



Petition No. 1431 of 2019

BEFORE

**THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW**

Date of Order: 21.11.2022

PRESENT:

Hon'ble Shri Raj Pratap Singh, Chairman
Hon'ble Shri Kaushal Kishore Sharma, Member
Hon'ble Shri Vinod Kumar Srivastava, Member (Law)

IN THE MATTER OF:

Petition Under Section 62 and 86 (1) (a) of the Electricity Act, 2003 read with Chapter-6 of the UPERC (Conduct of Business) Regulations, 2004 for approval of tariff of Lalitpur Super Thermal Power Station (3 X 660 MW) for the period from the date of Commercial Operation of the Unit # 1, Unit # 2 and Unit # 3 (i.e. 01.10.2015 to 31.03.2019 for 660 MW Unit #1, from 14.10.2016 to 31.03.2019 for 660 MW Unit # 2 and from 23.12.2016 to 31.03.2019 for 660 MW Unit # 3).

Lalitpur Power Generation Co. Ltd.
Corporate Office and address for communication:
Bajaj Bhawan, B-10, Sector-3, Noida-201301, Uttar Pradesh

..... Petitioner

1. U. P. Power Corporation Ltd.,
Shakti Bhawan, 14-Ashok Marg
Lucknow, through its Managing Director.
2. Paschimanchal Vidyut Vitran Nigam Ltd.,
Victoria Park, Meerut
through its Managing Director.
3. Poorvanchal Vidyut Vitran Nigam Ltd.,
DLW, Bhikaripur, Varanasi
through its Managing Director.
4. Madhyanchal Vidyut Vitran Nigam Ltd.,
4-A, Gokhale Marg Lucknow,
through its Managing Director.



5. Dakshinanchal Vidyut Vitran Nigam Ltd.,
Urja Bhawan, 220KV U.P. Sansthan, Bypass Road, Agra,
through its Managing Director.

.....Respondents

The following were present:

1. Shri Amit Kapur, Counsel, LPGCL
2. Shri Akshat Jain, Counsel, LPGCL
3. Shri Pratyush Singh, Counsel, LPGCL
4. Shri Raghav Malhotra, Counsel, LPGCL
5. Shri Vasu Manchanda, Counsel, LPGCL
6. Shri Sanjeev Kumar Singh, LPGCL
7. Shri Amit Mittal, LPGCL
8. Shri S.K.Sharma, LPGCL
9. Shri Vinod Patel, LPGCL
10. Shri Govind Maheshwari, LPGCL
11. Shri Upendra Prasad, LPGCL
12. Shri Deepak Saheb Gupta, LPGCL
13. Managing Director, UPPCL
14. Mohit Goyal, Consultant, UPPCL
15. CE(PPA), UPPCL
16. Shri Navin Singh, Aquagreen Projects (DIA)
17. Shri Ashish Gupta, Counsel, UPPCL
18. Shri Shashwat Kumar, Counsel, UPPCL
19. Shri Rahul Chouhan, Counsel, UPPCL
20. Shri Satya Jha, Counsel, UPPCL
21. Shri Amitanshu Saxena, Counsel, UPPCL
22. Shri Rama Shanker Awasthi, Consumer Representative
23. Shri Divyanshu Bhatt, Counsel, Rama Shanker Awasthi
24. Shri Shashwat Singh Counsel, Rama Shanker Awasthi
25. Shri Avdhesh Verma, Adhyaksh U.P. Rajay Vidyut Upbhokta Parishad

ORDER

(Date of Public hearing 17.01.2022)

1. LPGCL has filed Petition for approval of Capital cost and tariff determination of its 2x660 MW Project, the last unit having been declared under commercial operation on 23.12.2016. The Commission vide order dated 05.07.2019 has decided to appoint Designated Independent Agency (DIA) for conducting prudence check of capital cost of the Project. M/s Aquagreen Pvt. Ltd, was appointed DIA in July 20 and submitted its final report on 29.10.2021.
2. The final report along with its annexures, queries of the Commission, DIA reply were uploaded on the Commission's website and Public Notice dated 23.11.2021 was published in Newspaper for inviting



comments of the stakeholders and holding Public hearing on 17.01.2022.

3. The Public hearing was held today, wherein UPPCL, the Respondent, Sh. Avdresh, Verma, Adhyaksh U.P. Rajay Vidyut Upbhokta Parishad and Sh. Rama Shankar Awasthi, Consumer representative have deliberated their comments. UPPCL has submitted disallowances to the tune of Rs. 4,643 Crs in the project cost.
4. The issues highlighted by various stakeholders cover various disallowances in LPGCL capital cost including those of:
 - (a) disallowance of profit margins out of related parties' transactions & not following competitive bidding process for contract award
 - (b) disallowing abnormal cost increase against various packages
 - (c) reduction in surplus land expenditure incurred for Green belt & LPGCL Phase-II project
 - (d) disallowing exchange rate variation due to unhedged position, disallowing increase in expenses related to canal lining & railway siding
 - (e) disallowing exorbitant design engineering and project expenses
 - (f) disallowing cost increase due to imported coal use etc.
 - (g) disallowing expenses on pipeline related to water reservoir
 - (h) accounting for Mega Power benefit in LPGCL project cost
 - (i) disallowing IDC before Financial closure of the Project
 - (j) disallowing free issue material cost provided by LPGCL
 - (k) disallowing CSR expenses in the capital cost of the Project
 - (l) Capital cost benchmarking of LPGCL project with similarly placed projects
 - (m) Checking for pari-passu debt equity ratio
 - (n) Proportionate reduction in IDC for disallowances in Project cost

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5. The stakeholders sought a week's time further to submit additional comments. Sh. Amit Kapur, Counsel, LPGCL has also requested two weeks to file their replies to the comments.
6. The Commission, therefore, allowing request of stakeholders, directs UPPCL, Sh. Avdhesh, Verma and Sh. Rama Shankar Awasthi to submit all their comments by 27th January 2022 with a copy to the Petitioner. LPGCL is also directed to file their replies within two weeks i.e., by 11th February 2022.

(Vinod Kumar Srivastava)
Member

(Kaushal Kishore Sharma)
Member

(Raj Pratap Singh)
Chairman

Place: Lucknow

Dated: 21.01.2022