



bajaj energy private limited

Date: 25.08.2015

Secretary
Uttar Pradesh Electricity Regulatory Commission
Kisan Mandi Bhawan, IInd Floor,
Vibhuti Khand, Gomti Nagar,
Lucknow

Subject: Approval of final capital cost as on COD, determination of final tariff, additional capitalization and true up for the period from COD upto 31.03.14 in respect of 2x45 MW Khambarkhera Thermal Power Plant.

Dear Sir,

We are hereby submitting the petition under Section 62 and 86 (1)(a) of the Electricity Act 2003 read with Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulation 2009 and amendment 2012 for Approval of final capital cost as on Commercial Operation Date, determination of final tariff, additional capitalization and true up for the period from COD upto 31.03.14 in respect of 2x45 MW Khambarkhera Thermal Power Plant as per details given below:-

1. Affidavit along with petition attaching tariff filing formats as per Appendix-II of the Regulation and annexures (One copy in original and five photocopies).
2. Demand Draft no. 046269 dated 25.08.2015 drawn on Punjab National Bank, Lucknow in favour of Secretary, UPERC, Lucknow amounting to Rs. 1000/-

It is requested to the Hon'ble Commission to kindly accept the petition and pass necessary orders/ directions as deemed proper at the earliest.

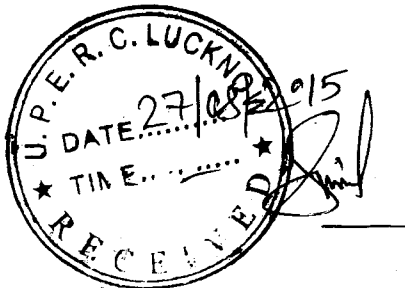
Thanking you,

Yours faithfully
For Bajaj Energy Pvt. Ltd.


(Authorised Signatory)

Encls: As above

CC:
Chief Engineer (PPA), UPPCL, 14th Floor, Shakti Bhawan, Lucknow along with one set of Petition and documents and four additional sets of Petition and documents for Madhyanchal, Poorvanchal, Paschimanchal and Dakshinanchal Viduyut Vitran Nigams respectively.



J. Banerjee
27-8-15

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BEFORE THE HONORABLE UTTAR PRADESH ELECTRICITY
REGULATORY COMMISSION, LUCKNOW

In the Matter of: Bajaj Energy Pvt Ltd, Unit- Khambarkhera

Regd. Office:

B-10, Sector-3,

Bajaj Bhawan,

Jamnalal Bajaj Marg, Noida

Uttar Pradesh

Petitioner

Versus

1. Uttar Pradesh Power Corporation Limited (UPPCL),

Shakti Bhawan, 14-Ashok Marg, Lucknow.

2. Madhyanchal Vidyut Vitran Nigam Ltd

PN Road, Lucknow.

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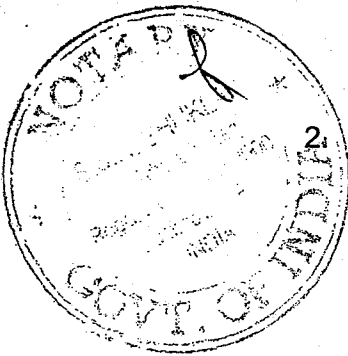
3. Poorvanchal Vidyut Vitran Nigam Ltd.
132 KV S/S Bhikari Vidyut Nagar, Varanasi
4. Paschimanchal Vidyut Vitran Nigam Ltd.
Victoria Park, Meerut
5. Dakshinachal Vidyut Vitran Nigam Ltd.
Galina Road, Agra

Respondents

Affidavit for Approval of final capital cost as on COD, determination of final tariff, additional capitalisation and true up for the period from the COD upto 31.03.14 in respect of 2 X 45 MW Khambarkhera Thermal Power Project.

I, S.N.M. Tripathi, S/o Late Shri Ramakant Tiwari, aged 68 years, Authorized Signatory, Bajaj Energy Pvt. Ltd., having its office at TC-13, Vibhuti Khand, Gomti Nagar II, Lucknow, 226010, do hereby solemnly affirm and state as under:

1. That I am the Authorized Signatory of Bajaj Energy Pvt. Limited and am aware of the facts and circumstances of the present case and am otherwise authorized to swear and affirm the present Affidavit.
2. That I have gone through the contents of the petition in support of which this affidavit is given and state that the same are true to my knowledge based on the records maintained by Bajaj Energy Pvt. Ltd., in ordinary course of its business.
3. That the annexure appended hereto are true copies of their respective originals.



21/8/11

[Signature]
DEPONENT

VERIFICATION

I, the deponent above named, do hereby verify that the contents of my above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

Verified at Lucknow on this 25-08-2015

[Signature]
DEPONENT



SWORN AND VERIFIED
BEFORE ME.

[Signature]
Snyam Sunder Singhania
Registration No. 25/2015
100, Sahasra Kanti, Lucknow
Lucknow (U.P.) India

[Signature]
25/8/15

**Before the Hon'ble Uttar Pradesh Electricity Regulatory Commission,
Lucknow**

In the Matter of: Petition under Section 62 and 86(1)(a) of the Electricity Act, 2003 read with Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2009 and Amendment 2012 for approval of final capital cost as on commercial operation date and determination of final tariff, additional capitalisation and true up for the period from the commercial operation date upto 31.03.14 in respect of 2 X 45 MW Khambarkhera Thermal Power Project.

Between: M/s Bajaj Energy Pvt. Ltd.

Unit- Khambarkhera, District- Lakhimpur Kheri,

Uttar Pradesh,

Petitioner

Versus

1. Uttar Pradesh Power Corporation Limited (UPPCL),
Shakti Bhawan, 14-Ashok Marg, Lucknow.
2. Madhyanchal Vidyut Vitran Nigam Ltd
PN Road, Lucknow.
3. Poorvanchal Vidyut Vitran Nigam Ltd.
132 KV S/S Bhikari Vidyut Nagar, Varanasi

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4. Paschimanchal Vidyut Vitran Nigam Ltd.
Victoria Park, Meerut

5. Dakshinachal Vidyut Vitran Nigam Ltd.
Galina Road, Agra

... Respondents

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BEFORE THE HON'BLE
UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION,
LUCKNOW

PETITION NO. _____ OF 2015

IN THE MATTER OF: Petition under Section 62 and 86 (1) (a) of the Electricity Act, 2003 read with Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2009 along with its Amendment dated 20.03.2012 for Approval of Final Capital Cost as on Commercial Operation Date and Determination of Final Tariff, Additional Capitalisation and True-up for the period from the Commercial Operation Date up to 31.3.2014 in respect of 2x45 MW Khambarkhera Thermal Power Project.

AND

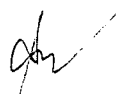
IN THE MATTER OF:

M/s Bajaj Energy Private Limited, Khambarkhera Unit
Bajaj Bhawan, B-10, Sector-3
Jamnalal Bajaj Marg, Noida 201-301

... **Petitioner**

VERSUS

1. Uttar Pradesh Power Corporation Limited (UPPCL),
Shakti Bhawan, 14-Ashok Marg, Lucknow.
2. Madhyanchal Vidyut Vitran Nigam Ltd
PN Road, Lucknow.



3. Poorvanchal Vidyut Vitran Nigam Ltd.
132 KV S/S Bhikari Vidyut Nagar, Varanasi
4. Paschimanchal Vidyut Vitran Nigam Ltd.
Victoria Park, Meerut
5. Dakshinachal Vidyut Vitran Nigam Ltd.
Galina Road, Agra

... Respondents

MOST RESPECTFULLY SHOWETH

1. Bajaj Energy Private Limited (hereinafter '**BEPL**' or the '**Petitioner**') promoted by Bajaj Hindusthan Limited (hereinafter '**BHL**'), has set up 450 MW coal fired Thermal Power Plants subsequent to an Memorandum of Understanding (hereinafter '**MoU**') between Government of Uttar Pradesh (hereinafter '**GoUP**') and BHL.
2. In terms of the MoU, the Petitioner has set up 2x45 MW units of coal fired power plants at Barkhera (District: Pilibhit), Khambarkhera (District: Lakhimpuri Kheri), Maqsoodapur (District: Shahjahanpur), Kundarkhi (District: Gonda), Utraula (District: Balrampur), of Uttar Pradesh (hereinafter collectively referred to as the '**Thermal Power Project**').
3. The Petitioner and the Respondent had entered into a Power Purchase Agreement (hereinafter '**PPA**') on 10.12.2010 for purchase of 90 % of the power from each of the aforementioned power station pursuant to approval of this Hon'ble Commission vide its Order No- UPERC / SEC / D (G) / 2010-195 dated 07.12.2010 read with Order No.- UPERC / Dir (G) / Secy /10-0192 dated 18.11.2010. The Power Purchase Agreement dated 10.12.2010 along with the aforementioned orders of this Hon'ble Commission are enclosed herewith and marked as '**Annexure-1**'.

4. Subsequently, GoUP vide its Order No-456 dated 26.05.2011 approved for purchase of 100% power by the State Nominated Agency namely U.P. Power Corporation Limited (hereinafter 'UPPCL') and accordingly, the Petitioner entered into a Supplementary Power Purchase Agreement (hereinafter 'SPPA') dated 15.06.2011 with the Respondent for the sale of 100 % saleable power generated from the Power Station to the respondent at the power purchase rates to be determined by the Hon'ble UPERC. The Supplementary Power Purchase Agreement dated 15.06.2011 is enclosed herewith and marked as 'Annexure-2'.
5. The Petitioner has implemented the Thermal Power Project through a single EPC contract placed on Bajaj Infrastructure Development Company Limited (hereinafter 'BIDCO'). BIDCO, in turn implemented the projects in multiple packages (22 Nos.). The major packages are Boiler, Turbine generator, coal handling, ash handling, mechanical systems, electrical systems, BTG civil works and general civil works etc. Boiler package contract had been awarded to Thermax Limited and ThyssenKrupp Industries India Pvt. Ltd. and turbine generator to Siemens Limited.
6. The Thermal Power Project was constructed envisaging usage of indigenous coal as primary fuel to be brought to the project site by rail to the nearest railway station and from there transported to the site by road. The Petitioner has entered into a Fuel Supply Agreement (hereinafter 'FSA') with Central Coalfields Limited on 24.09.2011 for supply of 1.95 Million Metric Tonnes per annum of coal.
7. The Petitioner is filing the instant petition in respect of 2x45 MW Khambarkhera Thermal Power Station towards approval of final capital cost as on commercial operation date, determination of final tariff, additional capitalisation for FY 2012-13 and 2013-14 and true-up for the period from the commercial operation date (hereinafter 'COD') up to 31.3.2014.

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8. In October 2011, the Petitioner had filed for grant of provisional tariff based on the estimated capital cost of Rs. 2,564 crore before the Hon'ble UPERC bearing Petition Nos. 763, 764, 765, 766 and 767 of 2011. The Hon'ble Commission was pleased to dispose the said petition by its order dated 22.12.2011, wherein it allowed provisional tariff computed at 95% of the then incurred capital expenditure of Rs. 2,307 crore. The Hon'ble Commission was also pleased to direct the Petitioner to submit actual project completion cost to UPPCL for verification, who in turn, was required to submit the agreed costs to the Hon'ble Commission based on which final tariff was to be approved.
9. The Petitioner humbly submits that the commercial operation date of Khambarkhera Thermal Power Station was 10.03.2012.
10. Subsequently, in September 2012, after the Commercial Operation of the subject power station, the Petitioner submitted Petition No.826 of 2012 for approval of final tariff based on actually incurred capital cost of Rs. 510.50 crore duly certified by the Statutory auditor.
11. The Hon'ble Commission disposed the aforementioned petition by its Order dated 20.05.2013 provisionally allowing 95% of the claimed annual fixed cost. In the proceedings in such matter, the Hon'ble Commission reiterated its earlier directive to UPPCL to submit agreed capital cost of BEPL stations after due verification. The Hon'ble Commission's Order dated 20.05.2013 is enclosed herewith and marked as 'Annexure-3'.
12. In view of the above directions of the Hon'ble Commission, UPPCL appointed M/s. Bhushan Rastogi & Associates, Chartered Accountants to carry out the verification of capital expenditure incurred by the BEPL on the subject power plant along with the other four thermal power stations of the Petitioner and submit recommended capital costs.

13. After an extensive and comprehensive process of audit and verification, M/s Bhushan Rastogi & Associates, Chartered Accountants recommended a capital cost of Rs. 503.64 crore against the incurred capital cost of Rs.510.50 crore. The capital cost of Rs.503.64 crore recommended by M/s Bhushan Rastogi & Associates, Chartered Accountants was also found to be reasonable when compared to other similar sized Thermal Power Stations in the country.
14. Subsequently, the UPPCL further deducted some expenses towards cost of land, cost of vehicles, cost of software's, etc based on mutual agreement with the Petitioner. Subsequent to such mutual agreement, the UPPCL on 10.10.2014, communicated the mutually agreed capital cost of Rs. 2,511.82 crore to the Hon'ble Commission and filed an affidavit. The affidavit dated 10.10.2014 submitted by UPPCL before this Hon'ble Commission intimating the mutually agreed capital costs of Rs. 2,511.82 crore is enclosed herewith and marked as 'Annexure-4'.
15. Out of the total capital cost of Rs. 2,511.82 crore towards the Thermal Power Project, the mutually agreed capital cost of 2x45 MW Khambarkhera Thermal Power Station was to the tune of Rs. 499.42 crore.
16. Further the Petitioner submits that it has incurred additional capitalization of Nil in FY 2011-12, Rs. 1.57 crore in FY 2012-13 and Rs.18.18 crore in FY 2013-14. The statutory auditor certificate towards such additional capitalization FY 2012-13 and FY 2013-14 is enclosed herewith and marked as 'Annexure-5'. The audited accounts of the Petitioner Company are enclosed herewith and marked as 'Annexure-6'.
17. The Petitioner submits that the actual capital cost as well as the additional capitalization has been in debt equity ratio of 70:30. The duly filled in Form

6 – Financial Package upto COD and Form 10 – Financing of Additional Capitalisation has been enclosed with this Petition.

18. The instant Petition is being filed for True up of fixed charges based on the final capital cost of Rs.499.42 crore incurred up to the commercial operation date and additional capitalization of Rs.1.57 crore in 2012-13 and Rs.18.18 crore in 2013-14.
19. The Petitioner humbly submits that the instant petition is being filed in terms of Clause 5 (5) of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations 2009 dated 31.03.2009 (hereinafter 'Tariff Regulations') read with Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) (First Amendment) Regulations, 2012 dated 20.03.2012.
20. The Petitioner has claimed variation in interest on loan, depreciation, advance against depreciation and return on equity in terms of Tariff Regulations and considering the capital cost and additional capitalization claimed in the instant petition.
21. The relevant information pertaining to tariff components is being hereby submitted in the Tariff Forms prescribed by the Hon'ble Commission and notified along with the Tariff Regulations. The duly filled in Tariff Forms are enclosed herewith and marked as 'Annexure-7'.
22. The Petitioner humbly submits that initially at the time of making the petition for grant of provisional tariff, the petitioner had considered that the power station would be operating completely on supply of linkage coal from Central Coalfields Limited. However the actual supply from Central Coalfields Limited was insufficient and the Petitioner was constrained to procure coal from other market sources in order to meet the balance requirement of coal

for the power station. It is pertinent to mention that the cost of overall blend of coal procured from linkage as well as other market sources was not included in the calculation for working capital requirement while granting provisional tariff vide Order dated 20.05.2013.

23. The Petitioner humbly submits that it had resorted to procurement of coal from market sources after due approval of the quantum and cost from the respondent UPPCL in terms of Clause 6.5 of the Power Purchase Agreement dated 10.12.2010.
24. The procurement of coal has taken place from multiple sources at different price points after prior approval of UPPCL which has led to a variation in the average landed cost of coal and in view of the same, the working capital requirement and interest thereon is required to be trued up.
25. The rate of interest for working capital has been considered as per the short term prime lending rate of State Bank of India as on 1st April for each relevant year. Copy of letter obtained from the State Bank of India depicting the rates of short term prime lending rate along with their applicability period is enclosed herewith and marked as 'Annexure-8'.
26. The relevant computation in respect of revised interest on working capital has been enclosed as per Form 15 submitted as part of the Tariff Forms in Annexure-7.
27. The Hon'ble Commission's Order dated 20.05.2013 had granted provisional tariff up to "95% of the claimed annual fixed costs as agreed by the UPPCL subject to adjustment as per proviso to clause (3) of the Regulations". The first proviso to Clause 5 (3) of the Tariff Regulations provide for the mechanism for claiming the variation upon determination of final tariff vis-à-

vis provisional tariff. The first proviso to Clause 5 (3) of the Tariff Regulations is reproduced below:

“Provided further that over or under recovery of charges by the generating company on account of provisional tariff shall be subject to retrospective adjustment on the basis of final tariff determined by the Commission. The generating company, on the basis of such final tariff, shall calculate the amount of under or over recovery of charges and bill such amount to be recovered or paid by it from or to the beneficiary (ies), for the period provisional tariff remained effective, within six months of determination of final tariff, along with simple interest calculated at rate equal to Short Term Prime Lending Rate of State Bank of India prevailing as on 1st April of the relevant year.”

28. Accordingly, the Petitioner is entitled to claim carrying cost on the under-recovered fixed charges upon approval of true-up by the Hon'ble Commission. The Petitioner humbly submits it may be allowed to bill the beneficiary carrying cost at an interest rate equivalent to the *“Short Term Prime Lending Rate of State Bank of India prevailing as on 1st April of the relevant year”* which is 13.00% in FY 2011-12, 14.75% in FY 2012-13 and 14.45% in FY 2013-14 as depicted in the State Bank of India certificate enclosed in Annexure-8.

PRAYERS

29. In view of the above, the petitioner respectfully prays that the Hon'ble Commission may kindly :

- a) Admit the instant Petition and grant an expeditious hearing;
- b) Approve the capital cost and additional capitalization as claimed by the Petitioner;

- c) Allow the variation in tariff components namely interest on loan, depreciation, advance against depreciation, return on equity and interest on working capital as claimed by the Petitioner;
- d) Allow the Petitioner to recover carrying cost from the beneficiaries towards the under-recovered fixed charges upon Truing up by the Hon'ble Commission;
- e) Allow the recovery of the filing fees as and when paid to the Hon'ble Commission from the beneficiaries.
- f) The petitioner respectfully seeks an opportunity to present their case prior to the finalization of the Tariff / True up Order. The Petitioner believes that such an approach would provide a fair treatment to all the stakeholders and may eliminate the need of a review or clarification.
- g) The Petitioner requests the Hon'ble Commission to condone any inadvertent omissions /errors/rounding off difference /shortcomings and permit the Petitioner to add/alter this filing and make further submission as may be required by the Hon'ble Commission; and
- h) Pass such further and other Orders, as the Hon'ble Commission may deem fit and proper, keeping in view the facts and circumstances of the case.

For Bajaj Energy Pvt. Ltd.


Authorised signatory