

Reply to 3rd Information Requirement/ Discrepancies/ Data Gaps in Petition No. 1804 of 2021

- i. **The Petitioner is required to provide the detail of revenue received from Beneficiaries for the period from FY 2017-18 to FY 2020-21 duly certified by auditor.**

Reply: RPSCL submits that since the Transmission ARR for FY 2020-21 onwards is yet to be approved by Hon'ble Commission, RPSCL has not billed any Transmission charges to Beneficiaries for FY 2020-21 onwards. Hence, the revenue is Nil for FY 2020-21. The details of revenue received from Beneficiary along with supporting documents ,for the period from FY 2017-18 to FY 2019-20, have been attached as **Annexure I** in this submission. We confirm that the verified amount of the bills of Transmission Charges for period from FY 2017-18 to FY 2019-20, raised by RPSCL and verified by UPPCL, has been received by RPSCL.

- ii. **The Petitioner is required to provide the details of energization/ actual COD of the transmission bays duly certified by appropriate authority.**

Reply: RPSCL submits that it had already submitted the details of energization/ actual COD of the transmission bays duly certified by PGCIL to Hon'ble Commission on 08.09.2017 as part of information required in Petition No.1197 of 2017. The certificate issued by PGCIL and the approval for energisation of 400 kV Bays issued by CEA on 27.10.2016 are enclosed as **Annexure II** in this submission.

- iii. **The Petitioner submitted that they are operating both Generating and Transmission assets in an integrated way and no separate loan account is maintained. However, it is observed that interest rate considered is not inline to ROSA MYT Petition for generation business for period from FY 2019-24. The Petitioner is required to provide justification for the same.**

Reply: RPSCL submits that it had submitted Form 13 of Rosa MYT Generation Petition in Enclosure II of Annexure-2 of additional submission dated 18.07.2022 which provided the weighted average rate of interest for FY 2019-20 to FY 2023-24. RPSCL has now considered the interest rates for Transmission business same as interest rates considered in ROSA MYT petition for Generation business for FY 2019-24. The revised the calculations for Interest on Loan in Form F24 and revised financial model have been submitted as **Annexure III**.

- iv. **The Petitioner to provide a certificate by an auditor that the assets taken into account in the Rosa Generation Petitions & Orders do not take into consideration of the assets being dealt in these proceedings.**

Reply: In view of the earlier Order of Hon'ble Commission for Rosa power plant, RPSCL submits that:

1. The capital cost of Rosa power plant Stage-I was approved as Rs. 2641.63 Crore with COD of Unit 1 and Unit 2 to be achieved before 31.03.2010 and 30.06.2010 respectively. Hon'ble Commission vide its Order dated 08.04.2009 allowed additional capital cost of Rs 470.88 Crore, due to change in scope of work, statutory taxes, duties and change in cost of materials, making the total approved project cost of Rs. 3112.81 Crore for Stage I subject to prudence check.

2. Hon'ble Commission vide Order dated 15.06.2009, approved the supplementary PPA for procurement of 300 MW of power from Unit 3 & Unit 4 from Stage II of the Project and approved Project cost of Rs. 3098.6 Crore for Stage II subject to prudence check.
3. RPSCL had filed the petition in Petition No. 786 of 2012 for approval of additional capital cost of Rs. 595.09 Cr. incurred on Balance of Plant (BoP) and 400 kv transmission line and associated works of Rosa Thermal Power Station. In the matter, vide Order dated 16.05.2012, Hon'ble Commission directed Rosa to file the cost incurred on 400 KV transmission line and associated works through a separate petition.
4. Accordingly, RPSCL had filed the revised petition for approval of additional capital cost of Rs. 550.02 Cr. (after reducing the cost of transmission system) on BoP of project which was provisionally approved by Hon'ble Commission vide Order dated 25.06.2012 in Petition No. 786 of 2012.
5. Further, as elaborated in Order dated 22.08.2017, the Hon'ble Commission appointed the Expert Committee for verification and prudence check of additional capital cost along with capital cost of Stage 1 and Stage 2 of Rosa Thermal Power Station. Expert Committee report on prudence check of the Capital Cost of both stages of the project was submitted to the Hon'ble Commission on 08.06.2014. Expert Committee assessed overall capital cost as 6723.11 Crore for Rosa TPP. Expert Committee also assessed the essentiality of each of the approved additional capital cost items amounting to Rs.550.02 Crore and recommended the requirement of all additional capital cost items except the additional capital cost amounting to Rs. 32.74 Crore. In its Supplementary Report, the Committee reported that the overall project cost of Rosa Thermal Power Station is found reasonable and prudent.
6. In view of the Expert Committee report, the Hon'ble Commission vide Order dated 22.08.2017 considered Rs. 3112.81 Crore as Capital Cost of Stage-I and Rs.3093.02 Crore as Capital Cost of Stage-II. Hon'ble Commission also considered the additional capital expenditure of Rs. 48.20 Crore capitalized till FY 2013-14 for the purpose of determination of tariff and True-up of tariff for Stage-II till 2013-14 and for determination of tariff of Stage-I and Stage-II for MYT Period.
7. Hon'ble Commission vide its Order dated 04.02.2020 in the Petition No. 1233 of 2017 filed by RPSCL approved additional capitalization of Rs. 225.50 Crore for FY 2014-15 to FY 2016-17.
8. Further, vide Order dated 25.02.2022 for True up of 2014-19, Hon'ble Commission apportioned additional capitalization of Rs. 225.50 Crore to 'Wagon Tippler & Associated Facilities', 'Other works of CHP Augmentation' and 'Works other than CHP Augmentation'. Hon'ble Commission also allowed expenditure of Rs. 22.49 Crore incurred during FY 2018-19 towards 1st raising of Lagoon 2 of Ash dyke. Thus, Hon'ble Commission approved closing capital cost of Rs, 6519.73 Crore for FY 2018-19.

From the above, it is clear that RPSCL has not claimed the capex and other related expenses for 400 kV transmission line in Generation business. It is also pertinent to note that neither Expert Committee nor Hon'ble Commission has reported inclusion of capital cost of transmission system in capital cost of Rosa TPP. Additionally, RPSCL had already submitted Auditors certificates showing scheme wise details of capital expenditure for Generation and Transmission from time to time as sought by Hon'ble Commission.

RPSCL submits that RPSCL in reply dated 29.09.2022 to data gap sr. no. vi, has submitted the affidavit (Annexure A-4) sought by Hon'ble Commission for self-declaration that the capital cost claimed in Transmission business is not claimed in Rosa Generating business or any other regulated business. RPSCL again reconfirms the above fact and respectfully submits that the auditor cannot issue certificate as sought in the data gap. Therefore, RPSCL requests Hon'ble Commission to consider the self-declaration provided on the affidavit in this regard. The relevant portion of the MYT order dated 22.08.2017 is attached herewith for ready reference as **Annexure IV**.

- v. **The Petitioner is directed to provide the details of actual O&M Expenses for its Generation and Transmission Business separately substantiating with audited account for the period from FY 2017-18 to FY 2020-21.**

Reply: RPSCL submits that the Petitioner in the present case is not a transmission licensee. The cost of 400 kV Transmission line originally included in Additional Capital Expenditure Petition # 786 of 2012 was removed as per the directions of the Hon'ble Commission vide Order dated 16.05.2012/ 25.06.2012 and separate Petition was filed for approval of Transmission Tariff.

As submitted in the petition, RPSCL is maintaining combined account for O&M expenses of Generating Station and Transmission Line together and O&M expenses were not bifurcated for the Generation and Transmission business in Rosa. Considering the same fact, Hon'ble Commission has allowed normative O&M expenses of 2% of capital cost of transmission asset in addition to bay maintenance charges. Based on similar approach, the Petitioner has claimed O&M expenses considering O&M charges at 2% of capital cost of transmission asset and actual bay maintenance charges incurred for FY 2017-18 to FY 2019-20.

We would also like to highlight that O&M for generation tariff is provisioned on normative basis as per the provision 25(iv)a of the UPERC (Terms and Conditions of Generation Tariff) Regulations 2014 and is allowed in the Rosa MYT order dated 22.08.2017 and also in subsequent true up order dated 25.02.2022 in Pet no 1529/2019 and its review order dated 11.01.2023 in Petition no 1849/2022. The O&M cost for generation is allowed on per MW basis and is a normative figure which is fixed and rules out any extra claim on that account.

In view of the above, the Petitioner respectfully submits that bifurcation of actual O&M expenses for its Generation and Transmission Business separately is not possible.

Place : Lucknow

For Rosa Power Supply Company Limited

Date : 23rd Jan '23

**(Sumeet Notani)
Authorised Signatory**