

MAHENDRA KUMAR  
CHIEF ENGINEER(COMM)



U. P. RAJYA VIDYUT UTPADAN NIGAM LTD.  
COMMERCIAL UNIT  
14<sup>TH</sup> FLOOR, SHAKTI BHAWAN EXTN.  
LUCKNOW -226001  
TEL-0522-2288056  
FAX NO. 0522-2287030

No. 242 /UNL/CE(Comml)/Gen.Reg. (2009-14)Application Dt 23 Aug., 10

Secretary  
U.P. Electricity Regulatory Commission  
Kisan Mandi Bhawan  
IInd floor, Gomti-Nagar  
Lucknow.

**Sub.: Application for realization of full capacity charges of unit(s) under R&M ,  
deration of capacity for amendment in UPERC Gen. Reg., 2009 dt. 31.3.2009.**

Sir,

Kindly find enclosed herewith application (one original +four photo copies) for the amendment in Regulation 16(i) of UPERC (Terms & condition of Generation Tariff) Regulations, 2009 to allow full annual capacity (fixed) charges for unit(s) under R&M , Dearation of capacity.

A Bank draft worth Rs. 100/- (Rs. One hundred only) in favour of "Secretary, UPERC" payable at "Lucknow" as fee against "miscellaneous application" as per S.No. 2, PART 'A' of Addendum/Amendment to UPERC (Fee & Fines) Regulations, 2000 vide notification no. UPERC/Secy/Regulation/ 05-4227 dt 25<sup>th</sup> Jan,2005 is also enclosed.

Submitted for kind consideration.

Yours faithfully,

Encls.: As above.(1) Application  
(2) Draft No.

dt.

(Mahendra Kumar)  
Chief Engineer( Comml)

No. /UNL/ CE(Comml)/ Gen.Reg. (2009-14)/Application of dt. Aug ,2010

Copy alongwith enclosures as above, to the followings for their kind information:-

- 1-AM.D, U.P. Power Corporation Ltd., 7<sup>th</sup> floor Shakti Bhawan, 14-Ashok Marg, Lucknow.
- 2-M.D., Madyanchal Vidyut Vitran Nigam Ltd., P.N. Road, 4-A, Gokhale Marg, Lucknow.
- 3-M.D., Poorvanchal Vidyut Vitran Nigam Ltd., 132 KV S/s Bhikari Vidyut Nager, Varansi.
- 4-M.D., Pashimanchal Vidyut Vitran Nigam Ltd., Victoria Park, Meerut.
- 5-M.D., Dakshinachal Vidyut Vitran Nigam Ltd., Vidyut Bhawan, Gailana Road, Agra.
- 6-M.D., Kanpur Electric Supply Co. Ltd., KESA House, Kanpur
- 7-Chief Executive Officer, Noida Power Company Ltd., Commercial Complex, H-Block, Alpha-II Sector, Greater Noida City.

(Mahendra Kumar)  
Chief Engineer( Comml)

23/08/10

Before

**The Hon'ble Uttar Pradesh Electricity Regulatory  
Commission**

Kisan mandi Bhawan, Gomti Nagar, Lucknow-226010

APPLICATION FOR THE AMENDMENT OF SECOND PART OF NOTE-2 OF REGULATION 16 (i) OF UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF GENERATION TARIFF) REGULATIONS 2009 WITH A VIEW TO ALLOW COMPLETE ANNUAL CAPACITY (FIXED) CHARGES IN CASE OF UNITS UNDER RENOVATION AND MODERNISATION, DERATION OF CAPACITY

By

**UTTAR PRADESH RAJYA VIDYUT UTPADAN NIGAM LTD.**

**Shakti Bhawan Extn. 14 Ashok Marg, Lucknow-226001**

FORM-1

(See Regulation 30)

BEFORE THE HON'BLE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
KISAN MANDI BHAWAN, GOMITNAGAR, LUCKNOW

Receipt Register No.: \_\_\_\_\_

Petition No.: \_\_\_\_\_

**IN THE MATTER OF**

APPLICATION FOR THE AMENDMENT OF SECOND PART OF NOTE-2 OF REGULATION 16 (i) OF UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF GENERATION TARIFF) REGULATIONS 2009 WITH A VIEW TO ALLOW COMPLETE ANNUAL CAPACITY (FIXED) CHARGES IN CASE OF UNITS UNDER RENOVATION AND MODERNISATION, DERATION OF CAPACITY

AND

**IN THE MATTER OF**

UTTAR PRADESH RAJYA VIDYUT UTPADAN NIGAM LIMITED (UPRVUNL),  
SHAKTI BHAWAN, 14-ASHOK MARG, LUCKNOW.

APPLICANT

V/s

UTTAR PRADESH POWER CORPORATION LIMITED (UPPCL),  
SHAKTI BHAWAN, 14-ASHOK MARG, LUCKNOW.

MADHYANCHAL VIDYUT VITRAN NIGAM LTD.  
PN ROAD, LUCKNOW.

POORVANCHAL VIDYUT VITRAN NIGAM LTD.  
132 KV S/S BHIKARI VIDYUT NAGAR, VARANASI

PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.  
VICTORIA PARK, MEERUT

DAKSHINACHAL VIDYUT VITRAN NIGAM LTD.  
GALINA ROAD AGRA.

KANPUR ELECTRICITY SUPPLY CO. LTD.  
KESA HOUSE, KANPUR

NOIDA POWER CO. LTD.  
COMMERCIAL COMPLEX, H BLOCK, ALPHA-II SECTOR  
GREATER NOIDA CITY

RESPONDENTS

भारतीय गैर न्यायिक

दस  
रुपये

TEN  
RUPEES

Rs.10

INDIA NON JUDICIAL

UTTAR PRADESH

91AA 064284

FORM-2

(See Regulation 31)

BEFORE THE HON'BLE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION  
KISAN MANDI BHAWAN, GOMITNAGAR, LUCKNOW

Receipt Register No.: \_\_\_\_\_

Petition No.: \_\_\_\_\_

IN THE MATTER OF

APPLICATION FOR THE AMENDMENT OF SECOND PART OF NOTE-2 OF REGULATION 16 (i) OF UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF GENERATION TARIFF) REGULATIONS 2009 WITH A VIEW TO ALLOW COMPLETE ANNUAL CAPACITY (FIXED) CHARGES IN CASE OF UNITS UNDER RENOVATION AND MODERNISATION, DERATION OF CAPACITY

AND

IN THE MATTER OF  
UTTAR PRADESH RAJYA VIDYUT UTPADAN NIGAM LIMITED (UPRVUNL),  
SHAKTI BHAWAN, 14-ASHOK MARG, LUCKNOW.

V/s

UTTAR PRADESH POWER CORPORATION LIMITED (UPPCL),  
SHAKTI BHAWAN, 14-ASHOK MARG, LUCKNOW.

*Mahesh K*

APPLICANT

सुभाष चन्द्र बोस (सं. वि. वि.)  
सुभाष चन्द्र बोस (सं. वि. वि.)  
14-अशोक मार्ग, लखनऊ-२

Ram Kumar Srivastava  
Advocate & Notary  
268/14, New Tikri  
Lucknow-226001

क्रमांक... 3008... दिनांक... 12/0/10

धरणी... 10... प्रयोजन...

नाम व पूरा नाम... U.P.R.V.V.N.L

LUCKNOW

भकरधर कुमार मिश्र, लाहौर सं०-52

लाहौर, पंजाब सं०-2010

वाणिज्यिक, लखनऊ

M



MADHYANCHAL VIDYUT VITRAN NIGAM LTD.  
PN ROAD, LUCKNOW.

POORVANCHAL VIDYUT VITRAN NIGAM LTD.  
132 KV S/S BHIKARI VIDYUT NAGAR, VARANASI

PASCHIMANCHAL VIDYUT VITRAN NIGAM LTD.  
VICTORIA PARK, MEERUT

DAKSHINACHAL VIDYUT VITRAN NIGAM LTD.  
GALINA ROAD AGRA.

KANPUR ELECTRICITY SUPPLY CO. LTD.  
KESA HOUSE, KANPUR

NOIDA POWER CO. LTD.  
COMMERCIAL COMPLEX, H BLOCK, ALPHA-II SECTOR  
GREATER NOIDA CITY

RESPONDEN

**AFFIDAVIT**

I, Mahendra Kumar, Son of Shri Parshu Ram aged about 46 years, resident of 80, Chandralok Hydrel Officers Colony, Aliganj, Lucknow, do hereby solemnly affirm and state as under:

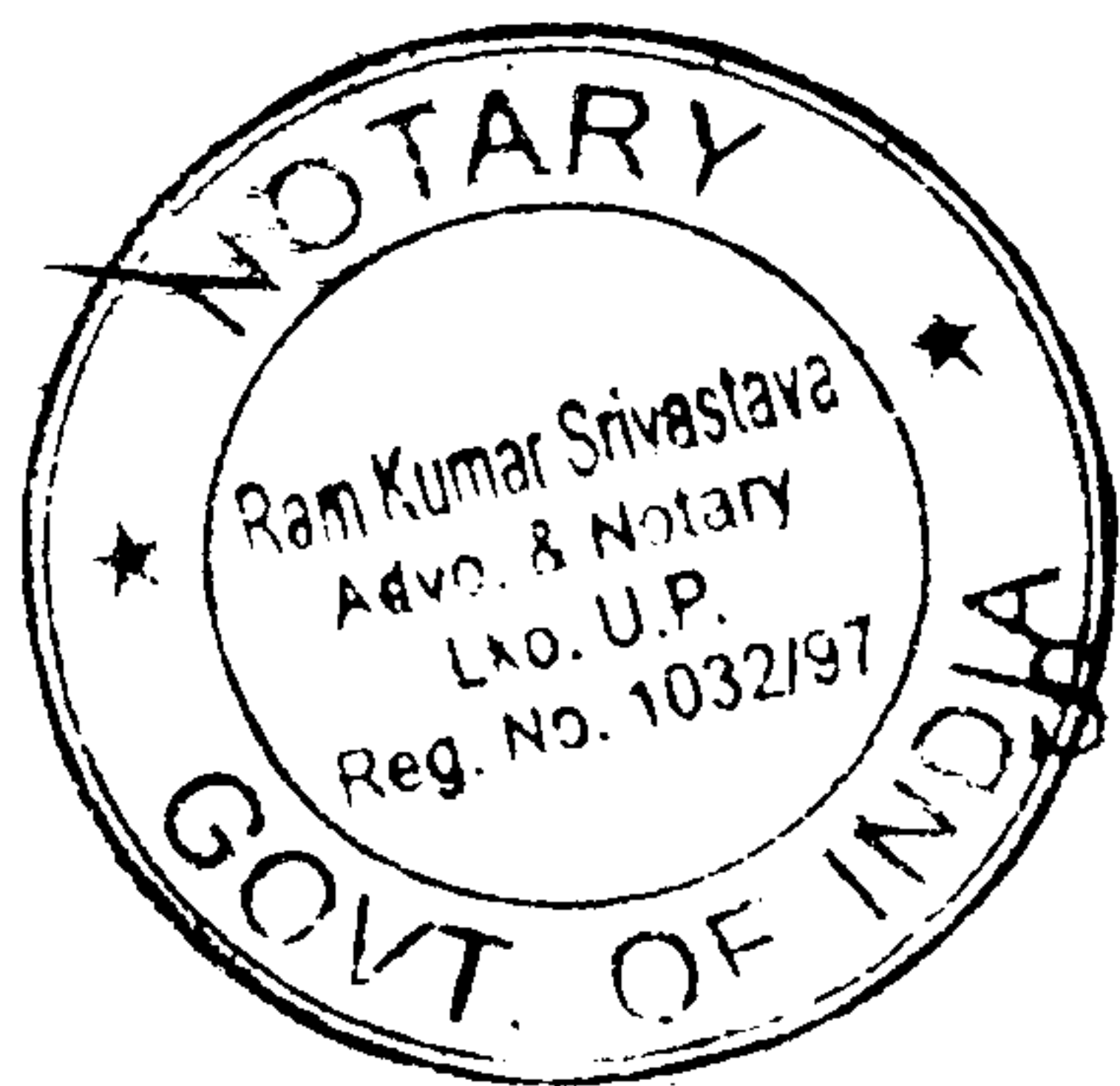
1. I say that I am the Chief Engineer-Commercial, UPRVUNL, the Applicant in the above matter and am duly authorized by the said Applicant to swear the present affidavit.
2. I say that I have read the contents of the above application filed by the applicant and I have understood the contents of the same.
3. That the contents of the application filed by the Applicant are based on the information available with the Applicant in the normal course of business and believed by me to be true.
4. I say that the text to the applicant are the true and correct copies of their original.

*Mahendra Kumar*  
DEPONENT कुमार  
मुख्य अभियन्ता (व्यापारिक)  
एन.टी.टी. (एन.टी.टी.)

VERIFICATION

I, the deponent above named, do hereby verify the contents of the above affidavit to be true to the best of my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified at Lucknow on the 20th day of August, 2010



**Sworn & Verified  
Before me**

Ram Kumar Srivastava  
Advocate & Notary  
268/14, New Block, Lucknow, U.P.

*Mahendra Kumar*  
DEPONENT  
महेंद्र कुमार  
मुख्य अभियन्ता (व्यापारिक)  
एन.टी.टी. (एन.टी.टी.)  
एन.टी.टी. (एन.टी.टी.)

I identify the deponent/Person  
who has signed R.T.I./T.I. before me

*Ram Kumar Srivastava*  
Advocate  
20/8/2010

Details of Application

The applicant, Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited (hereinafter referred to as the 'Petitioner') is a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at "Shakti Bhawan, 14-Ashok Marg, Lucknow-226001" is making this affidavit in the matter of application for amendment of the Note-2 to Regulation 16 (i) of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations 2009 so as to allow complete Annual Capacity (fixed) Charges in case of units under Renovation and Modernisation, deration of capacity.

The applicant is filing this application with a view to seek relief under the Regulations 12 and 13 of the UPERC (Terms and Conditions of Generation Tariff) Regulations 2009 namely 'Power to Remove Difficulties' and 'Power to Relax'

Arslam

Ussufot

Arslam

Arslam

## TEXT OF THE APPLICATION:

The Hon'ble Commission has notified the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations 2009 (herein after referred to as the '**Generation Tariff Regulations**') which are Multi-Year Tariff regulations for the control period encompassing the financial years 2009-10 to 2013-14

The Hon'ble Commission in Regulation 21 (2) of Generation Tariff Regulations has stipulated:

"Full capacity charges shall be recoverable at target availability specified in Regulation 16. Recovery of capacity (fixed) charges below the level of target availability shall be on pro rata basis. At zero availability, no capacity charges shall be payable. "

Availability has been defined in Regulation 14 (vi) of the Generation Tariff Regulations:

(vi) '**Availability**' in relation to a thermal generating station for any period means the average of the daily average declared capacities (DCs) for all the days during that period expressed as a percentage of the installed capacity of the generating station minus normative auxiliary consumption in MW, and shall be computed in accordance with the following formula:

$$N$$
$$\text{Availability (\%)} = 10000 \times \sum_{i=1}^N DC_i / \{ N \times IC \times (100 - AUX_n) \} \%$$

where,

IC = Installed Capacity of the generating station in MW,

DC<sub>i</sub> = Average declared capacity for the i<sup>th</sup> day of the period in MW,

N = Number of days during the period, and

AUX<sub>n</sub> = Normative Auxiliary Energy Consumption as a percentage of gross generation;

Further the Generation Tariff Regulations in Regulation 16 (i) has prescribed the Target Availability for recovery of full Capacity Charges (fixed) charges:

(a) All thermal power generating stations, except those covered under clause (b) below :

- (i) existing on or before 31.3.09 - 80%
- (ii) commissioned on or after 1.4.09 - 85%

(b)

S.no	Power Station	2009-10 (%)	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)
i)	Obra-A	60	61	63	66	70
ii)	Obra-B	70	71	73	76	80
iii)	Panki	65	66	67	68	70
iv)	Harduaganj	55	56	58	61	65
v)	Parichha	65	66	68	71	75

Harlan

Assyutis

Availability marks



**Note -1**

Recovery of capacity (fixed) charges below the level of target availability shall be on pro rata basis. At zero availability, no capacity charges shall be payable.

The applicant owns, maintains and operates the following generating stations:

Thermal Power Station	Unit No.	COD	Installed Capacity (MW)	Derated Capacity (MW)
Anpara - A	#1	1-Jan-87	210 MW	210 MW
	#2	1- Aug -87	210 MW	210 MW
	#3	1- Apr -89	210 MW	210 MW
Anpara - B	#4	1-Mar-94	500 MW	500 MW
	#5	1-Oct-94	500 MW	500 MW
Obra - A	#1	15-Aug-67	50 MW	50 MW
	#2	11-Mar-68	50 MW	50 MW
	#3	13-Oct-68	50 MW	Nil*
	#4	16-Jul-69	50 MW	Nil*
	#5	30-Jul-71	50 MW	Nil*
	#6	4-Oct-73	100 MW	94 MW
	#7	14-Dec-74	100 MW	94 MW
	#8	1-Jan-76	100 MW	94 MW
Obra - B	#9	15-Mar-80	200 MW	200 MW
	#10	6-Mar-79	200 MW	200 MW
	#11	14-Mar-78	200 MW	200 MW
	#12	29-5-81	200 MW	200 MW
	#13	29-Jul-82	200 MW	200 MW
Panki	#1	Oct-67	32 MW	Nil*
	#2	Jul-68	32 MW	Nil*
	#3	29-Jan-77	110 MW	105 MW
	#4	29-May-77	110 MW	105 MW
Harduaganj	#1	21-Apr-68	50 MW	Nil*
	#2	23-Jan-69	50 MW	Nil*
	#3	Mar-72	55 MW	55 MW
	#4	18-Sep-72	55 MW	Nil*
	#5	14-May-77	60 MW	60 MW
	#6	26-Oct-77	60 MW	Nil*
	#7	1-Aug-78	110 MW	105 MW

*Harlem*

*Ussuldas*

*Aswathy*

*March 12*

Thermal Power Station	Unit No.	COD	Installed Capacity (MW)	Derated Capacity (MW)
Parichha	#1	1-Oct-85	110 MW	110 MW
	#2	25-Feb-85	110 MW	110 MW
Parichha Extn	#3	24-Nov-06	210 MW	210 MW
	#4	1-Dec-07	210 MW	210 MW

The applicant submits that most of its stations are vintage power stations which have outlived their useful life of 25 years. As a result their efficiencies have significantly dropped over the years. A comprehensive Programme has been planned for the Renovation and Modernisation of the vintage power stations of the Petitioner.

As such Renovation and Modernisation, deration & deletion brings consequential impossibility of operation hence the Hon'ble Commission has provided in the Note-2 of Regulation 16 (i) of Generation Tariff Regulations that:

*"In case of non-availability of unit (s) due to Renovation and Modernization or deletion of capacity or deration of capacity, the effective capacity left after discounting capacity of such unit(s), shall be considered for the purpose of calculation of plant availability"*

When a plant is taken out for renovation and modernization, the machine cannot be operated and has to necessarily remain out of service during the Renovation and Modernisation work. The Hon'ble Commission has recognized the "consequential impossibility of operation of such capacity" and therefore while calculating Plant Availability as per the prescription of Regulation 14 (vi) of the Generation Tariff Regulations declared/installed capacity (in MW) is to be reduced to the extent the unit (of a power station) is under R&M or has been derated or deleted.

However Note-2 of Regulation 16 (i) of Generation Tariff Regulations further provides:

*"The depreciation and interest on working capital in the annual capacity (fixed) charges shall only be prorated to such effective capacity. The return on equity shall be utilized for payment of loan. The above provision shall apply in case of generating station covered under sub clauses (a) and (b) above"*

The Second Part of Note-2 of Regulation 16 (i) of Generation Tariff Regulations partially takes away the benefit provided by the first part of the Note-2 in so far as depreciation and interest on working capital are concerned as the depreciation and interest on working capital in the annual capacity (fixed) charges shall be prorated to the effective capacity left after discounting capacity under Renovation and Modernisation, deration & deletion.

*Artem*

*Assets*

*A. C. G. G.*

*March 12*

The applicant humbly submits that all components of annual capacity (fixed) charges are inelastic in nature and as such cannot be contracted when any one/more units of a generating station is under renovation and modernization, deration of capacity.

- Interest on loan – Interest on loan would continue to be incurred and paid even if the unit is under Renovation and Modernisation, deration of capacity. The debt on which interest on loan is payable is purely a commercial agreement between the lender and the generating company and the lender financial institution would not waive off the interest during the period when the machine is under renovation and modernization, deration of capacity.
- Depreciation – Depreciation allowance helps to make available funds to meet debt servicing. As the debt servicing is not affected / stopped by any Renovation and Modernisation activity, deration of capacity hence the depreciation should be allowed to the generator to enable it to meet debt servicing. In the event the depreciation is not allowed to the generating company it would face critical cash flow issues in meeting the loan repayment.
- Return on Equity – The Hon'ble Commission has contended that return on equity shall be utilized for payment of loan. However the investor expectations towards return on equity can in no circumstances, be ignored during the Renovation and Modernisation period, deration of capacity. The benefits of Renovation and Modernisation deration of capacity will ultimately be passed on to the beneficiaries. However it would become difficult to obtain promoter contributions for Renovation and Modernisation investment in the event of no Return on Equity allowance during Renovation and Modernisation period, deration of capacity. Return on equity should not be utilized for repayment of loan.
- Operation & Maintenance expenses – O&M expenses are majorly constitute of employee costs and administrative costs which are inelastic and cannot be contracted during the temporary outage of units due to Renovation and Modernisation, deration of capacity.
- Interest on Working Capital – The generator would have to maintain working capital as it would have to meet O&M expenses and other components of annual capacity (fixed) charges during R&M , deration of capacity.

Thus based on above facts, the applicant humbly requests the Hon'ble Commission to amend the above regulation of the Second Part of Note-2 of Regulation 16 (i) of Generation Tariff Regulation and thereby allow all components of fixed charges to be recovered in cases where units are under Renovation & Modernization, deration of capacity.

*Harlan*

*W. S. S. S.*

*Asst. Secy. Member*

## PRAYER

The applicant respectfully prays that the Hon'ble Commission may

1. Accept this application.
2. Suitably amend the Second Part of Note-2 of Regulation 16 (i) of the Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions of Generation Tariff) Regulations, 2009 so as to allow all components of Annual Capacity (fixed) Charges in case of units under Renovation and Modernisation, deration of capacity.
3. Allow such amendment from the start of the 2<sup>nd</sup> MYT control period i.e, 1<sup>st</sup> April 2009 and accordingly approve the tariff for the MYT period of FY 2009-10 to 2013-14 and thereafter
4. Grant an expeditious order on this application
5. Condone any inadvertent omissions / errors / short comings and permit the applicant to add /change /modify / alter this application and make further submissions as may be required at later stages
6. Pass such orders as Hon'ble Commission may deem fit and proper and necessary in the facts and circumstances of the case, to grant relief to the applicant.

*H. Alam*

*U. S. Singh*

*H. Singh*

*M. Singh*