

BAGLIHAR HEP STAGE-I

ANNUAL REVENUE REQUIREMENT
(ARR)
&
TARIFF PETITION

for

FY 2009-10
&
FY 2010-11

**THE J&K STATE ELECTRICITY REGULATORY COMMISSION (SERC),
JAMMU**

Petition No.

IN THE MATTER OF:

APPLICATION FOR ANNUAL REVENUE REQUIREMENT AND TARIFF PETITION FOR FY 2009-10 AND FY 2010-11 FOR (i) BAGLIHAR HYDRO ELECTRIC PROJECT STAGE-1 (HYDRO) [BAGLIHAR-HYDRO] AND (ii) 400 kV DOUBLE CIRCUIT TRANSMISSION LINE FROM BAGLIHAR TO KISHENPUR AND TWO BAYS AT 400 KV KISHENPUR SUB-STATION OF PGCIL [BAGLIHAR-TRANSMISSION SYSTEM]

AND

IN THE MATTER OF:

JAMMU & KASHMIR STATE POWER DEVELOPMENT CORPORATION LIMITED (HEREINAFTER REFERRED TO AS JKSPDC) EXHIBITION GROUND, SRINAGAR-190009, KASHMIR / ASHOK NAGAR, SATWARI, JAMMU-180003

..... PETITIONER

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P A R T - A
APPLICATION

BEFORE

**THE J & K STATE ELECTRICITY REGULATORY COMMISSION (SERC),
Jammu**

Petition No.

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APPLICATION FOR ANNUAL REVENUE REQUIREMENT AND TARIFF PETITION FOR FY 2009-10 AND FY 2010-11 FOR (i) BAGLIHAR HYDRO ELECTRIC PROJECT STAGE-1 (HYDRO) [BAGLIHAR-HYDRO] AND (ii) 400 kV DOUBLE CIRCUIT TRANSMISSION LINE FROM BAGLIHAR TO KISHENPUR AND TWO BAYS AT 400 KV KISHENPUR SUB-STATION OF PGCIL [BAGLIHAR-TRANSMISSION SYSTEM]

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..... PETITIONER

The applicant respectfully submits as under:-

1. BACKGROUND OF PETITION

The Corporation was incorporated as “Jammu and Kashmir State Power Development Corporation Private Limited” on 16th February 1995 under the Companies Act, 1956. Subsequently, the Corporation was converted to public limited Company and the name was changed to “Jammu and Kashmir State Power Development Corporation Limited” and a new Certificate of Incorporation was issued by the Registrar of Companies, Jammu & Kashmir, at Jammu on 24th November, 1999. The Corporation is wholly owned by the State Government of Jammu & Kashmir.

The Corporation, in spite of being incorporated on 16.02.1995, continued to work on Treasury pattern up to 31.12.1997. JKPDC effectively shifted to commercial pattern / Banking System with effect from 01.01.1998 as per Government Order No. 329F of 1997 dated 10.12.1997 when its financial set up was de-linked from the Treasury. The assets acquired costing Rs. 907.84 crore was transferred to the Corporation in the year 1999 vide Order No. PDD/AC/11/99 dated 29.10.1999

2. MAIN OBJECTS

The main objects of the Corporation on its incorporation were:-

- (i) To take over, execute, complete and operate Power Stations and Power projects of the Jammu and Kashmir Government including all property rights and other rights and obligations including with respect to personnel that may be assigned by the Government of the State of Jammu and Kashmir, and to arrange for conveyancing loan or assignment in favour of the Company of all properties and rights that may be necessary for this purpose.
- (ii) a. To plan, promote and organize an integrated and efficient development of electric power in all aspects including planning, investigation, research, design and preparation of preliminary feasibility and detailed project reports, construction, generation , operation and maintenance of Power Stations and projects, transmission, distribution and sale of power generated at power stations in accordance with the policy of the State of Jammu and Kashmir and objectives laid down by the State Government from time to time.
 - b. To undertake, where necessary, the construction of transmission lines and ancillary works for timely and coordinated supply of Power.
- (iii) To co-ordinate the activities of its subsidiaries, to determine their economic and financial objectives / targets and to review, control, guide and direct their performance with a view to secure optimum utilization of all resources placed at their disposal.

- (iv) To act as an agent of the Government / Public Sector Institutions, to exercise all the rights and powers exercisable at any meeting of any Company engaged in the Planning, Investigation, Research, Design and Preparation of Preliminary Feasibility and Detailed Project Reports, Construction, Generation, Operation and Maintenance of Power Stations and Projects, Transmission, Distribution and Sale of Power, in respect of any shares held by the Government, Public Financial Institutions, National Banks, Nationalized Insurance Companies with a view to secure the most effective utilization of the financial investments and loans in such companies and the most efficient development of the concerned industries.
- (v) To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in power generation and transmission equipment and supplies for power development, ancillary and other allied industries and for that purpose to install, operate and manage all necessary plants, establishments and works.

3 INSTALLED CAPACITY

(i) **Hydro Electric Power Stations**

The Corporation has 20 hydro electric power stations (HEPs) having total installed capacity of 763.70 MW(including 9 MW defunct Mohra HEP). Out of these total HEPs, 19 hydro power stations were commercially in operation till date including Baglihar HEP Stage-I which has been declared commercially commissioned on 01-04-2009. The details of total installed capacity, unit wise installed capacity, date of commissioning of all the three units of Baglihar HEP Stage –I are given below:-

Sl. No.	Name of Power House	Unit	Capacity of each unit (MW)	Installed Capacity (MW)	Date of Commissioning
1.	Baglihar HEP Stage-I	Unit I	150	450	08/10/ 2008
		Unit II	150		28/10/ 2008
		Unit III	150		25/11/ 2008

(ii) **Transmission System**

Energy generated at Baglihar HEP is evacuated through 68 Km long 400 kV Double Circuit Transmission line from the Baglihar station yard to 400 kV Kishenpur sub-station of PGCIL. 2 nos of 400 kV bays at Kishenpur sub-station have been provided.

4. BACK GORUND OF BAGLIHAR HEP STAGE-I

The application for approval of Annual Revenue Requirement and Tariff Petition for 19 No HEPs including of Baglihar HEP-1, 400 kV Transmission line from Baglihar to Kishenpur sub-station and gas turbines for the financial years 2009-10 and 2010-11 was submitted to J&K SERC vide Petition NO. 20/2009-10. The Hon'ble Commission vide order no. JKSERC/04 of 2010 dated 30-04-2010 has issued Tariff order on ARR and Determination of Generation Tariffs for FY 2009-10 and FY 2010-11 for 18 nos. HEPs only. However, while passing the tariff order, the provisional tariff has been considered @Rs 3.54/unit for the years 2009-10 & 2010-11. This rate is as per the PPA executed between the JKSPDC and J&KPDD in respect of BHEP-I. The PPA however provides Rs 3.54/unit in first year and Rs 3.71/unit in 2nd year which the Hon'ble commission has been requested to re-consider.

Now this application is submitted to J&KSERC for approval of Annual Revenue Requirement and Tariff Petition for FY 2009-10 and FY 2010-11 for :

- (i) Baglihar- Hydro Electric Project Stage –I (Hydro) of 450 MW [Baglihar– Hydro]
- (ii) 400 kV Double Circuit Transmission line from Baglihar to Kishenpur and two bays at 400 kV Kishenpur sub-station of PGCIL [Baglihar- Transmission System].

5. SALE OF ENERGY

Following two Power Purchase Agreements have been executed for sale of energy.

- (i) Power Purchase Agreement (PPA) for 450MW Baglihar HEP dated 13-12-2000 and Addendum No. 1 dated 13-01-2001 between JKSPDC and J&K Power Development Department (J&KPDD) for sale of 50% of Net

Energy after accounting for Auxiliary consumption, line losses up to interconnection point at Kishenpur sub-station .

The rate per unit for 20 years for sale of Power to J&KPDD by JKSPDC are as under:-

Year	Rate / unit for sale of energy in Rs.
1 st	3.54
2 nd	3.71
3 rd	3.62
4 th	3.47
5 th	3.33
6 th	3.33
7 th	3.35
8 th	3.45
9 th	3.27
10 th	3.15
11 th	2.95
12 th	2.83
13 th	2.10
14 th	1.98
15 th	2.01
16 th	2.04
17 th	1.52
18 th	1.41
19 th	1.44
20 th	1.47

- (ii) Power Purchase Agreement (PPA) dated 13-10-2008 and Memorandum of Understanding dated 29-11-2006 for 450 MW Baglihar HEP between JKSPDC and PTC India Limited for sale of 50% of the electricity generated by the Project at the delivery point for a period of 12 years. PTC shall arrange to sell 150MW gross capacity on long term basis for a period of 12 years and balance 75 MW gross capacity to be sold on short term basis. PTC will sell 75MW gross capacity of short term power to JKPDD in winter months i.e. November, December, January and February each year

Copy of the PPA between JKSDPC and JK PDD dated 13-12-2000 and Addendum No.1 dated 13-01-2001 is enclosed at **Annexure-1**

Copy of PPA between JKSPDC and PTC India Limited dated 13-10-2008 is enclosed at **Annexure-2**

Copy of letter no.PTC/J&K/Baglihar dated 27-2-2009 of PTC regarding sale of power @ Rs.3.65 per kWh to Punjab and Haryana is enclosed at **Annexure-3**.

6. 450 MW BAGLIHAR HEP STAGE -I

Baglihar HEP with an installed capacity of 450 MW having three units 150 MW each envisaging utilization of water of international river Chenab (Chandrabhaga) at Village Baglihar, Ramban Tehsil of Doda District of Jammu & Kashmir for Power Generation was taken for excavation in the year 1999 by JKSPDC. This Hydro Project was approved by the State Government vide letter no. PDD/iv-21/85-III dated 9-4-1999. The original commissioning of this HEP was considered by 31st December, 2004 with zero date as 1st January 2000 with completion period of 60 months. However due to reasons like non-availability of land, security, adverse geological conditions, the extension for completion of works was given up to 30-06-2006. Mainly because of the unprecedented floods in July- August 2005, the project suffered huge cost and time overrun and revised completion date was fixed as 31.12.2007.

Due to various unforeseen circumstances, various time extensions were granted and finally all the three units were commissioned on the dates as under:-

Sl No.	Unit No. Baglihar HEP	Date of Commissioning
1.	Unit - 1	08-10-2008
2	Unit - 2	28-10-2008
3.	Unit - 3	25-11-2008

The commercial date of commissioning of Baglihar HEP has been declared as 01-04-2009

7. SALIENT FEATURE OF THE BAGLIHAR HEP STAGE-I

The main salient features of the Baglihar HEP Stage -I are given as under:-

Sl. No	Description	Feature
1.	Name of the rive	: Chenab (Chandrabhaga)
2.	Village	: Baglihar
3.	Tehsil	: Ramban
4.	District	: Doda
5.	State	: Jammu & Kashmir
6.	Installed Capacity	: 450 MW
7.	Number of units	: 3
8.	Design Energy	: 2536.07 MU in 90% dependable year
10.	Catchment area upto the project site	: 17325 Sq. Km.
11.	Location of the power intake	: Right Bank
12.	Number of intake	: 2 (one for Stage –I and other for Stage – II)
13.	<u>Surge Shaft</u>	
i)	Type	: Restricted orifice
ii)	Size	: 25 meter dia.
iii)	Area of the orifice	: 33 Sq m (in form of an opening of 6.5 m dia.)
iv)	Height	: 96 Meter
14.	<u>Pen Stock</u>	
i)	Nos	: 3
ii)	Diameter of steel liners	: 5.5 Meter each
iii)	Material of steel liner	: Steel liner of ASTM 537 Grad “A”
iv)	Length	: 189.68 meter & 197.846 meter
v)	Type	: Underground
vi)	Velocity	: 3.2 m/s
15.	<u>Power House</u>	
i)	Type	: Underground
ii)	Number of Turbines	: 3 nos. Frances turbines
iii)	Transformer hall cum GIS cavern	: To accommodate 10 nos. – 16.5/400 kV, 60 MVA single phase transformers on ground floor and 400 kV gas insulators switchgears on 1 st floor.

Sl. No	Description		Feature
iv)	Excitation	:	Static
v)	Transmission system	:	400 kV, D/C Transmission line 68 km long from Baglihar to Kishenpur with two nos. 400 kV line terminating bays at Grid substation Kishenpur of PGCIL.

8. DETERMINATION OF TARIFF FOR BAGLIHAR HEP STAGE -1

The application for determination of Tariff of Baglihar HEP Stage-I for the FY 2009-10 and 2010-2011 is submitted for

- (i) Baglihar Hydro Electric Power Project Stage –I (Hydro) in short as “Baglihar Hydro”
- (ii) 400 kV Double Circuit Transmission line from Baglihar to Kishenpur and two bays at 400 kV Kishenpur Sub-station of PGCIL in short as “Baglihar – Transmission System”

(a) Determination of Tariff for Baglihar – Hydro

The application for determination of Tariff of Baglihar – Hydro for the FY 2009-10 and 2010-2011 is submitted in terms of clause 45 of the JKSERC (conduct of business) and in terms of Regulation 2(1) Chapter -1 and 4(2)(b) of chapter -2 of the JKSERC (Terms and conditions of Determination of Hydro Generation Tariff) Regulations 2005 dated 23-09-2005 as amended from time to time.

The Baglihar HEP Sage-1 was declared commercially operational on 1-04-2009 along with 68 km of 400 kV D/C transmission line from Baglihar to Kishenpur for evacuation of power from the project. The 400 kV D/C transmission line has been connected with 2 nos. 400 kV terminating bays at Kishenpur sub-station of PGCIL.

(b) **Determination of Tariff for Baglihar – Transmission System**

The tariff for Baglihar – Transmission system for the year 2009-10 and 2010-11 is submitted as per CERC Regulations dated 19-01-2009 applicable for the years 2009 - 2014.

9. INFIRM POWER

Infirm power means electricity generated prior to commercial operation of HEP. The commissioning date of all the three units along with commercial operational date of commissioning are given below:-

Date of commissioning of unit -I	08-10-2008
Date of commissioning of unit -II	28-10-2008
Date of commissioning of unit -II	25-11-2008
Commercial Operation date of HEP	01-04-2009

The electricity generated and its revenues from sale of infirm power (prior commercial operational date) are given below:-

(Rs in Crore)

Sl. No	Name of buyer	Infirm power Energy generated in MUs	Revenue collected
1	PTC	28.200	25.97
2	PDD	676.6187	239.52
3	Total	704.8187	265.50

Revenue of Rs. 25.97 Crore has been received from Power Trading Corporation of India Limited, for sale of infirm power. JKPDG however has not passed any amount on account of infirm power. The actual revenue received from PTC India Ltd from infirm power has been considered to be deducted from the total project cost for the purpose of tariff determination.

10. ACTUAL GENERATION

The saleable energy as actual and as per Design Energy for the Financial Year 2009-10 are as under;-

Sl. No	Description	Unit	Value
1	Year	FY	2009-10
2	Saleable Energy		
(i)	Actual	MU	2682.64
(ii)	As per Design Energy	MU	2498.03

11. DESIGN ENERGY

The design energy has been considered in a 90% dependable year with 95% installed capacity of 450 MW of Baglihar HEP as per regulation 3(17) in Chapter-1 of JKSERC Regulation dated 23-09-2005.

As per original DPR, the design energy in a 90% dependable year with 95% installed capacity was calculated as 2643.00 GWH in base year of 1974 with hydrological data for the period years 1963-1996. However with hydrological data for years 1997 to 2007 being available, the design energy was changed in the revised Power Potential Studies by Jaypee Ventures Pvt. Ltd. to 2536.07 MUs. This was with 90% dependable year of 1965 and 95% installed capacity with hydrological data for 1963-2007 years.

The design energy was also validated by an independent consultant and found same as per revised DPR and has thus been considered as 2536.07 MUs for calculation of gross generation. Month wise design energy for 90% dependable year 1965 and 95% installed capacity is given below:-

Sl. No	Moith wise Design Energy for 90% dependable year 1965	Design Energy output (GWH)
1	January	90.64
2	February	115.77
3	March	180.61
4	April	279.07
5	May	318.06
6	June	307.80
7	July	318.06
8	August	318.06
9	September	287.16
10	October	153.95

Sl. No	Moith wise Design Energy for 90% dependable year 1965	Design Energy output (GWH)
11	November	97.87
12	December	69.02
	Total	2536.07

A copy of revised DPR is enclosed at **Annexure-4**

Report on validation of Design energy of all hydro electric projects including Baglihar has already been furnished to Hon'ble JKSERC.

A copy (abstract) of validation of Design Energy by an independent consultant is attached at **Annexure -5**

12. TOTAL PROJECT COST FOR BAGLIHAR-HEP STAGE-I (450 MW)

The Board of Directors of JKSPDC during 58th meeting held on 15-10-2009 authorized the Managing Director JKSPDC to incur expenditure beyond Rs. 5200 Crore up to Rs.5827.00 Crore in respect of Baglihar HEP Stage-1.

Details of break up cost / expenditure of Baglihar HEP Stage-I cost as on 31.3.2009, 31.3.2010 & final estimated completion cost

(Rs. in Crore)

S. No.	Particulars	Details of Final estimated completion cost	Expenditure on COD i.e. 31st March' 09	Expenditure on ending i.e. 31st March' 10
I	II	III	IV	V
1	Pre-operative expenses	64.10	38.50	43.22
2	Infrastructure works	111.15	69.13	72.38
3	Civil & Hydro mechanical Works	3773.09	3264.80	3632.15
4	Electro-mechanical works	712.5	671.78	709.146
5	Transmission works	152.33	149.57	149.57
6	Environment R&R and legal expenses	113.67	38.48	40.20
7	Fee for Owner's Engineer	130.75	115.22	129.47

S. No.	Particulars	Details of Final estimated completion cost	Expenditure on COD i.e. 31st March' 09	Expenditure on ending i.e. 31st March' 10
8	O&M mobilization etc.	5.00	0.07	0.07
9	Contingencies	7.28	0.00	0.00
10	Subtotal base cost (Sl. No. 1 to Sl.No.9)	5069.87	4347.55	4776.206
11	IDC & FC	640.36	640.36	640.36
Total Cost		5710.23	4987.91	5416.57

The Board of Directors of JKSPDC during 58th meeting held on 15-10-2009 has approved the final estimated completion cost as Rs. 5827.17 Crore considering IDC & FC as Rs. 757.30 Crore up to October 2009 as the debt repayments commenced from Oct 2009 only. However, only Rs. 640.36 Crore has been considered as IDC + FC up to COD i.e. 31.03.2009.

Supporting documents regarding final estimated completion cost, expenditure as on 31-3-2009, 31-3-2010, 58th Meeting of Board of Directorate enclosed at **Format F5(B) and Annexure-6**. Copies of Work Orders and Purchase Orders are enclosed at **Annexures 101 to 132 under Part -D**

13. NET PROJECT COST

As per Regulation 17, Chapter -1 of J&KSERC Regulation dated 23-09-2005, any revenue earned by the utility from the sale of infirm power is to be taken as reduction in project cost and not to be treated as revenue. Net project cost is calculated as under:-

Description	(Rs. In Crore)		
	Cost on COD i.e. 31.03.2009	Cost on cut off date i.e. 31.03.2010	Final Estimated completion cost
Total project cost including transmission line	4987.91	5416.57	5710.23
Less : Revenue from infirm power	25.97	25.97	25.97
Net project cost	4961.94	5390.60	5684.26

The net project cost has been further bifurcated for Baglihar Hydro and Baglihar - Transmission System for final estimated completion cost and as on 31.3.2009 and 31-3-2010 as under:-

(Rs. in Crore)

Sl. No.	Description	Final estimated completion cost			FY 2009-10			FY 2010-11		
		Baglihar HEP Stage-I	Baglihar -Hydro	Baglihar - Transmission System	Baglihar HEP Stage-I (31-3-09)	Baglihar -Hydro	Baglihar - Transmission System	Baglihar HEP Stage-I (31-3-2010)	Baglihar -Hydro	Baglihar - Transmission System
1	Total cost excluding IDC +FC	5069.87	4917.54	152.33	4347.55	4197.98	149.57	4776.21	4626.64	149.57
2	IDC +FC	640.36	621.12	19.24	640.36	621.12	19.24	640.36	621.12	19.24
3	Total cost including IDC +FC	5710.23	5538.66	171.57	4987.91	4819.10	168.81	5416.57	5247.76	168.81
4	Less: Cost of Infirm power	25.97	25.19	0.78	25.97	25.19	0.78	25.97	25.19	0.78
5	Net Cost (Sl.No.3 -Sl NO.4)	5684.26	5513.47	170.79	4961.94	4793.91	168.03	5390.60	5222.57	168.03

14. TIME AND COST OVER RUN

(i) Project Damages suffered in Monsoon 2005

The project suffered damages due to unprecedented snowfalls during January / February 2005 which was followed by rains. River Chenab had maximum discharge of 4000 cumec on 29th June 2005 which resulted in washing of the steel bridge (with span of 105 m) downstream at dam site. There were landslides at various places in and around the project site as a result of which, the diversion tunnel-2 got choked at inlet on 5th July 2005. Another massive landslide occurred on 14th August 2005 on the right bank hill slope upstream of dam above the inlet of diversion tunnel-1 causing dislodging of some part of cable crane tail track and blockade of inlet of diversion tunnel-1. More massive landslides occurred on 15th and 16th August 2005 on the right bank causing serious damages to right abutment of dam and cable crane along with its tail track.

(ii) Time extension / overrun

The project was to be commissioned on 31-12- 2004. However due to various reasons as explained above and other reasons of non availability of land as per

requirement, inadequate security and law & order as per requirement, non-availability of sufficient and reliable construction power as per requirement, bad conditions at Nasri by-pass, adverse geological conditions, delay in payment to contractors etc, the Baglihar HEP stage-I could not be commissioned on due date. Various time extensions granted by Board of Directors of JKSPDC vide Addendum 2 to Addendum -8 (copies enclosed at **Annexure-7 To 13**) Finally all the three units were commissioned on 08-10-2008, 28-10-2008 and 25-11-2008 respectively

(iii) Cost overrun

Baglihar HEP Stage-1 was approved by the State Govt. vide letter no. PDD/10-21/85-111 dated 09-04.1999 at an estimated cost of Rs. 3495.00 Crore (year 1997 as the base) which was subsequently revised to Rs.3810.00 Crore after award of major packages. The project has faced cost over-run mainly due to damage in flood and also due to time-over run as explained above. The revision of project cost (5 times) is given as under:-

Sl.No.	Estimated	Rs. in Crore
1	Original cost as per DPR with year 1997 as base price	3495.00
2	Revised cost after placement of order for plant and equipment during the year	3810.00
3	Revised cost estimated by Govt. of J&K vide letter no. 271-PDD of 2009 dated 31-08-2004	4000.00
4	Revised cost as on COD by Govt. of J&K vide order No. 166-PDD of 2008 dated 25.04.2008	5200.00
5	Final estimated completion cost as approved by B.O.D. during 58 th meeting held on 15-10-2009	5827.00

The reasons for time and cost overrun are attached at **Annexure -14**

A copy of report No.119/2/1/2007/HPM/1237 dated 18-06-2007 of Central Electricity Authority of the Committee reviewing the escalation in the cost estimate for Baglihar HE Project (450MW) of Jammu & Kashmir State Power Development Corporation in Jammu & Kashmir is enclosed at **Annexure-15**

15. FINANCING OF THE PROJECT COST FOR BAGLIHAR –HEP STAGE-I (BAGLIHAR-HYDRO AND BAGLIHAR-TRANSMISSION SYSTEM)

The cost of project has been increased due to time and cost overrun as explained earlier. An addendum dated 9-1-2009 to the common loan agreement dated 07-01-2005 was issued by JKSPDC for the raising of revised loan as under:-

(Rs. in Crore)

Sl. No.	Name of FIs/ Banks	Loan
1	PFC	845.00
2	REC	565.00
3	HUDCO	300.00
4	Central Bank of India	37.00
5	Union Bank of India	73.00
6	Canara Bank	73.00
7	J&K Bank Limited	360.00
	Total	2253.00

A copy of common loan agreement dated 7-01-2005 is enclosed at **Annexure-16**

A copy of addendum dated 9-12-2009 to the common loan agreement is enclosed at **Annexure-17**

16. TOTAL EQUITY FOR BAGLIHAR –HEP STAGE-I (BAGLIHAR-HYDRO AND BAGLIHAR-TRANSMISSION SYSTEM)

Plan assistance provided by the State Government from time to time for the project and the amount raised through bond which is being serviced by the State Government has been treated as equity of the State Government towards the project. The actual equity for this project is as under:-

(Rs in crore)

(i) State plan	1198.20
(ii) Bonds	1053.96
Total	2252.16

17. SUBSIDY FOR BAGLIHAR –HEP STAGE-I (BAGLIHAR-HYDRO AND BAGLIHAR-TRANSMISSION SYSTEM)

Government of India has sanctioned additional central plan assistance of Rs.630.0 Crore. Out of which Rs.567.00 Crore (Rs.630-63 Cr.) has been treated as a subsidy and Rs 63 Crore as loan.

18. ADDITIONAL CENTRAL PLAN ASSISTANCE FROM GOVERNMENT OF INDIA AND SPECIAL PLAN ASSISTANCE (SPA) FROM J & K GOVT.

(Rs. in Crore)

Sl. No.	Source of fund	Sanctioned	Actual availed
(i)	Additional Central Plan Assistance from Govt. of India (ACPA) for subsidy	567.00	556.00
(ii)	Loan portion of additional central plan assistance from Government of India	63.00	31.00
(iii)	Special Plan Assistance (SPA) form J&K Govt. (interest free loan) drawn during (a) FY 2008-09 (b) FY 2009-10	670.00	200.00 30.00

A copy of letter from Prime Minister’s Re-construction Plan utilization of grant in aid and loan approved in Form GFR 19-A is enclosed at **Annexure-18**

A copy of the letter from J&K Govt. regarding Special Plan Assistance Order No. 334 PDD of 2008 dated 21/11/2008 and Order No. 114 – PDD of 2009 dated 01-06-2009 are enclosed at **Annexure 19 and Annexure 20**.

A copy of letter from Government of India, Ministry of Finance , Department of Expenditure, Plan, Finance-I Division dated 25-2-2005 regarding rate of interest of loan portion of ACPA is enclosed at **Annexure -21**

19. THE FINANCE FROM VARIOUS SOURCES TO BE ARRANGED IS AS UNDER:

(Rs. in Crore)

Sl. No.	Source of fund	Amount
1.	Equity by Govt. of J&K / JKSPDC	2252.16
2.	Debt from FI/Banks	2253.00

Sl. No.	Source of fund	Amount
3,	Loan portion of ACPA	63.00
4,	Special Plan Assistance (SPA) form J&K Govt. (interest free loan)	670.00
5,	Subsidy	567.00
	Total	5805.16

20. ACTUAL STATUS OF AVAILING THE FINANCE FROM VARIOUS SOURCES AS ON 31.3.2009 AND 31.3.2010 ARE AS UNDER:

(Rs. in Crore)

Sl. No.	Source of fund	As on 31-03-2009	Drawn during FY 2010	As on 31.03.2010
1	Equity by Govt. of J&K / JKSPDC	2440.09	00.00	2440.09
2	Debt from FI/Banks	1770.00	483.00	2253.00
3	Loan portion of ACPA	31.00	00.00	31.00
4	Special Plan Assistance (SPA) form J&K Govt.	200.00	30.00	230.00
5	Subsidy	556.00	00.00	556.00
	Total	4997.09	513.00	5510.09

The utilization of various funds are based on actual releases of funds. However balance funds have been financed from FIS / Banks during 2009-10.

A copy of letter from General Manager (Accounts), JKSPDC regarding utilization of funds is enclosed at **Annexure -22**.

21. INTEREST DURING CONSTRUCTION (IDC)&FINANCING CHARGES (FC)

The repayment of loans raised from financial institutions and bank has been started from mid October 2009. However interest during construction (IDC) and financing charges (FC) up to COD has been considered and are as under:-

(Rs. in Crore)

Description	As on COD i.e. 31.03.2009	As on 31.03.2010
IDC + FC	640.36	640.36

A copy of statement of JKSPDC showing the amount of interest paid to FIS / Bank is enclosed at **Annexure -23**.

22. LOAN & INTEREST

The details of loan taken, rate of interest and total weighted average of ROI is given in the table given below:-

(Rs inCrore)

Sl. No.	Name of Lender	Total Loan sanctioned	Details of Loan as on 31.03.2009					Opening Loan as on 1.4.2009	Details of Loan as on 31.03.2010					
			Total Loan Drawn during 2008-09	Loan Drawal 1	Loan Drawal 2	Loan Drawal 3	Weighted average ROI		Total Loan Drawn during 2009-10	Loan Drawal 4	Loan Drawal 5	Loan Drawal 6	Total Loan Drawal as on 31.03.2010	Weighted average ROI
1	PFC	845	600	107	289	204		600	245	220	15	10	845	
	ROI (Quarterly) -floating			9.00%	9.75%	12.00%	12.00%			11.75%	11.50%	11.25%		11.25%
2	REC	565	400	267	133			400	165	102	63		565	
	ROI (Quarterly) -floating			10.50%	12.75%		12.75%			12.75%	11.75%			11.75%
3	Hudco	300	300	200	100			300					300	
	ROI (Monthly) -floating			10.25%	11.75%		10.75%							10.75%
4	Canara Bank	73	73	48.66	17.53	6.81		73					73	
	ROI (Monthly) -floating			10.50%	12.25%	11.75%	11.75%							11.75%
5	Central Bank of India	37	37	25	12			37					37	
	ROI (Monthly) -fixed			10.50%	10.50%		10.50%							10.50%
6	Union Bank of India	73	0						73	73			73	
	ROI (Monthly) -fixed									11.50%				11.50%
7	J&K Bank	360	360	200	160			360					360	
	ROI (Monthly) -floating			9.75%	13.00%		11.19%							11.19%
8	Loan portion of ACPA*	63	31	31				31					31	
	ROI (Monthly) -fixed			9.00%			9.00%							9.00%
9	Special Plan Assistance	670	200	200				200	30	30			230	
	ROI			0.00%						0.00%				
	Total	2986	2001	1079.36	712.23	211.05		2001	483	395			2314	
	Total weighted average of ROI						10.53%							10.25%

* ACPA: - Total amount of Rs. 63 crore as shown in the table is corresponding to 10% of the total ACPA which is @ 9.0% interest on monthly basis

Date wise disbursement details of loan installments for Baglihar HEP-I (all lending institutions) is enclosed at **Annexure -24**

23. NET PROJECT COST BAGLIHAR-HYDRO AND BAGLIHAR TRANSMISSION SYSTEM

The bifurcation of cost, IDC, equity, Debt etc for Baglihar-Hydro) and Baglihar - Transmission system for the year 2009-10 and year 2010-11 for determination of tariff is given below:-

Sl. No.	Description	Final estimated completion cost			FY 2009-10			FY 2010-11		
		Baglihar HEP Stage-I	Baglihar -Hydro	Baglihar - Transmission System	Baglihar HEP Stage-I (31-3-2009)	Baglihar -Hydro	Baglihar - Transmission System	Baglihar HEP Stage-I (31-3-2010)	Baglihar -Hydro	Baglihar - Transmission System
1	Total cost excluding IDC +FC	5069.87	4917.54	152.33	4347.55	4197.98	149.57	4776.21	4626.64	149.57
2	IDC +FC	640.36	621.12	19.24	640.36	621.12	19.24	640.36	621.12	19.24
3	Total cost including IDC +FC	5710.23	5538.66	171.57	4987.91	4819.10	168.81	5416.57	5247.76	168.81
4	Less: Cost of Infirm power	25.97	25.19	0.78	25.97	25.19	0.78	25.97	25.19	0.78
5	Net Cost (Sl.No.3 -Sl NO.4)	5684.26	5513.47	170.79	4961.94	4793.91	168.03	5390.60	5222.57	168.03
6	Equity 30% for tariff purpose	1705.28	1654.04	51.24	1488.58	1438.17	50.41	1617.18	1566.77	50.41
7	Debt+ Subsidy (70% of the net cost)	3978.98	3859.43	119.55	3473.36	3355.74	117.62	3773.42	3655.80	117.62
8	Subsidy	556	539.29	16.71	556	539.29	16.71	556	539.29	16.71
9	Debt for Tariff purpose	3422.98	3320.13	102.85	2917.36	2816.44	100.92	3217.42	3116.50	100.92

24. DETERMINATION OF TARIFF

The Baglihar HEP Stage –I was declared commercially operational on 01-04-2009 along with 68 km of 400 kV D/C transmission line from Baglihar to Kishenpur for evacuation of power from the project. The 400 kV D/C transmission line has been connected with 2 nos. 400 kV terminating bays at Kishenpur Sub-station of PGCIL. Separate tariffs as under are submitted to Hon’ble Commissioner for approval.

1. Baglihar-Hydro for sale of 50% power to Power Development Department (PDD)

2. 400 kV Transmission line from Baglihar HEP to Kishenpur for the purpose of wheeling charges to be claimed from the PDD for the portion of energy used /purchased by PDD, JKSPDC is in agreement for supply at Kishenpur sub-station which includes the cost of wheeling charges in the agreed tariff itself.

Determination of Tariff

a) For Baglihar- Hydro for FY 2009-10 & 2010-11

The tariff for this is submitted as per directive of Hon'ble Commission and procedure defined in chapter 1 and chapter -2 of JKSERC (terms & conditions of determination of hydro generation tariff) Regulation 2005 dated 23-09-2005

(b) For Baglihar – Transmission System for FY 2009-10 & 2010-11

JKSERC has not issued any Regulations for Transmission system. The tariff petition for this has been prepared based on the regulations of Central Electricity Regulatory Commission dated 19-01-2009 applicable for the years 2009-14

25. COMPUTATION OF ANNUAL CAPACITY CHARGES

As defined in the Regulation, two part tariff shall comprise of recovery of Annual capacity charges and primary energy charges.

The capacity charges have been computed in accordance with the following formula.
Capacity charges = Annual Fixed Charges – Primary Energy charges

26. ANNUAL FIXED CHARGES

The Annual Fixed charges (AFC) consists of-

- (i) Interest on Loan capital
- (ii) Depreciation including Advance Against Depreciation
- (iii) Return on Equity
- (iv) Operation & Maintenance Expenses
- (v) Interest on Working capital

Following norms/ assumptions as prescribed in Chapter 3 of JKSERC Regulation 2005 dated 23-09-2005 have been considered for filing the tariff for Baglihar-Hydro excluding transmission system.

Assumptions for Hydro Power Project excluding transmission system are given below:-

S No	Particulars	Unit	Value	
1	Auxiliary Consumption		With Rotating Exciter	With Static Excitation
	Surface	%	0.20	0.50
	Underground	%	0.40	0.70
2	Transformer Losses	%	0.50	0.50
3	Transmission losses	%	0.30	0.30
4	O&M Expenses			
	% of Cap Cost	%	1.50	
	Annual Escalation	%	4.00	
5	Depreciation		As per regulation	
	Advance Against Depreciation	Equivalent to difference of actual repayment of loan and normal depreciation		
6	Working Capital			
	Receivable	months	2	of Fixed Charges
	O & M Expenses	months	1	
	Spares for Maintenance	%	1	of historic cost
	Escalation in Spares Inventory	%	6	
	Rate of Interest p.a.	%	14.50	as per PLR of J&K Bank as on 1.4.2009
7	Return on Equity	%	14	of normative equity
8	Initial Spares as part of Capital Cost	%	1.50	
9	Equity	%	30	
	Loan	%	70	
10	Interest	%	as per sanction	
11	Moratorium		No moratorium after COD	
12	Sale of Infirm Power		UI Rate	
13	Foreign Exchange Rate Variation		Allowed, can be hedged	

Assumptions for transmission system are given below:-

400kV Transmission system

As JKSERC has not issued any Regulations for transmission system, the AFC calculations for transmission system have been based on the Regulations of Central Electricity Regulatory Commission applicable for the years 2009-14 published on 19th January, 2009.

The Assumption for the transmission line is given below:-

S No	Particulars	Unit	Value	
1	O&M Expenses			
	Annual O&M Cost of Line per KM	Rs in Million	0.0627	As per CERC Regulation for FYs 2009-14
	Annual O&M Cost per Bay	Rs in Million	5.24	
	Annual Escalation	%	5.72	
2	Depreciation			
	Plant Life 35 Yrs, Residual life 10%	%	2.57	
	Advance Against Depreciation	Equivalent to difference of actual repayment of loan and normal depreciation		
3	Working Capital			
	Receivable	months	2	of Fixed Charges
	O & M Expenses	months	1	
	Spares for Maintenance	%	1	of historic cost
	Escalation in Spares Inventory	%	6	
	Rate of Interest	%	14.50	PLR of J&K Bank as on 1.4.2009
4	Return on Equity	%	14	
5	Initial Spares as part of Capital Cost	%	1.50	
6	Equity	%	30	
	Loan	%	70	
7	Interest	%	Weighted Average	
8	Moratorium		No moratorium after COD	

a) Net Project Cost

Net cost of the Baglihar -Hydro and Baglihar- Transmission system derived from project cost of the HEP after adjusting the revenue received from infirm power is given as under:

(Rs. in Crore)

Sl. No	Name of Project	Capacity in MW	Net cost of the project	
			FY 2009-10 as on COD (31-3-2009)	FY 2010-11 as on cutoff date (31-3-2010)
1	Baglihar –Hydro	450	4793.91	5222.57
2	Baglihar - Transmission System		168.03	168.03

b) Design Energy

The Design Energy as validated by the consultant for Baglihar HEP has been considered for calculation of Gross Generation.

Sl. No	Name of HEP	Capacity in MW	Design Energy in MUs / GWH
1	Baglihar-HEP Stage-I	450	2536.07

i) Interest on loan capital

Details of loan liabilities and rate of interest for the HEP including transmission system are given in para 21 above. Total interest on loan has been worked out as per clause 22 of JKSERC Regulation 2005 dated 23-09-2005 for Baglihar-Hydro and as per CERC Regulations dated 19-1-2009 for Baglihar-Transmission system and given here under for the years 2009-10 and 2010-11

Baglihar Hydro

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Hydro	
		2009-10	2010-11
	Year		
1	Net Cost	4793.91	5222.57
2	Equity 30% for tariff purpose	1438.17	1566.77

Sl. No	Name of HEP	Baglihar- Hydro	
3	Debt+Subsidy (70% of the net cost)	3355.74	3655.80
4	Subsidy	539.29	539.29
5	Debt for Tariff purpose	2816.44	3116.50
6	Loan at the beginning of the year	2914.97	3116.50
7	Repayment of loan (Normal depreciation + AAD)	281.64	311.65
8	Loan at the end of the year	2633.33	2804.85
9	Average of the loan	2774.1479	2960.6748
10	Rate of Interest on loan	10.53%	10.25%
11	Interest on the loan	292.25	303.43

Baglihar-Transmission System

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Transmission System	
		Year	Year
		2009-10	2010-11
1	Net Cost	168.03	168.03
2	Equity 30% for tariff purpose	50.41	50.41
3	Debt+Subsidy (70% of the net cost)	117.62	117.62
4	Subsidy	16.71	16.71
5	Debt for Tariff purpose	100.92	100.92
6	Loan at the beginning of the year	100.92	100.92
7	Repayment of loan (Normal depreciation + AAD)	10.09	10.09
8	Loan at the end of the year	90.82	90.82
9	Average of the loan	95.8696	95.8696
6	Rate of Interest on loan	10.53%	10.25%
7	Interest Amount for the year	10.10	9.83

(ii) Depreciation including Advance Against Depreciation

(a) Depreciation:

(i) For Baglihar –Hydro

The depreciation has been calculated annually based on straight line method over the useful life of the assets as per regulation 23 of Chapter 4 of JKSERC Regulation 2005 dated 23.09.2005 and at the rates prescribed in Appendix of this regulation. The residual life of the asset has been

considered as 10% of the historical capital cost. Land cost has been excluded from the capital cost while computing 90% of the historical cost of the asset.

Baglihar Hydro

(Rs in Crore)

Sl. No	Name of HEP	Baglihar- Hydro	
		2009-10	2010-11
	Year	2009-10	2010-11
1	Cost of project excluding Land Cost at the beginning of the year	4776.82	5205.48
4	Normal depreciation rate	As per Annexure-26	As per Annexure-26
5	Total depreciation for the year	110.26	114.99

(ii) For Baglihar – Transmission System

Depreciation has been calculated annually based on Straight Line Method and computed @2.57% of Baglihar Transmission system considering the useful life of the assets as 35 years.

The following formats / Annexures have been attached for calculation of depreciation.

- (a) Break up of Capital Cost for Baglihar HEP Stage-I – **Form No. F5B.**
- (b) Net project cost, equity, debt for Baglihar-Hydro, Baglihar Transmission System & for final estimated cost – **Form No. F5A.**
- (c) Break up of Net Cost for Depreciation for FY2009-10 – **Annexure 25.**
- (d) Break up of cost & depreciation for FY2009-10 and FY2010-11 – **Annexure 26**
- (e) Detailed break up cost of electrical items for FY2010-11 – **Annexure 27**
- (f) Depreciation for Baglihar - Transmission System for FY2009-10 and FY2010-11 – **Annexure-28**

Baglihar-Transmission System

(Rs in Crore)

Sl. No	Name of HEP	Baglihar- Transmission System	
		2009-10	2010-11
	Year		
1	Cost of project excluding Land Cost at the beginning of the year	168.03	168.03
4	Normal depreciation rate	2.57%	2.57%
5	Total depreciation for the year	4.32	4.32

b) **Advance against Depreciation (AAD)**

In addition to allowable depreciation, JKSPDC is also entitled to Advance against depreciation (AAD) as per Regulation 24 of Chapter 4 of JKSERC Regulation 2005 dated 23.09.2005 has been considered as per the formula given below:-

Advance against depreciation = Annual repayment of loan – normal depreciation

Details of AAD are furnished in the following table:-

Baglihar-Hydro

(Rs. in Crore)

Sl. NO	Name of HEP	Baglihar- Hydro	
		2009-10	2010-11
1	Total Normative Loan Amount	2816.44	3116.50
2	Annual Repayment of Loan 1/10th	281.64	311.65
3	Normal Depreciation for full year	110.26	114.99
4	Advance Against Depreciation	171.38	196.66

Baglihar-Transmission System

(Rs. in Crore)

Sl. No.	Name of HEP	Baglihar- Transmission System	
		2009-10	2010-11
	Year		
1	Total Normative Loan Amount	100.92	100.92
2	Annual Repayment of Loan 1/10th	10.09	10.09
3	Normal Depreciation for full year	4.32	4.32
4	Advance Against Depreciation	5.77	5.77

(iii) Return on Equity

As per Regulations 25 Chapter 4 of JKSERC Regulation 2005 dated 23-04-2005 Return on Equity has been considered @ 14% per annum for hydro Power stations and Transmission system. Details of Return on Equity are given as under:-

Baglihar-Hydro

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Hydro	
		2009-10	2010-11
	Year		
1	Net cost of the Project	4793.91	5222.57
2	Total normative Equity 30% of the Project Cost	1438.17	1566.77
3	Rate of Return on Equity	14.00%	14.00%
4	Return on Equity	201.34	219.35

Baglihar-Transmission System

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Transmission System	
		2009-10	2010-11
	Year		
1	Net cost of the Project	168.03	168.03
2	Total normative Equity 30% of the Project Cost	50.41	50.41
3	Rate of Return on Equity	14.00%	14.00%
4	Return on Equity	7.06	7.06

(iv) Operation & Maintenance expenses

The operation and maintenance expenses has been calculated as per Regulation 26(2) (b) of JKSERC Regulation 2005 dated 23-09-2005 taking 1.5% of the final estimated completion cost for 2009-10 (COD) and escalated @4% per annum for the year 2010-11. The O & M expenses for both the years given below. The O&M expenses for transmission system has been calculated as per CERC Regulations

Baglihar-Hydro

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Hydro	
		2009-10	2010-11
	Year		
1	Final estimated completion cost	5513.47	5513.47
2	O & M Expenses	1.50%	1.50%
3	Annual Escalation in O & M expenses		4.00%
4	O & M Expenses for the year	82.70	86.01

Baglihar-Transmission System

(Rs. in Crore)

Sl. No	Name of HEP	Baglihar- Transmission System	
		2009-10	2010-11
	Year		
1	Final estimated completion cost	170.79	170.79
2	O & M Expenses	***	***
3	Annual Escalation in O & M expenses		5.72%
4	O & M Expenses for the year	1.47	1.56
***	Annual O&M Cost of Line Mi Rs. per KM	Mi Rs/KM	0.0627
	Annual O&M Cost per Bay	Mi Rs/Bay	5.24
	Length of Line	KM	68
	No of Bays	no	2

An agreement for operation and maintenance of Baglihar HEP between JKSPDC and NHPC Limited has been made and entered on 31-3-2009 for a period of 24 months.

As per agreement, O&M cost of the first year is Rs. 74.10 Crore plus taxes and escalated cost for 2nd year at the rate of annual escalation as permissible under applicable CERC guidelines. The actual O & M expenses for the year 2009-10 are as under:

(Rs. in Crore)			
Sl. No.	Description	Year	Actual O&M Expenses
1.	Baglihar-Hydro	2009-10	82.68
2.	Baglihar – Transmission System	2009-10	1.09

A copy of agreement for O & M for Baglihar- Hydro between JKSPDC and NHPC Ltd is enclosed at **Annexure-29**

A copy of actual O&M expenses including insurance incurred by JKSPDC for Baglihar- hydro is enclosed at **Annexure-30** and for Baglihar –Transmission system is enclosed at **Annexure-31**

(v) Interest on working capital

The requirement of working capital and interest thereon has been computed as per Clause 27 “interest on working capital” of the J&K SERC notification No. 5/JKSERC/2005 dated 23.09.2005, Interest @14.50% per annum on working capital has been considered which is the short term prime lending rate of Jammu & Kashmir as on 1-4-2009. The calculation of working capital and interest is summarized below:-

Baglihar-Hydro

Sl. No	Description	Unit	Months	Baglihar-Hydro	
				2009-10	2010-11
1	Year				
2	Receivable	Rs in Crore	2	148.07	158.83
3	O & M Expenses	Rs in Crore	1	6.89	7.17
4	Spares	%	1.00%	55.13	58.44
5	Escalation in spares	%	6.00%		
6	Total Working Capital	Rs in Crore		210.1	224.4
7	Working Capital Loan	Rs in Crore		210.1	224.4
8	Rate of Interest	%	14.50%	14.50%	14.50%
9	Interest On working capital	Rs in Crore		30.46	32.54

Baglihar-Transmission System

Sl. No	Description	Unit	Months	Baglihar-Transmission System	
				2009-10	2010-11
1	Year				
2	Receivable	Rs in Crore	2	4.95	4.92
3	O & M Expenses	Rs in Crore	1	0.12	0.13
4	Spares	%	1.00%	1.71	1.81
5	Escalation in spares	%	6.00%		
6	Total Working Capital	Rs in Crore		6.8	6.9
7	Working Capital Loan	Rs in Crore		6.8	6.9
8	Rate of Interest	%	14.50%	14.50%	14.50%
9	Interest On working capital	Rs in Crore		0.98	0.99

A copy of a letter of J&K Bank dated 20.07.2010 regarding PLR applicable on loan as on 01.04.2009 is attached at **Annexure -32**

Based on the above parameters AFC for the Financial Year 2009-10 and 2010-11 are given in the following Table:-

Baglihar -Hydro		(Rs. in Crore)	
Annual Fixed Cost		2009-10	2010-11
Financial Year		2009-10	2010-11
O&M Expenses		82.70	86.01
Interest on Loan		292.25	303.43
Depreciation		110.26	114.99
Additional Depreciation		171.38	196.66
Return on Equity		201.34	219.35
Interest on Working Capital		30.46	32.54
Income Tax		0.00	0.00
Total Annual Fixed Cost		888.41	952.98
Net Saleable Energy in MU		2498.03	2498.03
Indicative Tariff Rs. per kWh		3.56	3.81

Baglihar-Transmission System

Annual Fixed Cost

(Rs. in Crore)

Financial Year	2009-10	2010-11
O&M Expenses	1.47	1.56
Interest on Loan	10.10	9.83
Depreciation	4.32	4.32
Additional Depreciation	5.77	5.77
Return on Equity	7.06	7.06
Interest on Working Capital	0.98	0.99
Income Tax	0	0
Total Annual Fixed Cost	29.71	29.53
Net Saleable Energy in MU	2498.03	2498.03
Indicative Tariff Rs. per kWh	0.12	0.12

Total Annual Fixed Charges (AFC) and Annual Revenue Requirement (ARR) :

(Rs in Crore)

Sl. No	Name of HEP	Total Annual Fixed Cost	
		2009-10	2010-11
	Year		
1	BAGLIHAR -Hydro	888.41	952.98
2	Baglihar-Transmission System	29.71	29.53
3	TOTAL	918.11	982.50
4.	For PDD`	459.06	491.25

(Rs. Per kWh)

Sl. No	Name of HEP	Indicative Tariff	
		2009-10	2010-11
	Year		
1	BAGLIHAR -Hydro	3.56	3.81
2	Baglihar-Transmission System	0.12	0.12
3	TOTAL	3.68	3.93

27. INCOME TAX

As per regulation of chapter 2 of J&KSERC Regulations 2005 dated 23-09-2005, tax on income stream of the corporation from its core business is to be computed as an expense and is to be recovered from beneficiary. Any under or over recoveries of tax on income is to be adjusted every year on the basis of income tax assessment under the Income Tax Act 1961 as certified by the statutory auditors. The tax on

income for the financial year 2009-10 and 2010-11 has not been taken and it will be recovered from the ensuing year if any.

28. TAXES AND DUTIES

The above tariff proposal is exclusive of any statutory levies, taxes and duties, Cess or any head of imposition (s) whatsoever imposed / charged by any Govt. Central / State and for any other local bodies / authorities including auxiliary consumption etc.

The amount of such taxes / levies / Cess / duties etc shall be borne by the beneficiary (PDD) additionally.

Incidence of tax liability and other charges as per J&KSERC tariff Notification 2005 shall also be payable by the beneficiary (PDD)

29. REIMBURSEMENT FEE

Filing fee amounting to Rs 2.00 Lac deposited with Hon'ble Commission and consultancy fee of Rs.24.66 lac for consultants engaged for preparation of ARR and Tariff Petition for the FY 2009-10 and FY 2010-11 may be allowed to be recovered from the beneficiary

30. FORMATS

All the formats as listed in Part –B of this tariff petition are enclosed

31. ANNEXURES

All the annexures as per list in Part-C & Part-D of this Petition are enclosed.

PRAYER

It is respectfully prayed that the Hon'ble Commission may be pleased to:

- (a) Approve the Annual Fixed Charges for Baglihar HEP and Transmission line for the years 2009-10 and 2010-11
- (b) Approve the reimbursement of expenditure incurred by the petitioner towards filing fee and fee of consultants engaged for preparation of ARR and Tariff Petition for FY 2009-10 and FY 2010-11
- (c) Pass such other and further order(s) as are deemed fit and proper in the facts and Circumstances of the case.

Authorised Signatory

Place: Jammu

Date:

P A R T - A

APPLICATION

BAGLIHAR HEP STAGE-I

**ANNUAL REVENUE REQUIREMENT (ARR)
& TARIFF PETITION
FOR
FY 2009-10 & FY 2010-11**

P A R T - B

FORMATS

BAGLIHAR HEP STAGE-I

**ANNUAL REVENUE REQUIREMENT (ARR)
& TARIFF PETITION
FOR
FY 2009-10 & FY 2010-11**
