

**JAMMU AND KASHMIR STATE POWER DEVELOPMENT CORPORATION
LIMITED**

PUBLIC NOTICE

Objections/ comments invited from various stakeholders on Petition for determination of ARR and Tariff of Baglihar Hydro Electric Project Stage II of JKSPDC for FY 2016-17.

The Jammu & Kashmir State Power Development Corporation (JKSPDC) is wholly owned by the State Government of Jammu & Kashmir. JKSPDC 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.

JKSPDC on 30th September, 2016 has filed the Petition for determination of Annual Revenue Requirement (ARR) and tariff of FY 2016-17 with the Hon’ble Jammu and Kashmir State Electricity Regulatory Commission (JKSERC) in respect of its hydro-electric station Baglihar Stage II. The ARR Petition has been filed in terms of the Regulation 45 of JKSERC (Conduct of Business) Regulations, 2005 and in terms of Regulation 2(1) Chapter-1 and 4(2) (b) of chapter-2 of the JKSERC (Terms & Conditions of Determination of Hydro Generation Tariff) Regulations, 2011, as amended from time to time. The Commission admitted the Petition on 10th December, 2016 and directed the JKSPDC to publish a public notice for inviting objections/ comments from various stakeholders.

1. JKSPDC Hydro Electric Power Stations

JKSPDC has 23 hydro electric power stations (HEPs) with a total installed capacity of 1220.96 MW; this includes the 9 MW Mohra HEP which has not been functional since the floods of 1992. 22 hydro power stations are commercially operational including Baglihar HEP Stage-II which has been declared commercially commissioned on 4th May 2016.

Baglihar HEP- II with an installed capacity of 450 MW having three units 150 MW each utilizing water of river Chenab at Village Baglihar, District Ramban of Jammu & Kashmir for Power Generation was taken for excavation by JKSPDC. This Hydro Project was approved by the State Government vide Govt. order No. 81-PDD of 2012 dated 19.03.2012 and all the three units have been commissioned on the dates as under:-

Table 1: Detail of Baglihar Hydro-Electric Power Station Stage II

Sl. No.	Name of Power House	Unit	Capacity of each unit (MW)	Installed Capacity (MW)	Date of Commissioning
1	Baglihar Stage II	Unit I	150	450	05/09/2015
		Unit II	150		30/03/2016
		Unit III	150		04/05/2016

The commercial date of commissioning of Baglihar HEP-II has been declared as 04/05/2016.

2. Energy sale within the state

The entire quantity of the electricity generated by the Baglihar HEP II is being sold to JKPDD. For the purpose of calculation of revenue from infirm power of 225 MUs, JKSPDC has submitted in its Petition that the billing of energy is being done on provisional basis as per the Tariff Order issued by the JKSERC for BHEP-I on 31st March, 2016, applicable for the financial year 2016-17 i.e. Rs. 2.61 per unit. In the revised Petition (submitted vide Letter No. JKSPDC/ 4573 dated 02.01.2017), the Petitioner has submitted that the computation of infirm power has been revised and has now been computed unit wise based on power generated and supplied before the COD of the individual units which comes to 96.56 MUs. Accordingly, the revenue from infirm power based on the proposed indicative tariff of BHEP-II for FY 2016-17 of Rs. 3.89 per unit comes out to Rs. 37.58 Cr.

JKSPDC has further submitted that JKPDD has not paid any amount on account of infirm power from BHEP-II. However, the accrued revenue from sale of energy to PDD from infirm power has been considered to be deducted from the total project cost for the purpose of tariff determination.

3. Design Energy and Actual Saleable 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(14) of Jammu & Kashmir State Electricity Regulatory Commission (Terms & Conditions for Determination of Tariff) Regulations, 2011 dated 20th April, 2011. The final design energy in a 90% dependable year with 95% installed capacity has been calculated at 1302.08 GWH in base year of 1984-85. The actual saleable energy upto December 2016 is 1599.93 MU.

4. Total Project Cost For Baglihar HEP STAGE II

The details of cost/expenditure in respect of Baglihar HEP Stage II is given below:

Table 2: Details of cost/expenditure of Baglihar HEP Stage II (in Rs. Cr.)

S. No	Particulars	Details of final estimated completion cost	Expenditure as on COD 04/05/2016		Actual Expenses till 30/11/2016	Anticipated expenditure ending 31/03/2017
			As per Original Petition	As per Revised Submission*	As per Revised Submission*	
1	Pre-operative Expenses	7.50	1.50	1.50	2.98	7.50
2	Infrastructure works	40.66	19.03	19.03	19.87	40.66
3	Civil & Hydro mechanical works	1452.66	1390.28	1390.28	1406.26	1452.66
4	Electro Mechanical works	1223.46	1209.96	1116.37	1155.27	1223.46
5	Transmission works	36.43	16.43	16.43	19.06	36.43
6	Environment & Ecology & Rehab/ Resett, (CAT Works & Fisheries)	19.18	8.05	8.05	8.05	19.18
7	Site Supervision (Consultant)	89.69	74.85	74.85	82.41	89.69
8	O&M mobilization					

S. No	Particulars	Details of final estimated completion cost	Expenditure as on COD 04/05/2016		Actual Expenses till 30/11/2016	Anticipated expenditure ending 31/03/2017
			As per Original Petition	As per Revised Submission*	As per Revised Submission*	
9	Contingencies					
10	Sub Total	2869.58	2720.10	2626.51	2693.90	2869.58
11	IDC & FC	521.00	458.89	458.89	458.89	521.00
12	Total	3390.58	3178.99	3085.40	3152.79	3390.58

*Submitted vide letter no. JKSPDC/ 4573 dated 02.01.2017

5. Net Project Cost and financing of the project cost

Net project cost after reducing the revenue earned by JKSPDC from the sale of infirm power is summarized in the following table:

Table 3: Net project cost of Baglihar HEP Stage-II (in Rs. Cr.)

S. No	Particulars	Details of final estimated completion cost	Expenditure as on COD 04/05/2016		Actual Expenses till 30/11/2016	Anticipated expenditure ending 31/03/2017
			As per Original Petition	As per Revised Submission*	As per Revised Submission*	
1	Total project cost	3390.58	3178.99	3085.40	3152.79	3390.58
2	Less: Revenue from infirm power	58.87	58.87	37.58	37.58	37.58
3	Net project cost	3331.71	3120.12	3047.82	3115.21	3353.00

*Submitted vide letter no. JKSPDC/ 4573 dated 02.01.2017

Summary of financing from various sources is as under:

Table 4: Sources of financing of project cost of Baglihar HEP Stage-II (in Rs. Cr.)

S.No	Particulars	Amount
1	Equity by Govt. of J&K/ JKSPDC	1211.35
2	Debt from PFC & J&K Bank	2179.23
3	Subsidy from Central/ State Government	0.00
4	Net project cost	3390.58

6. Annual Fixed Cost and indicative tariff for FY 2016-17

The Annual Fixed Charges (AFC) for FY 2016-17 and the indicative tariff proposed by JKSPDC for BHEP-II is summarized in the table below.

Table 5: Annual Fixed Cost for FY 2016-17 (in Rs Cr)

S. No.	Particular	Original petition	Revised submission*
1.	O&M Expenses	50.86	50.86
2.	Interest on Loan	265.81	267.51
3.	Depreciation	73.14	71.46
4.	Additional Depreciation	160.08	0.00

S. No.	Particular	Original petition	Revised submission*
5.	Return on Equity	139.93	140.83
6.	Interest on Working Capital	21.95	18.14
7.	Total Annual Fixed Cost	711.77	548.80
8.	Proportionate Annual Fixed Cost from COD (04/05/2016 to 31/03/2017)	647.42	499.18
9.	Net Saleable Energy in MU	1282.55	1282.55
10.	Indicative Tariff in Rs. Per kWh	5.05	3.89

*Submitted vide letter no. JKSPDC/ 4573 dated 02.01.2017

7. Additional submissions:

The JKSPDC has also requested the Commission for:-

- a) Allowing Water Usage Charges to be claimed from the Distribution Utility as pass through.
 - b) Approval for reimbursement of expenditure incurred by the petitioner towards filing fee and fee of consultants engaged for preparation of ARR and Tariff petition for FY 16-17.
8. The Commission has directed JKSPDC to invite comments/ suggestions from the public on the above Petition through this notice.
 9. Any person can obtain copies of the Petition (in English) submitted by JKSPDC from the following offices on payment of photocopying charges on any working day:
 - a) Jammu & Kashmir State Power Development Corporation Limited, Exhibition Grounds, Srinagar, Kashmir
 - b) Jammu & Kashmir State Power Development Corporation Limited, Ashok Nagar, Satwari, Jammu
 10. A copy of the Petition can also be downloaded from the websites of Petitioner (www.jkspdc.nic.in) and JKSERC (www.jkserc.nic.in).
 11. A copy of the suggestions or comments shall be submitted in Urdu, Hindi or English, in person or may be sent by post to Managing Director, JKSPDC with a copy to the Secretary, JKSERC by 10th March, 2017. Suggestions or comments can also be sent through email.

Contact details are mentioned below:

1. Managing Director,
J&K SPDC,
Ashok Nagar Satwari,
Jammu.
Email: jkspdc1@gmail.com
2. Secretary,
JKSERC,
Ambedkar (Panama) Chowk,
Railway Road, Jammu-180006 (J&K)
Email: jkserc@gmail.com

12. The suggestions or comments should carry the full name, postal address and e-mail address, if any, of the sender. It should be indicated whether the objection is being filed on behalf of any organization or category of consumers.
13. JKSPDC shall reply to each of the objections/comments/suggestions received within three days of the receipt of the same but not later than 13th March, 2017 for all the objections/comments/ suggestions received till 10th March, 2017. Stakeholders can submit their rejoinders on replies provided by JKSPDC latest by 16th March, 2017.
14. In case the stakeholder wants to be heard in person, opportunity would be given by the Commission at the Public Hearing to be held in the office of the Commission at Ambedkar (Panama) Chowk, Railway Road, Jammu on 17th March, 2017 at 11.00 AM.

Ajay Gupta
Executive Director (Electrical), JKSPDC