



ASSAM ELECTRICITY REGULATORY COMMISSION

FILE NO. AERC. 311/2008

PETITION NO. 2/2010

ORDER SHEET

15.09.2010

Before the Assam Electricity Regulatory Commission

ASEB Campus, Dwarandhar,

G. S. Road, Sixth Mile, Guwahati – 781 022

Petition No. 02/2010

M/s Pahumara Hydel Power Company Pvt. Ltd.

—— Petitioner

In the matter of

A Petition filed by the Petitioner under Section 86 & 94 of the Electricity Act, 2003 seeking review and/or modification order of the Commission in Petition 07/2008 dated 05.10.2009

AND

In the matter of

Hearing held on the Petition filed by the Petitioner on 09.07.2010

Members present during hearing :

1. Mr. D. Kedia
2. Mr. P. G. Saha
3. Mr. A. Swami
4. Mr. Sourav Dasgupta

—— for Petitioner

1. Mr. S. Baruah
2. Mr. K. Goswami

—— for Respondent

BEFORE

Shri H. Dutta
Member, AERC

Shri J. Barkakati
Chairperson, AERC

ORDER

Perused the Petition No. 2/2010 dated 02.06.2010 of M/s Pahumara Hydel Power Company Private Ltd In The Matter Of review of Commission's Tariff Order dated 05.10.2009 for Pahumara Small Hydroelectric Project. A hearing on the matter was also held 09.07.2010.

During the course of hearing, the Chairperson of the Commission elaborated the modalities and relevant provision in the Electricity Act, 2003 and the National Tariff Policy in the context of the petition filed by M/s Pahumara

Hydel Power Company Pvt. Ltd. The representatives of the petitioner submitted the following points for consideration of the Commission:

1. The petitioner requested the Commission to approve the levy of Water Cess @ Rs. 0.05/KWH, in line with the Hydro Power Policy of the Govt. of Assam for Irrigation Canal based Power project.
2. The petitioner requested the Commission to consider a PLF of 50.56% instead of 45% as stated in DPR.
3. The petitioner also appealed for approval of capital cost for the project including IDC @ Rs. 866 lakhs/MW.
4. The Tariff Order passed by the Commission incorporated Minimum Alternate Tax (MAT) @11.2%, whereas as per Section 115JB of the Income Tax Act, the MAT has been increased to 15%, which after adding cess and other taxes comes to 16.5%. The petitioner requested that this extra implication may be considered while calculating tariff.
5. As per notification No. L-7/186(201/2009-CERC) dated 16th September, 2009 by the CERC the normative ROE should be 19% (Pre Tax) per annum for the first 10 years and thereafter 24% (Pre Tax) from the 11th year. Therefore, the petitioner appealed to the Commission that the CERC rate may be considered for the purpose of tariff calculation.
6. The petitioner also requested that the Commission may consider approving the levelised Tariff of Rs. 3.20/KWh for 35 years.

In reply to the contentions made above, the respondents submitted the following points before the Commission:-

1. The respondents stated that so far the tariff principle is concerned; there is still no Hydro Regulation in force in the state. However, the Commission has proposed a tariff with cap rate for such small hydro project at Rs. 3.20 per KWH in its Renewable Energy Regulations which is yet to be notified in official Gazette. The respondents contended that the proposed tariff of Rs. 3.20 per KWH is a cap rate and does not mean that all small HEP should have a tariff equal to the cap tariff as a legitimate right in all cases.
2. The respondents requested the Commission not to consider other grounds than Plant Load Factor PLF of the instant petition for review and allow those grounds to continue as per already issued order.
3. The respondents stated that the already approved PLF may be reviewed and enhanced from the level of 45% to a level of around the provision of regulatory norm.
4. The IDC is also a part of total capital cost of the project. Definition of Debt:Equity ratio states that the ratio is fixed on total capital cost including Interest during Construction (IDC). Therefore, the respondents stated that this also does not serve as a ground for review.

The Commission heard both the parties. Taking note of the above facts, the Commission is of the considered opinion that it would be prudent to keep the order of the Commission dated 05.10.2009 unaltered at present. However, the Commission may consider for reviewing the tariff at the time of commercial date of operation (COD) based on the submission of data, and any other information as required by the Commission at that time.

Sd/-
(H. Dutta)
Member, AERC

Sd/-
(J. Barkakati)
Chairperson, AERC