfer Scheme Rules,1996 and Transfer Scheme (Amendment) Rules,1997. Action is being taken at the respective Unit level for eviction of un-authorised occupation from OHPC properties. The support of District Administration is being sought in this regard by respective Unit management.
- d) It is submitted that though the office building of O/o EIC, Electricity was transferred to OHPC as per the OER Act, 1995 and Transfer Scheme Rules, 1996, due to shortage of space in the said building, the corporate office of OHPC was shifted to a rented building of OSPH&WC at Bhoi Nagar and subsequently it was shifted to Old finance building of OPTCL.
- e) OHPC has constructed its own Corporate Office at Shakti Bhawan Complex at Bhoi Nagar.

- f) OHPC is paying Rs.20, 36,684/- (including GST) to OPTCL for utilizing the old Finance building of OPTCL for functioning of its Corporate Office, which has very negligible impact on tariff.
- g) OHPC has its own rules regarding admissibility of expenditure on accommodation of Executives & Non-Executives at Bhubaneswar or any other places inside and outside Odisha. By the above process, the Executives and Nonexecutives avail the hassle free accommodation as per their entitlement and suitability at their convenient places.
- h) At the time of construction of the projects, Departmental Quarters were constructed at the project sites which were subsequently transferred to OHPC as per the provisions of OERC Act, 1995 and Transfer Scheme Rules, 1996 and Transfer Scheme (Amendment) Rules, 1997. Due to reduction of manpower in the Units for retirement/death/ resignation of employees, Quarters are becoming surplus in the Units. But the Quarters are very old and some of them are inhabitable & unserviceable. Action is being taken to identify the requirement of Quarters in the Units and thereafter the surplus and inhabitable Quarters will be demolished/ transferred as per the procedure of the Govt.
- i) OHPC is a Hydro Power Generating Company, whose primary responsibility is uninterrupted power generation for the interest of the public and State as a whole. Renting out the Quarters and collecting revenue out of that are not the aim of OHPC and the surplus Quarters will be dealt as per the rules of the Corporation or Govt. as the case may be.
- j) GEDCOL has already installed 1 MW solar power plant by utilizing surplus land in UIHEP, Mukhiguda which is in operation.
- k) The averments made in the paragraph are not correct hence denied. After formation of OHPC, the work of transfer of ROR of Project lands in the name of OHPC has been substantially developed. The present status of the ROR of lands are given below:
- ROR of an area of Ac.170.68 Dec. land under BHEP, Balimela has been transferred in the name of OHPC. Action is being taken for transfer of the balance of the project to the name of OHPC
 - For transfer of ROR of an area of Ac.207.40 Dec. of land under UIHEP, Mukhiguda has been approved by Govt. in DOWR which is to be transferred in

the name of OHPC. Action is being taken for completion of the ROR work shortly.

- ROR of an area of Ac.149.28 Dec. of land under RHEP, Rengali has been transferred in the name of OHPC. Action is being taken for completion of the ROR matter shortly.
- Similar action is being taken at HHEP, Burla and CHEP, Chiplima for transfer of the ROR of project lands in the name of OHPC in cooperation of the Chief Engineer & Basin Manager, Upper Mahanadi Basin, Burla.

- l) Although there is no such provision in the OHPC Residential Accommodation Rules, administrative decisions are being taken by the authorities of OHPC as and when required. The matter has been discussed time and again in the review meeting of Unit heads taken by the CMD and the issues relating to the unauthorised occupation are addressed accordingly. However, the Unit heads are allotting the surplus Quarters to the outsourced personnel engaged in the Units as per practice.
- m) The averments made in the paragraph are not correct hence denied. Although there are surplus Quarters in some Units in number, but there is shortage of Quarters as per the eligibility of the Executives and Non-Executives for which new Quarters are being constructed at different Units. Action is being taken to adopt a suitable decision with regard to surplus uninhabitable Quarters in the Units as per procedure.
- n) Although there is no such provision in the OHPC Residential Accommodation Rules for allotment of Deptt. Quarters to the outsiders or contractual/outsourced personnel, administrative decisions with regard to the issue are being taken by the authorities of OHPC as and when required. They are being allotted surplus Quarters at the Unit level as per practice to protect the Quarters from unauthorized occupations.
- o) Due to non-availability of ROR of the project lands in the name of OHPC, sometimes we face the problem of filing eviction proceeding against the unauthorized occupants. However, with the help of the District Administration the authorized occupants of the Deptt. Quarters are evicted & the Deptt. Quarters are used as per requirements of the Unit(s).
- p) As per practice in the Units the outsourced personnel engaged through agencies for performing project related works are being provided accommodation by the Units as per practice.
- q) Sometimes problems have been faced in eviction of unauthorized occupants from the Deptt. Quarters due to want of ROR of the project land in the name of OHPC. It is

also observed that a good numbers of Quarters allotted to outsiders are not vacated and the occupants also do not pay the water charges and electricity charges and OHPC, being the owner of the Quarters is dragged to unnecessary litigation.

- r) The averments made in the paragraphs are not correct hence denied. The trainees (TNE, JM, and AM) are accommodated in the training hostels meant for them and are also provided suitable accommodation as per suitability.
- s) Tariff application of OHPC has been filed basing on the provisions of the OERC (Terms & Conditions of Generation Tariff) Regulations, 2024 and as per terms of the mutually agreed PPA. There is no such provision for considering the facts mentioned by the Respondent in the Tariff application.
- t) OHPC has already requested Govt. of Odisha for transfer of the land measuring Ac.4.16 Dec. with building at Bhubaneswar from OPTCL to OHPC for functioning its Corporate Office and construction of Deptt. Quarters at Bhubaneswar for the employees (Executives & Non-Executives) of Corporate Office.

59. Vision Document

Views of Objector(s)

The Objector, Shri Ramesh Chandra Satpathy, has submitted that the OHPC has not yet published their vision document for future planning, as per the Commission's directives in Tariff orders. The OHPC should publish their vision documents before the hearing of the Tariff Orders. In this connection, the order of the Commission has not yet been accepted by the OHPC

Rejoinder/Reply of OHPC

OHPC prepares its annual budget based on the prevailing circumstances and accordingly it follows the same. OHPC has also complied to the directives issued by the Commission in the different Tariff Orders. The Reply to the directives of OERC has been submitted along with Tariff Application of OHPC for FY2025-26.

60. Providing incorrect information

Views of Objector(s)

The Objector, Shri Ramesh Chandra Satpathy, has submitted that the OHPC has been providing incorrect information about employee costs to the Commission, leading to around 500 workers being engaged in sanctioned posts. The OHPC has been urged to regularize these workers without recruiting outsiders. The Commission should direct the

OHPC authorities not to place the upvaluation demand of the Government of Odisha, as it has already been settled and finalized by the OERC in their last ARR orders for FY 2019-20.

61. **Power generation**

Views of Objector(s)

The Objector, Shri Ramesh Chandra Satpathy, has submitted that the OHPC is now functioning as a subordinate office of the Water Resource Department of the Government of Odisha, violating the Electricity Reform Act, 1995. The OHPC is not allowing low-cost power generation for state consumers, such as the Hirakud Dam at Burla, which is not allowed to generate power up to 600' water level. The government's decision to increase the generation water level from 590 RL to 600 RL at Burla is strongly opposed. The water resources department has failed to collect Rs. 400 crores from water-using industries since 2011, which could adversely affect consumer interests. The government should produce a detailed list of industries using water from 2011 to November 2023, along with outstanding dues.

Rejoinder/ Reply of OHPC

The observation of the Respondent is stated to be not true as OHPC is a Board Driven Company & all the policy/ major decisions are taken by its Board of Directors.

OHPC generates its power from storage type multipurpose reservoir where electricity generation is prioritized after flood control, irrigation & water supply requirement. Operation of all these reservoirs are under the control of DoWR. The actual generation schedule of different Power Stations under OHPC is prepared on the basis of the availability of water, irrigation requirement and peak load requirement of power in co-ordination with DoE, DoWR, GRIDCO and SLDC.

As per the direction of the Hon'ble High Court, and provisions under the Executive Instruction of DoWR, vide its office letter no.25983/WR dtd. 01.10.2013, OHPC has been raising energy compensation bill against the industrial drawl of water from the reservoirs where the OHPC power stations are situated & has received total amount Rs 22.1992Cr from HHEP, Burla up to January 2024 & Rs0.55937Cr from CHEP, Chiplima up to September 2024. The detail of industry wise of revenue has been enclosed along with original Tariff Application of OHPC for the FY 2025-26.

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

62. Miscellaneous earnings of OHPC

GRIDCO has submitted that the petitioner, a power company, generates a significant portion of its income from non-tariff income, including power sales. The annual Audited Accounts for FY 2023-24 show miscellaneous earnings of Rs.358.01 Crs., but only Rs.8.369 Crs. is deducted as non-tariff income from the projected ARR of OHPC, according to Regulation 35 of the OERC Generation Tariff Regulation, 2024. The Commission is requested to consider this significant non-tariff income.

The Commission is requested to factor the miscellaneous earnings/revenue of OHPC into the ARR for FY 2024-25 to optimize the BSP Tariff in the interest of State consumers, considering the relevant facts.

63. Other issues

Views of Objector(s)

The Objector, Shri Ramesh Chandra Satpathy, has submitted that -

- (a) The Commission should direct OHPC to produce GEDCOL's detailed loss and profit balance sheet, Board of Directors' performance, and a detailed status report of Shakti Bawan at Bhubaneswar the total amount utilised by OHPC in the project.
- (b) OHPC, has been paying a 05MW share to Chhattisgarh Power Distribution Corporation from Hirakud, as per the Minutes of Meeting dated 24/12/2004. The petitioner opposes this as there is an ongoing water dispute between Odisha and Chhattisgarh Govts, and the current status report of Mahanadi Water flow from Chhattisgarh should be produced before the case's hearing.
- (c) The OHPC should consider the Interest During Construction (IDC) of R&M work in Unit-5 & 6 of HHEP, Burla in their application, but this is opposed as OHPC is a profit-making unit and pays taxes regularly to the government. The Income Tax paid by OHPC should be adjusted against GRIDCO dues for consumer interest.
- (d) The Commission should not accept the interest payment on Govt investment at UHEP against the loan, as the project was started in 1977 and completed in 1999. The increasing loans and interest should not be considered in tariff applications. Some retired workers have not received pensions under the Common Pension

Scheme 2012, as per the Supreme Court of India's order. The government approved the pension scheme in 2011, which should be considered as the timeline of engagement for workers eligible for the scheme.

Rejoinder/Reply of OHPC

OHPC has capitalized cost towards construction of Shakti Bhawan building for Rs 79.37 Crs during FY 2023-24.

The drawl of power by Chhattisgarh from Hirakud generation towards their 5MW share is an interstate issue, and therefore Govt. of Odisha is competent authority to take any further decision in this regard. Further, Hirakud Dam is a multi-purpose project & is under the control of Do WR, GoO. Regarding water flow to Hirakud Reservoir from Chhattisgarh as assessed, calculated & enrolled by DoWR, GoO. OHPC generates power as per the schedule of generation fixed by SLDC.

Interest During Construction (IDC) is a part of Capital cost for Renovation & Modernization work of different Units of a generating station as per the clause no.9(1)(a) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2020.

Objector's claim that being a profit making organization, OHPC should be deprived of getting IDC and to be adjusted with the dividend paid to Govt. is not correct and against the provision envisaged in the OERC Generation Tariff Regulation, 2020.

The Commission at clause no. 21 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2020 under the head Tax on Income has stipulated the following:

“Income tax of the Generating Company tariff be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business.”

OHPC claims reimbursement of Income Tax as per the provision mentioned above. Further adjustment of dividend against outstanding dues of beneficiary is nowhere provided in OERC Generation Regulation 2020.

After public hearing the Original Project Cost of Rs1194.79Crs for UIHEP was approved by OERC in Case No 60/2007, the Tariff Order of OHPC for the FY2008-09. Again Commission in the Para 131 of Compendium of Tariff Order of OHPC for FY 2013-14

has observed that after total repayment of Govt. loan as approved above, this loan repayment may start at the same rate of Rs.30.23 Cr. each year i.e., beginning tariff 2026-27. The interest component will be considered after the total repayment of the principal in line with the Govt. Accordingly, as per earlier directions of the Commission, OHPC has not considered any impact of at on Govt. Loan & Normative Loan of Rs 78.74Cr in respect of UIHEP for Tariff Calculation 2024-25 and shall claim its impact from FY2027-28.

As per the OHPC Uniform Pensionary Scheme, 2012 approved by Govt. of Odisha, the employees in the non-pensionary category transferred to the OHPC on & after 01.04.1996 & employees recruited by OHPC between the date of its incorporation & 31" December, 2004 shall be eligible to the pensionary benefits.

64. **VIEWS OF CONSUMER COUNSEL**

On behalf of Consumers, the World Institute of Sustainable Energy (WISE), Pune the Consumer Counsel had made a presentation on the Analysis of ARR and Tariff filing of OHPC for 2025-26. The Consumer counsel's observations /suggestions are summarized below:

- a) Total installed capacity of OHPC owned hydro station is 2099.8 MW (2039.8 MW from OHPC hydro power plant + 60 MW from share of Machhkund). After completion of RM & U works of Unit-5&6 of HHEP, Burla, each unit was uprated from 37.5MW to 43.65MW.
- b) The Commission in its order dated 20.03.2020 vide case no. 52 of 2019 has re-determined NAPAF of OHPC Stations for the control period from 01.04.2019 to 31.03.2025 also extend for FY 2025-26 for recovery of Capacity Charges.
- c) The Commission may review the reservoir level as on Nov 2024 vis-a-vis the level recorded as on November 2023 and the anticipated and actual generation projected by the Petitioner carefully. The reservoir level as on Nov 2024 are noted to be lower (Except BHEP) compare to the level recorded as on Nov 2023; also, anticipated generation for FY 2024-25 is projected to be higher than FY 2023-24 by around 27%. The Commission may review the same.
- d) The consumer counsel strives to bring to notice of Commission that RHEP and HHEP are performing well and are having positive fund amount in Secondary fund. However,

Generation of UKHEP is on lower side, w.r.t design energy. In FY 23-24, total generation was increased by 7.5%.

- e) OHPC has considered the historical cost of its power stations as on 01.04.1996 plus new capitalization and decapitalization after 01.04.1996 up to FY 2023-24 along with estimated capitalization for next two years for computation of tariff for FY 2025-26.
- f) OHPC is claiming for tariff determination for FY 2024-25 considering already approved additional capitalization of Rs. 1096.44 Cr (up to FY 22-23), and additional capitalization of Rs.113.64 Cr (FY 2022-23 audited)
- g) The petitioner has claimed Rs 155.065 Cr. as estimated additional Capitalisation during FY 2024-25 & FY 2025-26. The projected capitalization should not be considered for tariff determination of FY 2025-26.
- h) Capitalization during FY 2023-24 may be reviewed as per the OERC Generation Tariff Regulations. Capital asset not in put to use may not be considered. Details of cost overrun and time overrun, if any, may be submitted. Increased capitalization may correspond to increased energy generation.
- i) OHPC has not considered interest on government loan and normative loan of UIHEP for FY 2025-26 as per the directives of the Commission in previous orders. Cumulative interest of these two loans is also not claimed.
- j) OHPC has computed depreciation for FY 2025-26 @ 2.57% of Project cost /GFA. The unit wise depreciation so calculated has been compared with loan repayment and whichever is higher has been considered as depreciation. OHPC in the present tariff application has claimed the normal depreciation of Rs 83.33 Crs for FY 2025-26. Depreciation should be allowed as per clause 31 of the OERC Generation Tariff Regulations, 2024, i.e. for existing plants of OHPC, as per the direction of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by Government of India. The Commission in FY 2024-25 tariff order observed that OHPC has not submitted the details of assets station wise, year wise, pre 1992 asset, additional assets capitalised, asset class and IDC not allowed as per IND AS and hence, depreciation was calculated @ 2.57%.
- k) OHPC has claimed expenses on O&M as per clause no. 34 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024.OHPC has escalated average O&M of different power stations (FY 2022-23 and FY 2023-24),

@5.72% twice to arrive at the O&M expenses for FY 2025-26. Further capital expenditure considered under O&M, corporate office expenses and unapproved expenses for FY 2024-25 are also considered. OHPC has deducted Rs. 2.43 Cr. from O&M expenses of UIHEP for FY 2024-25 on account of dam maintenance expense receivable from DoWR. The average O&M cost may be verified as per audited account. The escalation factor may be approved as per the provisions given in OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. In general, escalation rate of 5.47% has been provided in the Regulations. In case of capital expenditure considered under O& M: additional capital expenditure of an individual asset costing less than Rs. 20 lakhs, additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs. Details of corporate office expenses may be submitted by the Petitioner which can be reviewed. The expenses already disallowed for FY 2024-25 cannot be recovered through FY 25-26 tariff. The Commission may verify the amount to be received from DoWR towards Dam Maintenance Sharing of UIHEP.

- l) OHPC has claimed interest on working capital on normative basis as per provision under clause no. 32(4) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. Interest is calculated based on the SBI Marginal Cost of Funds based Lending Rate (MCLR) prevailing on 01.04.2024 i.e. 8.65% plus 300 basis points; i.e. 11.65%.
- m) Working capital may be approved based on approved O&M cost and receivable according to annual fixed cost.
- n) OHPC has claimed Non-tariff income (NTI) as per Clause 35 & 60 of OERC Generation Tariff Regulations, 2024 and the amount of Rs 8.369 Cr is considered as 50% of sharable non-tariff income. Further, as per review order, OHPC has adjusted 3rd instalment (Rs.4.954Cr) of recovery of excess NTI deducted by the Commission in FY 2021-22. The same may be reviewed by the Commission.

65. OBSERVATIONS OF THE STATE ADVISORY COMMITTEE (SAC)

The Commission convened the 37th SAC meeting for discussion on the ARR and Tariff proposals of the Licensees on 1st March, 2025. During the meeting, the Consumer Counsel appointed by the Commission, i.e. World Institute of Sustainable Energy (WISE), Pune, made brief presentation on the important issues in the Tariff

Applications filed by the OHPC before the Commission. The Advisory Committee discussed the various issues related to the tariff applications and made valuable suggestions on the proposals. A brief summary of the suggestions of the Members during the meeting, with respect to OHPC is given below:

- (a) The Design Energy of the OHPC generators should be tracked annually and in case of any deficit which requires capital investment, should be taken care of. This would help in availing the benefit of the actual design energy considering it's the cheapest electricity available.
- (b) The Commission should discuss the matter of Hirakud Power House with Department of Energy and Department of Water Resources (DOWR), GoO, regarding the reason behind not permitting the reservoir level to go below 600 ft. As a result of this, the full utilisation of the water is not happening.
- (c) The actual energy generated by HEPs is less than the design energy in case of Upper Kolab, Upper Indravati, Chiplima and Balimela HEPs and as per regulations, if the actual energy generated by HEP is less than design energy continuously for 4 years, OHPC can approach CEA for revision of design energy.

In response to above observations/suggestions of SAC Members

- (d) OHPC informed that OHPC had carried out a study in 2006-07 which was submitted to the Commission in the year 2009-10. But the said proposal was not approved. However, if the Commission directs for revision of the design energy, the exercise would be taken up accordingly. Addressing the water reservoir level of Hirakud, he said that OHPC is allowed to drop down upto 600 ft while the actual design is for reservoir level of 590 ft. This issue had been discussed with the Department of Water Resource (DOWR) which has categorically told that since it's a multipurpose project, Irrigation requirement takes the precedence over power generation. Considering the data from meteorological department, they tend to keep some cushion and inform OHPC, the level for operation. He requested the Commission to issue an advisory note to DOWR to allow OHPC to generate upto the design reservoir level. Regarding the Small Hydro Electric Projects (SHEP), he informed that, the subsidiary of OHPC, Green Energy Development Corporation (GEDCOL) has been given the mandate to operate SHEPs. The SHEPs that were assigned have been worked out in coordination with the Renewable Energy Nodal

agency and DOWR. DOWR has given observations on the DPRs prepared, concerning the reduced discharge available. Therefore, DPRs would be revised in coordination with the Renewable Energy Nodal agency. OHPC is aggressively taking up the Pumped Storage Projects (PSPs). He said that the construction work for Upper Indravati PSP having capacity of 600 MW will commence in 2025-26 and it will be completed by FY 2030-31. He requested the Commission for approval of the pending application for funds requirement for these PSPs.

66. VIEWS OF GOVERNMENT OF ODISHA

The Department of Energy, Government of Odisha has communicated their views on the tariff proceeding of the Commission for FY 2025-26 vide their letter No.PTI-Eng-TDER-OERC-0001-2021/3941 dated 21.03.2025. The views of Government of Odisha is as follows;

Keeping in abeyance of up-valuation of assets:

Regarding the issue of up-valuation of assets pertaining to OPTCL, Generators and other Licensees, the Government for the time being agree with views of the Commission to keep in abeyance the up-valuation of assets like previous years. Considering the present difficult situation, the Govt. agrees to extend the status-quo on up-valuation for 5 years for FY 2021-22 to 2025-26.

ANALYSIS AND OBSERVATIONS OF COMMISSION ON OHPC'S PROPOSAL (PARA 67 to 84)

67. The Commission has carefully examined and analysed the proposal of OHPC. The written and oral submissions of the Objectors have been considered while determining the tariff. In the tariff proposal, OHPC has furnished technical information such as type of Hydro stations, Normative Annual Plant Availability Factor (NAPAF), potentials of energy generation and financial details like capital cost, calculation of depreciation, interest on loans, interest on working capital, Operation & Maintenance (O&M) expenses etc. of all Hydro power stations. The apportionment of capital cost, audited figures for additional capitalisation, O&M expenses in respect of each Hydro stations have also been provided along with tariff calculations.
68. Section 61 of the Electricity Act, 2003 provides that the Commission shall specify the terms and conditions for determination of tariff and while doing so, shall be guided by the

principles and methodologies specified by the Central Commission for determination of the tariff applicable to the Generating Companies. Accordingly, the Commission in exercise of the powers conferred by Section 61 read with Section 62 (1) (a), 86 (1) (a) & (b) and Section 181 of the Electricity Act, 2003, has notified the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 (in short Generation Tariff Regulations, 2024) on 06.11.2024. The Commission, while disposing the present petition of the applicant for determination of ARR and tariff of OHPC power stations for the FY 2025-26, has followed the said Regulations read with relevant provisions of Electricity Act and OERC (Conduct of Business) Regulations, 2004.

69. During the course of public hearing, the Objectors raised certain issues having direct impact on tariff of OHPC and OHPC has responded to their queries. Commission's analysis on the issues related to tariff of OHPC are discussed as under:

- Power Procurement from OHPC
- Project Cost
- Annual Fixed Cost
- Two-part Tariff (Capacity Charge & Energy Charge)
- Tariff for Chhattisgarh State Power Distribution Company Limited (CSPDCL)
- Issues relating to Machhakund Hydro Electric Project

70. The present installed Generation capacity of various Hydro Power Stations owned by OHPC is 2099.80 MW including 50% share of Odisha from MHEP (60 MW) and net increase in capacity addition of 36.3 MW due to acquisition of additional 20% stake from MHEP and uprating (24 MW) of Units #5 & 6 of HHEP (12.3 MW).

71. **Reservoir level Design Energy of Hydro Power Stations and Anticipated Generation from OHPC for the FY 2025-26**

(a) The energy sold by different hydro station for the period from FY 2020-21 to FY 2023-24, the reservoir level as on 15.11.2024 and actual/anticipated energy generation of all HEP of OHPC for the FY 2024-25 are given in the following Tables.

Table-30
Energy Sold by different power stations from the FY 2020-21 to the FY 2023-24

Sl. No.	Name of the Power Station	Design Energy (DE)	Saleable Design Energy (DE)	Actual Sale of 2020-21 (In MU)	Actual Sale of 2021-22 (In MU)	Actual Sale of 2022-23 (In MU)	Actual sale of 2023-24 (In MU)
1	RHEP	525.00	519.75	980.77	837.92	732.53	754.79
2	UKHEP	832.00	823.68	771.26	440.01	531.94	565.33
3	BHEP	1183.00	1171.17	1594.30	1001.96	980.72	1012.07
4	HHEP	684.00	677.16	613.82	700.72	886.34	850.22
5	CHEP	490.00	484.12	322.37	263.24	319.53	294.70
6	UIHEP	1962.00	1942.38	1713.10	1124.80	1351.49	1687.00
Sub-Total		5676.00	5618.26	5995.62	4368.65	4802.55	5164.11
7	MHEP	262.50	259.35	298.97	315.24	254.23	386.13
Total		5938.5	5877.61	6294.59	4683.89	5056.78	5550.24

Table-31
Reservoir level of Hydro power stations of OHPC

Sl. No.	Reservoirs	As on 15.11.2024
1.	Rengali	120.75mtr.
2.	Kolab	855.38mtr.
3.	Balimela	1505.80ft.
4.	Hirakud	626.04ft.
5.	Indravati	634.33mtr.

Table-32
Actual /Anticipated Energy Generation of Hydro Power Stations of OHPC for the FY 2024-25

Sl. No.	Name of the power stations	Approval of the Commission for state drawl of energy for the FY 2024-25 (in MU)	Actual generation from 01.04.24 up to 15.11.24 (In MU)	Anticipated generation from 16.11.24 to 31.03.25 based on DoWR & DoE Schedule (in MU)	Total Anticipated generation for the FY 2024-25 based on DoWR & DoE Schedule (in MU)
1.	RHEP	519.75	721.1576	215.00	936.1576
2.	UKHEP	823.68	522.7320	399.00	921.7320
3.	BHEP	1171.17	1220.3210	631.00	1851.3210
4.	HHEP	660.52	706.4060	109.00	815.406
5.	CHEP	485.10	178.4610	72.00	250.4610
6.	UIHEP	1942.38	1044.3025	713.00	1757.3025
Total		5602.60	4393.3801	2139.00	6532.3801

OHPC has submitted that there shall be surplus energy generation of 856.3801 MU against the approve designed energy of 5676 MU.

- (b) The design energy of all the six generating stations of OHPC (RHEP, UKHEP, BHEP, HHEP, CHEP & UIHEP) is 5676 MU. After deducting 1% towards auxiliary

energy consumption & transformation loss and energy equivalent to 5MW share of CSPDCL the saleable energy to GRIDCO works out to 5601.62 MU. The Commission observed that as per the MOM, Chhattisgarh State Power Distribution Company Limited (CSPDCL) (erstwhile Chhattisgarh State Electricity Board) shall draw its share of 5 MW from Hirakud Power Stations. As per the agreement between OHPC and CSPDCL, pending the disputes on computation of quantum of supply of power on RTC basis with or without consideration of PLF, 16.644 MU of energy shall be supplied to CSPDCL from Hirakud Power Station annually.

- (c) The Design Energy and saleable energy of all the six power stations of OHPC considered for computation of tariff for the FY **2025-26** are given in the table below:

Table – 33
Design Energy & Saleable energy approved for the FY 2025-26
(in MU)

Sl. No.	Name of the Power Station	Design Energy for FY 2025-26	Auxiliary consumption considered (1%)	Energy Approved for Sale to GRIDCO for the FY 2025-26
		(1)	(2)	(1)-(2)
1	RHEP	525.00	5.25	519.75
2	UKHEP	832.00	8.32	823.68
3	BHEP	1183.00	11.83	1171.17
4	HHEP	684.00	6.84	660.52*
5	*CHEP	490.00	4.9	484.12
6	UIHEP	1962.00	19.62	1942.38
Total		5676.00	56.76	5601.62

*Auxiliary consumption for CHEP is 1.2%

*After deducting 16.644 MU allocated to CSPDCL from HHEP generation.

72. Machhakund

Machhakund Power Station is a joint venture project of Government of Odisha and Andhra Pradesh having installed capacity of 120 MW (i.e. 3x17 MW + 3x23MW). As per the new agreement, Odisha has share of 50% from this power station. The design energy of Machhakund power station is 525 MU and considering 1.2% towards auxiliary energy consumption & transformation loss (i.e. 6.3 MU), the net energy available to Odisha is 259.35 MU. The Commission, therefore, approves 259.35 MU (50% share of Odisha) as drawl from Machhakund Power Station during FY **2025-26**.

73. Project Cost

- (i) OHPC has submitted that the re-valued cost of old power stations was Rs.1196.80 Crs. as on 01.04.1996 as per Notification vide S.R.O No. 254/96 Dt. 01.04.1996 of

the Department of Energy, Government of Orissa. The Commission in their order dated 23.03.2006 had approved the same. Further, the Commission, in the order dated 20.03.2008 had approved Rs. 1194.79 Crs. as final capital cost of UIHEP for the purpose of determination of tariff. However, the Tariff of Old power stations is being determined on the basis of their historical cost, which is Rs. 479.80 Crs as per the Notification No. 1068 dated 29.01.2003 of DoE, GoO.

- (ii) OHPC has submitted that actual decapitalisation/reduction after reconciliation is Rs.33.59 Cr for FY 2023-24.
- (iii) Further OHPC has submitted that considering the total approved capitalization up to FY 2022-23 & audited expenditure for FY 2023-24 on account of Additional Capitalization, asset reduction & PSDF grant, the Project Cost for determination of Tariff for FY 2025-26 amounts to Rs 2974.86 Cr.
- (iv) The additional capitalisation as reflected in the audited accounts for FY 2023-24 has been considered by the Commission for determination of project cost for FY 2025-26. The Commission is not inclined to allow the estimated additional capitalisation for FY 2024-25 & FY 2025-26 as proposed by OHPC as per the previous practice of the Commission, the Commission follows the principle of allowing the additional capitalisation based on the available audited accounts. The Commission after analysing approves the following Historic cost, new addition, additional capitalisation, decapitalisation and PSDF grant to arrive at the project cost. for Tariff calculation for FY 2025-26, The details of which is given in Table below:

Table – 34
Details of project cost of OHPC for Determination of Tariff for the FY 2025-26
(Rs. Cr)

Name of Power Station	Historic cost of assets as on 01.04.1996 & Original Project Cost of UIHEP	New asset Addition from 01.04.1996 to 31.03.2023 (OERC Approved)	Additional Capitalisation for FY 2023-24	Total Asset reduction/ Decapitalisation upto FY 2023-24	PSDF Grant upto FY 2022-23	Project cost considered for Tariff calculation based on Historic Cost for FY 2025-26.
	(1)	(2)	(3)	(4)	(5)	(1)+(2)+(3)-(4)-(5)
RHEP	91.09	71.30	21.75	(3.08)*	3.13	184.10
UKHEP	108.31	36.12	13.10	0.71	3.30	153.53
BHEP	115.42	341.33	75.68	3.29	2.41	526.73
HHEP	72.75	419.67	27.38	24.33	0.98	494.49
CHEP	92.23	121.27	30.94	2.78	0.58	241.09

Name of Power Station	Historic cost of assets as on 01.04.1996 & Original Project Cost of UIHEP	New asset Addition from 01.04.1996 to 31.03.2023 (OERC Approved)	Additional Capitalisation for FY 2023-24	Total Asset reduction/ Decapitalisation upto FY 2023-24	PSDF Grant upto FY 2022-23	Project cost considered for Tariff calculation based on Historic Cost for FY 2025-26.
Sub Total	479.80	989.69	168.86	28.02	10.40	1,599.93
UIHEP	1,194.79	144.45	45.03	5.57	3.78	1,374.93
Total	1,674.59	1,134.14	213.89	33.59	14.18	2,974.86

For the determination of ARR & Tariff of OHPC for FY 2025-26, the Commission has considered the total project cost as Rs 2974.86 Cr. (against Rs.3136.952 Cr. projected by OHPC) and the effect of up-valuation of assets has not been considered as usual.

74. Determination of Tariff

As per OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024, the Annual Fixed Cost (AFC) of a hydro generating station shall consist of the following components:

- a. Interest on loan capital;
- b. Depreciation;
- c. Return on equity;
- d. Operation and Maintenance (O&M) expenses;
- e. Interest on working capital;
- f. Income Tax;

Less:

- g. Non-Tariff Income:

(a) Interest on Loan Capital:

OHPC has submitted that the loan liabilities consisting of State Government loan and Normative Loans. There is no outstanding loan liability in respect of old hydro stations of OHPC.

(i) Normative Loans of different Power Stations due to Additional Capitalization

OHPC has submitted that though, State Govt. loan (at interest rate of 9.8%) has been repaid, the normative loans of the respective units are still pending. The normative loans of CHEP, RHEP & UKHEP for the FY 2025-26 is considered

at interest rate of 9.8% as per Clause No. 22 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. The normative loan of BHEP, Balimela is considered at interest rate of 9.6 % for FY 2025-26 based on PFC interest rate applicable to BHEP. Similarly, the normative loan of HHEP, Burla is considered at interest rate of 8.75 % for the FY 2025-26 based on PFC interest rate applicable to HHEP, Burla. The Normative loan of UIHEP for the FY 2025-26 due to the additional capitalization based on audited accounts of FY 2023-24 is considered at interest rate of 7% being the prevailing rate of interest for State Govt. Loan as per the OERC tariff norms..

- (ii) OHPC has submitted that as per earlier directions of the Commission, OHPC has not considered the impact of interest on Govt Loan & Normative Loan of Rs 78.74Cr in respect of UIHEP for Tariff Calculation for the FY 2025-26. Similarly, in view of the directives of the Commission, OHPC has not claimed the accumulated interest on Govt Loan & Normative Loan in respect of UIHEP as regulatory asset.
- (iii) Considering the above rate of interest on loans (Govt. loan as well as normative loan) for various Hydro generating stations of OHPC, OHPC has proposed interest amount of Rs 47.607 Cr for the FY 2025-26.

The Commission, after analysis of the same, approves interest payment of Rs.35.906 Cr. (against Rs.47.607 Cr claimed by OHPC) in respect of all hydro stations of OHPC for FY 2025-26, the details of which is given in Table below.

Table – 35

Interest on Loan approved by Commission for FY 2025-26 (Rs Crs)

Source of Loan	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	TOTAL
Normative Loan Interest	1.839	1.292	10.976	9.947	4.893	28.947	6.959	35.906
Total	1.839	1.292	10.976	9.947	4.893	28.947	6.959	35.906

(b) Depreciation:

- (i) OHPC has computed depreciation for the FY 2025-26 @ 2.57% on the Historic project cost as on 01.04.1996, additional capitalization w.e.f. 01.04.1996 up to FY 2023-24 and estimated capital addition for FY 2025 & FY 2026 less reduction in assets. The depreciation so calculated is compared with the Loan repayment amount

and the higher of the two has been considered by OHPC as depreciation for Tariff computation.

The comparative statement for actual repayment of loans, depreciation calculated @2.57% (pre-1992 notified rate) and the depreciation amount claimed by OHPC for each station in the ARR & Tariff calculation for the FY 2025-26 is given in the Table below.

Table –36
Depreciation claimed by OHPC for the FY 2025-26

(Rs. in Cr.)

Sl. No.	Power Stations	Project Cost/ GFA	Depreciation @ 2.57%	Loan Repayment	Depreciation Claimed@2.57% of the Project Cost/ GFA or Loan repayment which ever is higher
1.	RHEP	178.70	4.59	1.43	4.59
2.	UKHEP	153.65	3.95	1.09	3.95
3.	BHEP	529.16	13.60	8.23	13.60
4.	HHEP	503.82	12.95	7.93	12.95
5.	CHEP	386.72	9.94	10.40	10.40
6.	UIHEP	1384.90	35.59	37.85	37.85
Total		3136.95			83.33

OHPC has claimed Rs.83.33Cr under depreciation for FY 2025-26 in the ARR calculation.

(ii) However, Regulation No.31(5) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024 provides as follows;

“Regulation 31(5). DEPRECIATION: “Provided that for existing Hydro generating plants of OHPC as per the directions of the High Court of Orissa, depreciation will be calculated at pre-1992 norms notified by the Government of India on the book value of the assets or loan repayment linked to that asset, whichever is higher;”

The comparative statement for actual loan repayment and depreciation @2.57% of the Project Cost/ GFA (pre-1992 Norms) for the FY2025-26 are shown in the Table 36 above to arrive at the total depreciated amount (Rs.83.33 Cr.) claimed by OHPC in the ARR & Tariff for the FY 2025-26 in line with above provision of OERC’s Generation Tariff Regulations, 2024.

Accordingly, the Commission analysed the submission of the OHPC in respect of claim of depreciation in the ARR. As per Regulation 31 of the OERC (Terms and Conditions

for Determination of Generation Tariff) Regulations, 2024 the depreciation shall be computed from the date of commercial operation of a generation station or unit thereof. The capital cost of the assets admitted by the Commission shall be the base for calculation of depreciation. The Regulation further provides that for existing plants of OHPC, the depreciation will be calculated at pre-1992 norms notified by Government of India on the book value of assets as per the direction of the High Court of Orissa. After detailed analysis and scrutiny of the audited accounts the Commission allows the depreciation of Rs.76.45 Cr (against Rs.83.33 Cr. proposed by OHPC) for the ARR of 2025-26 as per Regulation 31 of the OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2024, the details of which is given in Table below:

Table – 37

Depreciation approved by the Commission for HEPs of OHPC for the FY 2025-26

(Rs in Crs.)

Sl. No.	Name of the Power Station	Project Cost	Depreciation @ 2.57%	Loan Repayment	Depreciation allowed @2.57% of the Project Cost
(1)	(2)	(3)	(4) = (3)*(2.57%)	(5)	(6)
1	RHEP	184.10	4.73	1.43	4.73
2	UKHEP	153.53	3.95	0.80	3.95
3	BHEP	526.73	13.54	8.23	13.54
4	HHEP	494.49	12.71	7.72	12.71
5	CHEP	241.09	6.20	3.66	6.20
6	UIHEP	1374.93	35.34	37.85	35.34
	Total				76.45

(c) Return on Equity (RoE)

- (i) OHPC has submitted that the Commission in the tariff order dated 19th April, 2002 in Case No. 65 of 2001 and Case No. 04 of 2002 in Para 6.4.17 had decided the equity component of OHPC. Based on the above order and subsequent notification of Government dated 29.01.2003, the Return on Equity was allowed to OHPC on new investments made after 01.04.1996.
- (ii) OHPC submitted that the Regulation No. 28(2) of OERC (Terms and conditions for determination of Generation Tariff) Regulations, 2024 stipulates that, *“Return on equity shall be computed at the base rate of 14.0% for all thermal generating stations, at the base rate of 15.5% for run-of-river hydro generating station and at the base rate of 16.5% for storage type hydro generation station,*

pumped storage hydro generating station and run-of-river generating station with pondage;

Provided that return on equity in case of existing generating stations of OPGC (Unit-I & II) and existing hydro stations of OHPC shall be as per the provisions of the PPA.”

However, the PPA of old power stations of OHPC & that of UIHEP have provision for revision of tariff norms as per the regulations issued by OERC/CERC from time to time.

The Clause No.9(ii) of Schedule-5 of PPA of old power stations under the head “Revision of Tariff” norm is reproduced below:

“In case of any fresh guidelines/rules/Regulations issued by OERC/CERC regarding the tariff and its application and it shall be applicable from the date of its notification.”

The Clause No.11 of Schedule-5 of PPA of UIHEP under head “Revision of Tariff” is reproduced below.

“The tariff shall be subject to revision at the time of renewal ,replacement or extension of this Agreement or if required as a result of any guidelines/directives that Government of Odisha and/or GOI may issue from time to time regarding the tariff and its application.”

Accordingly, the base rate of RoE for the power stations of OHPC is considered as 16.5% as per OERC’s Generation Tariff Regulations, 2024 as all the power stations of OHPC are storage/pondage type.

- (iii) The Commission in the recent past years had approved the Return on Equity (RoE) as per the provisions of PPA.
- (iv) The Commission has analysed the Return on Equity (RoE) claimed by OHPC in the tariff petition for FY 2025-26. As per Regulation 28(2) reproduced above and the provisions of the PPA, the Commission allows the ROE of 15.5% for existing old HEP and 16% for UIHEP. Accordingly, the RoE has been calculated on Equity base for FY 2023-24., the details of which is shown in the following table:

Table - 38
RoE approved by the Commission for different power stations of OHPC for FY 2025-26
(Rs. in Crs.)

Sl. No.	Name of the Power Stations	Total Additional Capitalisation from 01.04.1996 to 31.03.2024 less PSDF Grant	Equity Capital rate	Equity Capital	ROE @15.5% for old power stations & @16% for UIHEP
	(1)	(2)	(3)	(4)=(2)*(3)/100	(5)=(4)*(0.155 or 0.16)
1	RHEP	89.92	30%	26.977	4.181
2	UKHEP	45.92	30%	13.777	2.135
3	BHEP	414.60	30%	124.379	19.279
4	HHEP	446.07	30%	133.822	20.742
5	CHEP	151.63	30%	45.490	7.051
6	UIHEP*	1380.49	25% & 30%*	339.445	54.311
7	Total	2528.65		683.891	107.700

(*) 25% equity capital rate is applicable for additional capitalisation (excluding PSDF grant)/equity base of Rs.1188.96 crs.

(v) The Commission approves Rs.107.700 Cr (against Rs.123.594 Cr. proposed by OHPC) towards Return on Equity for all stations of OHPC for the FY 2025-26.

(d) O&M Expenses

- (i) Regulation 3(1)(vv) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 stipulates the following in respect of Operation and Maintenance Expenses for hydro generating stations:

“Operation and Maintenance Expenses” or “O&M expenses” means the expenditure incurred for operation and maintenance of the project, or part thereof in a financial year and includes the expenditure on manpower, maintenance, repairs and maintenance spares, other spares of capital nature valuing up to Rs 10 lakhs, additional capital expenditure of an individual asset costing less than Rs. 20 lakhs, consumables, insurance, security expenses, overheads and fuel other than used for generation of electricity;”

Regulation No. 21(2) stipulates that:

“...x...x.....x...Provided that any claim of additional capitalisation with respect to the replacement of assets under the original scope and on account of obsolescence of technology, less than Rs. 20 lakhs shall not be considered as part of Capital cost and shall be met through normative O&M expenses.”

Regulation 34(2)(f) stipulates that *“O&M norms for the existing plants of OHPC will be as determined by the Commission from time to time.”*

- (ii) Accordingly, OHPC has submitted the power station wise and asset wise estimated additional capitalization (less than Rs 20 lakhs) and Capital Spares (valuing up to

Rs. 10 lakhs) as per budgetary provisions approved by OHPC for the FY2024-25 & FY2025-26 amounting to Rs 18.18 Crs, which have not been considered as estimated additional capitalization and the same are included in the O & M Expenses as per Regulation 3(1)(vv) & 21(2) of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations 2024 as mentioned above. The details of power station wise and asset wise such estimated capital expenditures less than Rs 20lakhs and Capital Spares valuing up to Rs. 10 lakhs has been submitted by OHPC.

(iii) OHPC has submitted the O&M expenses as per audited accounts for calculation of O&M expense of different power stations of OHPC for the FY 2025-26 and has escalated the average actual O&M expenses for FY 2022-23 & FY2023-24 @ 5.72% for FY2024-25 & FY2025-26 as per the principle adopted by the Commission in the tariff orders of OHPC for the FY2023-24 & FY2024-25. The Commission analysed the audited O&M expenses of OHPC for FY 2022-23 and FY 2023-24 and observed that certain audited expenditure cannot be treated as purely O&M expenses i.e. loss of asset, loss of inventory, CSR, Rebate on sale of scrap and Donation. The Commission, after due scrutiny, is not inclined to allow the above audited expenditures booked under O&M expense. The O&M expenses have been calculated by taking the average audited Normalised O&M expenses after deducting disallowed expense, asset wise estimated additional capitalization (less than Rs 20 lakhs) and Capital Spares (valuing up to Rs. 10 lakhs) mentioned above and DOWR share for FY 2022-23 and FY 2023-24. The same has been escalated @ 5.47% as per Terms & Conditions for determination of Generation Tariff) Regulation, 2024 for FY 2024-25 and FY 2025-26. The Commission, after taking into due consideration, allows an amount of Rs 334.90 Cr towards O&M for FY 2025-26 (against Rs.402.89 Cr. proposed by OHPC). The computation of O&M expenses of different power stations of OHPC and approved by the Commission for the FY 2025-26 is given in the following table.

Table-39
O&M Expenses approved by the Commission for different power stations of OHPC for the FY 2025-26

(Rs in Cr)

Sl. No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	CO	Total
1	O & M expenses for FY 2024-25 approved by OERC	57.7	55.3	57.82	54.32	24.56	249.70	68.19		317.89
2	O & M expenses for FY 2022-23 as per Audited Account.	47.63	69.17	45.63	45.24	21.38	229.05	52.19	8.96	290.20
3	O & M expenses for FY 2023-24 as per Audited Account.	47.82	52.90	49.62	47.39	23.18	220.91	55.38	35.64	311.93
4	Average of O&M expenses (2022-23 & 2023-24)	47.73	61.04	47.63	46.32	22.28	224.98	53.79	22.30	301.07
5	Escalation @5.47% for FY 2024-25 i.e. (4)x1.0547	50.34	64.37	50.23	48.85	23.50	237.29	56.73	23.52	317.53
6	Escalation @5.47% for FY 2025-26 i.e. (5)x1.9547	53.09	67.89	52.98	51.52	24.78	250.27	59.83	24.81	334.90
7	Corporate Office expenses apportioned to different units under OHPC based on Installed Capacity	3.04	3.89	6.20	3.50	0.88	17.51	7.30	24.81	
8	Total O & M Expenses for the FY 2025-26(6+7)	56.13	71.79	59.18	55.02	25.66	267.78	67.13		334.90

(e) Interest on Working Capital

OHPC, in its ARR petition for the FY 2025-26, has computed Interest on Working Capital of different power stations as per the previous approval of the Commission.

- (i) Regulation no. 32(4) of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 relating to Interest on working capital for hydro generating stations is reproduced below:

“Interest on working capital shall be payable on normative basis notwithstanding that the generating company has not taken loan for working capital from any outside agency.”

(ii) Further the Regulation No. 32(3) regarding rate of interest on working capital stipulates that-

“Rate of interest on working capital shall be on a normative basis and shall be equal to the one year marginal cost of lending rate (MCLR) of the State Bank of India issued as on 01.04.2024 or on 1st April of the year during the tariff period 2024-2029 in which the generating station or a unit thereof, is declared under commercial operation, whichever is later, plus 300 basis points.”

(iii) The Reserve Bank of India has issued guidelines for setting lending rate (on loans) by commercial banks under the name Marginal Cost of Funds based Lending Rate (MCLR). The MCLR of SBI (as on 1st April 2024) for one year was 8.65%. OHPC has considered the MCLR rate of SBI (as on 01.04.2024) plus 300 basis point for computation of Interest on working capital as per the Regulation mentioned above and has requested the Commission for approval of the same.

(iv) OHPC has considered the MCLR rate of SBI as on 01.04.2024 i.e. 8.65% plus 300 basis point for computation of Interest on working capital for FY 2025-26.

(v) The Commission has analyzed the submission of OHPC and considers 11.65% (8.65% interest rate as on 01.04.2024 + 300 basis point) as rate of interest as per clause 32(4) of the Regulations for calculation of working capital for FY 2025-26.

(vi) The details of interest on working Capital approved by the Commission in respect of different power stations for the FY 2025-26 is given in the following table:

Table - 40
Interest on Working Capital approved by the Commission for all HEPs of OHPC for FY 2025-26

(Rs. in Crs.)

Sl. No.	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
1	Interest on Loan & GC	1.84	1.29	10.98	9.95	4.89	28.95	6.96	35.91
2	RoE	4.18	2.14	19.28	20.74	7.05	53.39	54.31	107.70
3	O & M Expenses	56.13	71.79	59.18	55.02	25.66	267.78	67.13	334.90
4	Depreciation	4.73	3.95	13.54	12.71	6.20	41.12	35.34	76.45
5	Less Non Tariff Income	1.47	1.88	3.00	1.70	0.42	8.481	3.53	12.015
6	Adjustment of Non-Tariff Income of FY2023-24	0.61	0.78	1.24	0.70	0.18	3.497	1.46	4.954

Sl. No.	Description	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total
7	Less Sale of Power to CSPDCL				3.35		3.35		3.354
8	Total [1+2+3+4-5+6-7]	66.02	78.05	101.21	94.07	43.55	382.89	161.66	544.55
10	O & M Expenses for One Month	4.68	5.98	4.93	4.59	2.14	22.31	5.59	27.91
11	Maintenance spares @15% of O & M Expenses	8.42	10.77	8.88	8.25	3.85	40.17	10.07	50.24
12	Receivable equivalent to 45 days of Annual Fixed Cost	8.14	9.62	12.48	11.60	5.37	47.21	19.93	67.14
13	Total Working Capital	21.24	26.37	26.29	24.44	11.36	109.69	35.59	145.28
14	Interest on Working Capital calculated @ 11.65%	2.474	3.072	3.062	2.847	1.323	12.779	4.147	16.93

The Commission approves an amount of Rs 16.93 Cr (against Rs 20.591 Cr proposed by OHPC) towards interest on working capital for FY 2025-26.

(f) Non-Tariff Income

OHPC in its petition has proposed the deductible non-tariff income of different power Stations of OHPC for FY 2025-26 amounting to Rs. 8.369 Cr. As per Regulations 35(1),(2) & 60 of the OERC (Terms & Conditions for determination of Generation Tariff) Regulations 2024.

- (i) The Commission scrutinized the Net Non-tariff income earned by the OHPC as shown in the audited accounts for FY 2023-24 as per Regulation 35 & 60 of the OERC's Generation Tariff Regulation, 2024. From the audited accounts, it is observed that OHPC has earned Rs 24.03 Cr as net non-tariff excluding income from investment. As per OERC's Generation Tariff Regulation, 2024 the Non-Tariff net income shall be shared between the beneficiaries and the generating company, in the ratio of 50:50. Accordingly, the Commission allows Rs.12.015 Cr (50 percent of Rs 24.03 Cr approx) as the deductible Net Non-Tariff income of different Power stations of OHPC for the FY 2025-26, the details of which is shown in the following table.

The Net Non Tariff Income derived from the Consolidated OHPC accounts is given in table below

Sl No.	Particulars	Amount in Crs
1	Other Income as per P/L account	358.011
	Less Income from Investment	
2	Interest on Bank deposit	189.048
3	Interest on Debt Securitization	142.503
4	DOWR share	2.43
5	Net Non-Tariff Income (5=1-2-3-4)	24.030
6	50% of Net Non Tariff Income (6=5/2)	12.0148

Table -41
Deductible Non-Tariff Income of different Power Stations of OHPC for FY 2025-26
(Rs. in Cr.)

Sl No.	Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
1	Net Non-Tariff Income (apportioned on the basis of Installed capacity)	1.47	1.88	3.00	1.70	0.42	3.53	12.01

75. Aggregate Revenue Requirement (ARR) for the FY 2025-26

Based on the above components, ARR and average tariff for different hydro power stations of OHPC have been calculated for the FY 2025-26 considering the total Saleable Design Energy of 5601.62 MU, the details of which is shown in the following table.

Table - 42
ARR and Tariff for different Hydro stations of OHPC for the FY 2025-26
(Rs. in Crore)

Components	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total FY 2025-26 (Rs. in Crs.)
Saleable Design Energy (MU)	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
Return on Equity	4.181	2.135	19.279	20.742	7.051	53.389	54.311	107.70
Interest on Loan	1.839	1.292	10.976	9.947	4.893	28.947	6.959	35.91
Depreciation	4.731	3.946	13.537	12.708	6.196	41.118	35.336	76.45
O & M expenses	56.129	71.786	59.180	55.020	25.660	267.776	67.127	334.90
Interest on Working Capital	2.474	3.072	3.062	2.847	1.323	12.779	4.147	16.925
Total Cost	69.355	82.232	106.034	101.265	45.123	404.009	167.879	571.888
Less Non Tariff Income	1.473	1.885	3.004	1.695	0.424	8.481	3.534	12.015
Adjustment of Non-Tariff Income of FY2023-24	0.607	0.777	1.239	0.699	0.175	3.497	1.457	4.954
Less Sale of Power to CSPDCL				3.354		3.354		3.354

Components	RHEP	UKHEP	BHEP	HHEP	CHEP	Sub Total	UIHEP	Total FY 2025-26 (Rs. in Crs.)
Total ARR for FY2025-26	68.490	81.124	104.269	96.915	44.874	395.671	165.802	561.474
Average Tariff (P/U) for 2025-26	131.77	98.49	89.03	146.73	92.69	108.13	85.36	100.23

Note:

- (i) The Commission has taken into cognizance the excess deduction of non-tariff income in the FY 2021-22 in its order dated 05.09.2022 in Case No.65 of 2021 and has considered Rs 4.95 Cr (as 3rd instalment of recovery of excess NTI deduction), which has been apportioned among all Hydro power stations of OHPC in the AFC calculation for FY 2025-26.
- (ii) The Revenue from saleable power to CSPDCL (Rs.3.354 Cr.) has been deducted. Accordingly, the Commission approves ARR of Rs.561.477 Cr. at an average tariff of 100.23 P/kWh (against proposed ARR of Rs. 671.124 Cr. and average tariff of 119.809 P/kWh).

76. Reimbursements for FY 2025-26

- (a) Reimbursement of ARR & Tariff Application Fees and related Publication Expenses
 - (i) OHPC has submitted that the Regulation 66 of OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024 regarding “Application and Publication Expenses” stipulates the following:

“The application filing fee and the expenses incurred on publication of notices in the application for approval of Tariff, may in discretion of the Commission, be allowed to be recovered by the generating company, directly from the beneficiaries.”

- (ii) As per the Clause No.17 of the Commission’s Notification No.1992 dated 31.08.2009, the application fee has been fixed as Rs.5,000/- per MW for determination of tariff of conventional fuel-based plant/Hydel Plants, subject to maximum limit of Rs.25,00,000/- (Rupees Twenty-Five Lakhs Only). Accordingly, OHPC has submitted to allow Rs.25 Lakhs as application fee for the FY 2025-26.

OHPC has also proposed Rs2.00 Lakhs as reimbursement towards publication expenses for the FY 2025-26. Therefore, OHPC has proposed Rs.27 Lakhs to be reimbursed from GRIDCO, the details of which are given in the following table.

Table – 43
Application Fee & Publication Expenses for the FY 2025-26
(Rs. in Lakhs)

Sl. No.	Particulars	Amount to be reimbursed
1	Application fee for FY2025-26	25.00
2	Publication expenses for FY2025-26	2.00
	Total	27.00

(iii) The Commission approves Rs.27 lakhs as proposed by OHPC towards application fee and publication expenses, which is to be reimbursed from GRIDCO and pass through in the ARR of GRIDCO for the FY 2025-26.

(b) Reimbursement of Electricity Duty on Auxiliary consumption

(i) As per the agreed PPA, the taxes and duties including ED on auxiliary consumption etc payable by OHPC to the State Government and other statutory bodies shall be reimbursed by GRIDCO & passed on to ARR of GRIDCO for the FY 2025-26. Accordingly, GRIDCO will make payment against the supplementary bill raised by OHPC within 30 days of receipt of bills.

The Energy Department, Government of Odisha, vide notification No.912 dated the 12.05.2017, has revised the rate of ED from 30 paisa per Unit to 55 paisa per Unit with effect from 12th May 2017. Accordingly, OHPC has computed and claimed ED for Rs.3.349 Cr for all power stations for FY 2025-26 as reimbursement from GRIDCO, the details of which is given in following Table:

Table - 44
ED payable by OHPC Power station for the FY 2025-26

Power Stations	Design Energy (in MU)	Proposed Percentage of Auxiliary Energy Consumption (in %)	Auxiliary Energy Consumption to be approved (in MU)	ED Rate Applicable (in Rs/Unit)	ED proposed for Reimbursement by OHPC (in Cr)
RHEP	525	1	5.25	0.55	0.289
UKHEP	832	1	8.32	0.55	0.458
BHEP	1183	1	11.83	0.55	0.651
HHEP	684	1	6.84	0.55	0.376
CHEP	490	1.2	5.88	0.55	0.323
UIHEP	1962	1	19.62	0.55	1.079
Total	5676	1	57.74	0.55	3.176

(ii) The Commission provisionally approves an amount of Rs.3.176 cr. Towards auxiliary consumption of various power stations as proposed by OHPC for

reimbursement from GRIDCO in the FY 2025-26. GRIDCO is to reimburse the amount on actual basis after prudent check as and when claimed by OHPC with appropriate documentary evidences.

(c) Reimbursement of License fee for use of water for generation of electricity:

- (i) OHPC has submitted that as per the amendment made in Rule-23-A-(2) (f) of the Odisha Irrigation Rule, 2016 and published in Odisha Gazette on 27.09.2016, the license fee for drawl or allocation of water has been enhanced @10% per annum w.e.f. 1st day of April. Accordingly, the water cess @ 1.8 paise/unit for the FY 2024-25 was paid by OHPC at the notified rates and was reimbursed from GRIDCO. OHPC will pay Licence Fee @ 1.9 paise/ unit on water used for generation of electricity for FY 2025-26 which is projected in the following Table.

Table - 45
Licence Fee for Consumption water for generation of electricity from Power station of OHPC for the FY 2025-26

Power Stations	Design Energy (in MU)	Licence fee for use of water as Proposed by OHPC @Rs 0.019/kWh of Generation (in Cr)	Remarks
RHEP	525	0.998	OHPC will claim reimbursement @Rs 0.019/kWh on basis of actual generation of each Power Station.
UKHEP	832	1.581	
BHEP	1183	2.248	
HHEP	684	1.300	
CHEP	490	0.931	
UIHEP	1962	3.728	
Total	5938.5	10.786	

- (ii) The Commission provisionally approves an amount of Rs.10.786 cr. for reimbursement from GRIDCO in the FY 2025-26 based on the design energy of various power stations of OHPC. OHPC will claim reimbursement on the basis of actual generation of each power station of OHPC. GRIDCO is to reimburse the amount on actual basis after prudent check as and when claimed by OHPC with appropriate documentary evidences.

(d) Reimbursement of SLDC Charges

- (i) As per OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010, SLDC has to levy and collect annual charges from user's towards SOC & MOC. OHPC has submitted that Fees & charges of SLDC has been escalated @5.72% over the previous year approved charges to arrive at the charges payable for FY 2025-26. Accordingly, Rs.2.194 Cr. has been proposed as fees & charges of

SLDC payable by OHPC based on expected average available Installed Capacity of 1635 MW of OHPC stations for the FY 2025-26 considering the shutdown of different generating units on account of Renovation & Modernisation & other planned maintenance.

- (ii) The Commission after analysis provisionally approves Rs.1.60 Cr to be reimbursed from GRIDCO by OHPC towards payment of SLDC's fees & charges for the FY 2025-26 considering 1635 MW as average available Installed Capacity from OHPC power Stations for the FY 2025-26. GRIDCO is to reimburse the amount on actual basis after prudent check as and when claimed by OHPC with appropriate documentary evidences.

(e) Reimbursement of contribution made to ERPC

- (i) OHPC has submitted that it is contributing towards ERPC establishment fund & ERPC fund from the FY 2006-07 onwards as per their demand note. Presently, OHPC is paying Rs.15 Lakhs towards contribution to ERPC Establishment Fund and Rs.1 Lakh towards contribution to ERPC Fund on an annual basis. Expecting the above claim of ERPC, OHPC has proposed Rs.16.0 Lakhs as a pass-through in the tariff for FY 2025-26 to be reimbursed from GRIDCO. Any excess claim (above Rs.16.0 Lakhs) made by ERPC for the FY 2025-26 will be claimed as additional reimbursement in the subsequent Tariff year.
- (ii) The Commission provisionally approves Rs.16 lakhs for payment towards ERPC contribution for the FY 2025-26, which is to be reimbursed from GRIDCO. GRIDCO is to reimburse the amount on actual basis after prudent check as and when claimed by OHPC with appropriate documentary evidences.

(f) Income Tax

- (i) OHPC has submitted that the Regulation 29 of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2024 regarding Tax on Income stipulates the following:

“Income tax of the Generating Company shall be recovered from the beneficiaries. This will exclude income tax on other income streams (income from non-generation and non-transmission business.”

- (i) OHPC has submitted for approval of Rs 14.449 Cr towards reimbursement of Income tax for FY 2025-26 and unapproved/differential Income tax for FY 2024-25 and FY 2023-24 amounting to Rs 25.06 Cr.

- (ii) The Commission observes that the calculation of Income tax as per the Regulation is different from I.Tax payable as per P&L account and I.tax calculated under Income tax act. Therefore, the Commission takes into cognizance of the provision in Regulation for calculating Income tax reimbursement from GRIDCO
- (iii) The Commission has examined the Audited Accounts of OHPC for the FY 2023-24. From the audited accounts, it is observed that the Gross profit reflected in Profit & Loss account for FY 2023-24 is Rs 443.97 Cr and Income for other business is 343.58 Cr. Accordingly, the Commission has calculated and allowed the Income tax reimbursement of Rs 25.27 Cr for FY 2025-26 based on audited accounts of FY 2023-24 as per Regulation 29 of the said OERC's Regulation, the details of which are given in the Table below:

Table -46
Calculation of Income tax Reimbursement for the FY 2025-26 based on audited accounts of the FY 2023-24

(Rs. Cr)	
As per Regulation 29 of OERC's Generation Tariff Regulation, 2024	
Profit before tax as per P&L account for FY 2023-24	443.97
Less Other Income	343.58
Profit from Core Business	100.39
Income tax on Core Business @ 25.168%	25.27

The Commission is not inclined to allow unapproved Income tax reimbursement from GRIDCO for an amount of Rs.25.06 Cr. for the FY 2023-24 and FY 2024-25.

77. The details of reimbursement claim from GRIDCO for FY 2025-26 by OHPC towards ED on auxiliary consumption, license fee for use of water for generation of electricity, SLDC charges, Application fee and publication expenses, ERPC Charges and Income Tax on Core business are summarized in the table below:

Table -47
Details of Reimbursement from GRIDCO for the FY 2025-26 (Rs. Cr.)

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
(a) License fee for use of water for generation of electricity for FY 2025-26.	0.998	1.581	2.248	1.3	0.931	3.728	10.79
(b) ED on Auxiliary Energy Consumption for FY2025-26.	0.289	0.458	0.651	0.376	0.27	1.079	3.12
(c) SLDC charges for FY 2025-26.							1.60

Component of Costs	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
(d) Application fees and publication expenses for FY2025-26							0.27
(e) ERPC charges for FY2025-26							0.16
(f) Income Tax as per Audited Account of FY 2023-24							25.27
Total							41.21

Based on analysis in above paragraphs, The Commission is not inclined to allow any claim towards true up for the block period FY 2020-21 to FY 2023-24 and directs OHPC to submit True up petition separately for the block period from FY 2020-21 to FY 2023-24 in future ARR. Accordingly, the Commission approves total reimbursement of Rs.41.21 Cr. from GRIDCO and the above expenditure is to be included in GRIDCO's ARR for the FY 2025-26. The Commission will prudently check truing up claim for the block period from FY 2020-21 to FY 2023-24 upon submission of OHPC. However, GRIDCO is to reimburse the amount to OHPC on actual basis after prudent checks based on supporting documents.

78. **Two-Part Tariff**

- (a) As per Regulation 45(1) of the OERC (Terms & Conditions for Determination of Generation Tariff) Regulation, 2024, the fixed cost of a hydro generating station shall be computed on annual basis, based on norms specified under these Regulations and recovered on monthly basis under Capacity Charge (inclusive of incentive) and Energy Charge. Further, as per Regulation 45(12) of the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024,

“The computation and payment of capacity charge and energy charge for existing plants of OHPC will be as determined by the Commission from time to time.”

- (b) Accordingly, the Annual Capacity Charges (ACC), Annual Energy Charges (AEC) and Energy Charge Rate (ECR) of different power stations of OHPC for the FY 2025-26 is shown in the following table:

Table - 48
Capacity Charge, Energy Charge and Energy Charge Rate of different Power Stations of OHPC approved by the Commission for the FY2025-26

Name of the Power Stations	Annual Fixed Cost	Capacity Charges (Rs in Crs.)	Energy Charges (Rs in Crs.)	Saleble Design Energy (in MU)	Energy Charge Rate (P/U)
RHEP, Rengali	68.490	34.245	34.245	519.75	65.887
UKHEP, Baraniput	81.124	40.562	40.562	823.68	49.245
BHEP, Balimela	104.269	52.135	52.135	1171.17	44.515
HHEP, Burla	96.915	48.458	48.458	660.52	73.363
CHEP, Chiplima	44.874	22.437	22.437	484.12	46.345
UIHEP, Mukhiguda	165.802	82.901	82.901	1942.38	42.680

Note: In addition to above 16.644 MU of energy is sold to CSPDCL

- (b) The recovery of Capacity Charge and Energy Charge for a calendar month shall be as per the OERC (Terms & Conditions for determination of Generation Tariff) Regulation, 2024. Again, the full recovery of capacity charge shall be based on the NAPAF of the power station. The Commission, vide its order in Case No.52 of 2019, has fixed the NAPAF of different power stations of OHPC. OHPC has considered the NAPAF of different power stations of OHPC for the FY 2025-26 for computation of Capacity Charges which shall be considered as mentioned in the Table below:

Table-49
Normative Plant Availability factor of OHPC for FY 2025-26

Power Stations	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP
NAPAF (%)	80	87	87	75	75	88

79. Tariff for CSPDCL on drawl of power from HHEP, Burla

- a) Chhattisgarh State Power Distribution Company Limited (CSPDCL) [erstwhile Chhattisgarh State Electricity Board (CSEB)] has been drawing 5MW of power from Hirakud generating station as share of Chhattisgarh State (erstwhile share holder being Madhya Pradesh) and is taking a plea since the FY 2006-07 to pay the energy charges at the tariff approved by the Commission for HHEP and applicable to the consumers of Odisha, considering this as a supportive measure extended by the Govt. of Odisha. This tariff is considerably lower than the actual cost of

generations from HHEP and billing is made to them as per the Minutes of Meeting dtd. 24.12.2004.

- b) CSPDCL has suggested that as power is being purchased from a hydel power project situated in Odisha it has a status of inter-state project, as such tariff should be decided in accordance with norms approved by Central Electricity Regulatory Commission. It is further jointly agreed that Odisha State Electricity Regulatory Commission shall be requested to decide the tariff from 2006-07 onwards in accordance to regulation notified by CERC, treating HHEP Burla as an inter-state entity.
- c) Presently it is decided that from 2008-09 onwards CSPDCL shall pay the energy charge at a rate as approved by OERC provisionally till the rate approved by appropriate Commission and afterwards necessary adjustment shall be done in accordance with the law.

Accordingly, as per the request of OHPC the Commission has provisionally fixed the ECR for billing to CSPDCL for the FY 2015-16 to FY 2024-25 as per the submission of OHPC, OHPC has computed the provisional tariff of Rs.206.012 P/kWh for billing of Energy to CSPDCL for the coming FY 2025-26 as per the CERC (Terms and Conditions of Tariff) Regulation, 2024 as detailed in the Table below:

Table -50
Tariff for CSPDCL for 2025-26

Details of Expenses HHEP	Amount (Rs in Cr)
Saleable Design Energy of HHEP (in MU)	677.16
Project Cost (Up-valued cost as on 01.04.1996 + Capitalization up to 31.03.2026 - Decapitalization)	557.5
Return on Equity (@ 18.7086%)	36.88
Interest on Loan	11.70
Depreciation (@ 5.28%)	29.44
O & M expenses (escalated @5.47%)	55.02
Interest on Working Capital (@ 11.90%)	3.53
Total ARR	136.56
Average Tariff (p/u)	201.668
Total amount to be billed for 16.644 MU	3.354

- d) The Commission, after considering the above calculation, approves the average tariff of 201.668 p/u for HHEP for billing to CSPDCL for FY 2025-26. The Commission has considered the impact of the sale of power to CSPDCL from

HHEP as 5 MW/16.644 MU. The Commission observed that the revenue likely to be earned from the sale of 5MW of power to CSPDCL is around 3.354 Cr. Therefore, the Commission in this ARR calculation has deducted 16.644 MU of power from the saleable energy of HHEP and revenue of Rs 3.354 Cr. from ARR of HHEP to arrive at the average tariff of OHPC stations.

80. Aggregate Revenue Requirement and Tariff for Machhakund H.E. Project

- (a) OHPC in the ARR application has stated that Machhakund HE Project (a joint venture project between Andhra Pradesh and Odisha Government) is almost 60 years old and it was proposed to go for Renovation and Modernisation of all the six units in phases and up-gradation, wherever possible, taking into account the existing water conductor system. As per the original Inter-State Agreement signed between the two States in the year 1945, and as per the inter-state supplementary agreement signed between both the Governments in the year 1978. Government of Andhra Pradesh (GoAP) and Government of Odisha had share in the ratio of 70:30 from Machhakund Hydro Electric Project (MHEP).
- (b) A new inter-state agreement was signed between Govt. of Odisha / OHPC and Govt. of Andhra Pradesh/APGENCO on 23rd October 2020. As per the provisions of this agreement, for acquiring additional 20% share of the Joint Scheme, Govt. of Odisha/OHPC make payment of Rs.27.42 Cr to Govt. of AP/APGENCO considering 20% of the present depreciated cost of the project and share of expenditure on account of RM & U works for all the generating units along with auxiliaries and switchyard system in the ratio of 50:50.
- (c) As per the terms of the new Agreement, it is agreed at Clause No. 7 that; *“The Original Agreement dated 14.01.1945 with modifications shall continue to be applicable together with this agreement upon its execution. The agreement dated 15.12.1978 shall stand superseded and become unenforceable.”* Accordingly, the billing by APGENCO to OHPC @ 8 paise/unit for the energy drawl by Odisha beyond 30% up to 50% shall be discontinued along with the computation of share of annual audited O&M expenditure of MHEP between the two States basing on the maximum demand in MW during the year.
- (d) Now as per the new agreement dated 21-12-2020, after payment of Rs.27.42 Cr, Govt of Odisha / OHPC shall have 50% legitimate share of MHEP Joint Scheme

and shall draw the share of power on real time basis and make payment of 50% share of the cost of O&M charges as may be required / actually incurred for the project every year. OHPC shall raise monthly energy bills to GRIDCO in respect of Odisha's share of energy available from MHEP including the power drawn through the distribution network connected to MHEP.

- (e) OHPC has stated that MHEP(JV) being a fully depreciated project, and presently, in absence of any tariff mechanism for recovery of the investments, all expenditure of MHEP is being considered under O & M expenditure and shared between the two States (Andhra Pradesh & Odisha) on annual basis. Accordingly, the 50% share of the total audited O&M Expenses of Rs. 31.7994 Cr for the FY 2023-24 has been escalated twice @ 5.47 % per year to arrive at the share of Govt. of Odisha / OHPC for FY 2025-26 payable to State of Andhra Pradesh / APGENCO (i.e. Rs.35.3734 Cr). The cost per unit is 1.36393 considering drawl of 50% share of saleable design energy of Machhakund i.e.259.35 MU.
- (f) The calculation of projected tariff by OHPC for MHEP for the FY 2025-26 is given in the table below:

Table - 51

PROJECTED TARIFF OF MACHHKUND (JT.) HEP FOR 2025-26	
	2025-26
Present Installed Capacity of MHEP (Jt.) Scheme (MW)	120
Odisha Share as per New Agreement dated 23.10.2020 (MW) (50%)	60
Design Energy of MHEP for Generation (MU)(@ PLF around 50%)	525
Normative Auxiliary Energy Consumption (AUX) (%)	1.2%
Normative Auxiliary Energy Consumption (AUX) (MU)	6.3
Saleable Design Energy for sharing between Andhra Pradesh & Odisha (MU)	518.7
Saleable Design Energy Share of Odisha (MU) (50%)	259.35
Drawl of Total Share of Odisha Energy by GRIDCO (MU)	259.35
O&M Escalation factor @ 5.47 % for two years over the O&M Bill of MHEP for FY 2023-24.	1.112
	(Rs. in Cr)
1. Total Audited Cost of O&M Bill of MHEP (Jt.) for the FY 2023-24	63.5988
2. 50% O&M Expenditure share (Orissa share of Actual O&M Expenditure for 2023-24)	31.7994
3. O&M Expenditure for FY 2025-26 applying the escalation factor	35.3734
4. Total Expected Expenditure during the FY 2025-26	35.3734
5. Provisional Tariff (Paise/Kwh)	136.393
Reimbursements of Statutory Dues/Duty/Cess as applicable shall be considered under the O&M Expenses	

(g) The Commission has scrutinized the proposal of OHPC and approves a tariff of 136.393 paisa/kWh for energy drawl of 259.35 MU against 50% share of Odisha for the FY 2025-26. OHPC shall raise monthly bill accordingly to GRIDCO subject to year-end adjustment as per existing practice.

81. The summary of ARR and generation tariff for different generating stations of OHPC excluding Machhakund as approved by the Commission for FY 2025-26 is given in the Table below:

Table – 52
Summary of ARR and generation tariff of OHPC Approved by the Commission for the
FY 2025-26

	Year	RHEP, Rengali	UKHEP, Baraniput	BHEP, Balimela	HHEP, Burla	CHEP, Chiplima	OHPC Old Stations	UIHEP, Mukhiguda	OHPC Total
ARR (Rs Cr)	Approved FY 2024- 25	68.17	63.02	96.04	95.34	40.35	362.92	161.90	524.82
	Proposed FY 2025- 26	86.71	92.33	134.38	101.88	71.59	486.89	184.24	671.12
	Approved FY 2025- 26	68.49	81.12	104.27	96.92	44.87	395.67	165.80	561.47
Saleable Design Energy (in MU)	Approved FY 2024- 25	519.75	823.68	1171.17	660.52	485.10	3660.22	1942.38	5602.60
	Proposed FY 2025- 26	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
	Approved FY 2025- 26	519.75	823.68	1171.17	660.52	484.12	3659.24	1942.38	5601.62
Capacity Charges (Rs in Cr.)	Approved FY 2024- 25	34.08	31.52	48.02	47.67	20.18	181.47	80.95	262.41
	Proposed FY 2025- 26	43.35	46.17	67.19	50.94	35.79	243.45	92.12	335.56
	Approved FY 2025- 26	34.24	40.56	52.13	48.46	22.44	197.84	82.90	280.74
Average Tariff (P/U)	Approved FY 2024- 25	131.16	76.51	82.00	144.34	83.18	99.15	83.35	182.50
	Proposed FY 2025- 26	166.82	112.10	114.74	154.25	147.87	133.06	94.85	119.81

	Year	RHEP, Rengali	UKHEP, Baraniput	BHEP, Balimela	HHEP, Burla	CHEP, Chiplima	OHPC Old Stations	UIHEP, Mukhiguda	OHPC Total
	Approved FY 2025-26	131.77	98.49	89.03	146.73	92.69	108.13	85.36	100.23
Energy Charge Rate(P/U)	Approved FY 2024-25	65.58	38.26	41.00	72.17	41.59	49.58	41.68	46.84
	Proposed FY 2025-26	83.41	56.05	57.37	77.12	73.94	66.53	47.43	59.90
	Approved FY 2025-26	65.89	49.24	44.51	73.36	46.35	54.06	42.68	50.12

The unit cost of energy from Machhakund as approved by the Commission is 136.393 P/kWh for FY 2025-26.

- (i) The ARR has been approved for the FY 2025-26 (i.e. from 01.04.2025 to 31.03.2026) and the tariff now approved shall be effective from **01.04.2025** and shall be in force until further orders.

82. Approval of Capital maintenance works for replacement of Main Inlet Valve of all four Units of UIHEP for FY 2024-25

- (a) OHPC has submitted that based on the provisions of OERC (Terms & Conditions for Determination of Generation Tariff) Regulations, 2020 and different Orders of the Commission, OHPC has submitted the proposals seeking approval of Capital Maintenance Works for replacement of Main Inlet Valve along with new MIV seal control system for all the 04 nos. of Generating Units of UIHEP. The matter was registered as Case No. 54 of 2024 and the Commission, vide letter No.970 dtd. 29.08.2024, had directed OHPC to serve the copy of the petition to the Respondents (i.e. Principal Secretary, DoE, GoO & GRIDCO). Complying to the direction of the Commission, GRIDCO had submitted the reply on 13th September 2024.

- (b) Further, OHPC has submitted that the Public hearing on the said matter was held on 15.10.2024 and the Commission has made following observation:

“we are of the view that the proposal of M/s. OHPC Ltd. for approval of capital maintenance work for replacement of MIV of all the four units of UIHEP needs views of all the stake holders through public notice, as it has impact on the tariff. Therefore, we decide to hear the matter along with the tariff proceeding for the ensuing year. Accordingly, M/s. OHPC Ltd. is directed to include the present matter

in the public notice to be issued on the tariff proposal for the ensuing year inviting views/suggestions/objections from the interested parties. The matter will be heard analogously with the tariff petition of the ensuing year. Further, it is advised that M/s. OHPC Ltd. may make additional submission /modify the application basing on the suggestion given by the Commission during the hearing today regarding necessity of replacement of complete MIV of all the four generating units of UIHEP based on advice of OEM including a brief technical report of experts view in this regard. However, pendency of this proceeding before the Commission shall not act as a bar in case emergency arises for capital maintenance work for replacement of Main Inlet valve of all four units of UIHEP.”

Accordingly, OHPC has submitted the compliance to the direction of the Commission, regarding replacement of MIV of all four (4) units of UIHEP are as follows:

- I. OHPC has submitted the reason for not going for replacement of one set of MIV on trial basis
- II. OHPC has submitted the advantages of new MIV with new & improved design:
- III. OHPC has submitted the Guarantee period of MIV of each unit covering auto-oscillation & penstock vibration:
- IV. OHPC has submitted the reasonability of the rate quoted by the OEM.
- V. OHPC has submitted the reason for choosing OEM for replacement of MIV work.
- VI. OHPC has also submitted the period of shutdown for commissioning the new MIV system and MIV seal control system. A detail proposal has been submitted by OHPC which as given in the table below.

Table - 53
Details of proposal for approval of capital maintenance work of UIHEP, Mukhiguda

Sl No	Name of the Unit	Name of work	Estimated capital addition (Rs)	Period of shut down for availing capacity charge benefit	Remarks
1	Unit- 1 to 4 of UIHEP, Mukhiguda	Design, Engineering, Manufacturing, Supply, Erection, Testing & Commissioning of new MIVs	52,76,53,200	3 months for replacement of each MIV with seal control system.	(1) Zero date for installation of each MIV shall be decided in consultation with SLDC (2) The capacity (MW) of the Unit

SI No	Name of the Unit	Name of work	Estimated capital addition (Rs)	Period of shut down for availing capacity charge benefit	Remarks
		with new MIV seal control system.			under Capital Maintenance shall be deducted from the total Installed Capacity for computation of PAFM.

(c) In view of the above submission of OHPC regarding Capital maintenance works for replacement of Main Inlet Valve of all four Units of UIHEP, the Commission gives in principle approval for replacement of MIV of all four units of UIHEP. However, OHPC should ensure that there is no time and cost overrun to avoid additional burden on consumer.

83. Directives of the Commission

- 1) OHPC has submitted that actual generation of some of the Hydro Powe Station like UIHEP, CHEP, BHEP, UKHEP is less than their Design Energy continuously for past four (4) years and this is because of silt deposit, decrease in flow, change in climatic condition etc. For above HEPs, OHPC is directed approach Central Electricity Authority (CEA) with relevant hydrology data for revision of Design Energy of these stations as per the provision in Regulation 45 of OERC's Generation Tariff Regulations, 2024.
- 2) It is observed that RHEP & HHEP are performing well with higher generation than Design Energy for last few years and must have positive contribution to the secondary fund. The Commission directs to intimae about the present contribution from various HEPs of OHPC and status of fund available in secondary fund created to take care of hydrology failure of other Hydro Project.
- 3) OHPC is directed to update the status and the completion time line of capital maintenance of Unit 1&2 of Chiplima Power House and Repair & Renovation of power channel from Burla Power House to Chiplima Power House for which huge amount has been approved by the Commission.

- 4) OHPC is directed to submit the updated status, the completion schedule and expected levelized tariff of Kharag HEP (63 MU), each Pump Storage Projects (PSP) associated with UIHEP, UKHEP, BHEP and nine (9) off the river closed loop PSP.
 - 5) OHPC is also directed to submit the updated status of implementation schedule and expected levelized tariff of floating solar projects on the existing reservoirs of HEPs.
 - 6) OHPC is directed to inform about any planning/consideration for joint bidding with other States for PSP projects, which are in the pipeline in order to share the benefit and high cost burden of PSP projects.
84. The application of OHPC in Case No. 83/2024 for approval of its Aggregate Revenue Requirement and fixation of generation tariff of its different power stations for the FY 2025-26 along with the petition of OHPC capital maintenance work for replacement of MIV of UIHEP in Case No. 59/2024 are accordingly disposed of.

Sd/-
(S.K. RAY MOHAPATRA)
MEMBER

Sd/-
(G. MOHAPATRA)
OFFICIATING CHAIRPERSON