

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 38 of 2009**

**In the matter of**  
**Application seeking approval to transfer existing Veer Hydro Power Station to Water Resource Department, Government of Maharashtra and undertake renovation and modernisation of the same through private participation**

**Shri V.P. Raja, Chairman**  
**Shri S.B. Kulkarni, Member**

1. Water Resource Department Government of Maharashtra (WRD, GoM)  
Mantralaya,  
Mumbai 400032
  2. Maharashtra State Power Generation Company Ltd. (MSPGCL)  
G-9, Prakashgad,  
Bandra (East)  
Mumbai 400051
- ... Applicants

**ORDER**

**Dated: September 28, 2009**

The Water Resource Department, Government of Maharashtra (WRD, GoM) and the Maharashtra State Power Generation Company Ltd. (MSPGCL) filed a combined Application on July 10, 2009, seeking the Commission's approval for transfer of the existing Veer Hydro Power Station to Water Resource Department, Government of Maharashtra and to undertake renovation and modernisation of the same through private participation.



2. The prayers made are as follows:

- i) Approval of transfer of existing Veer Hydro Power Station from MSPGCL to WRD, GoM;
- ii) Approval to undertake renovation and modernization of the same through private participation as per the relevant Government Policy in force;
- iii) Approval to adjust the amount of over recovery of lease rent towards Veer HPS in the lease rent for balance hydro power stations under lease with MSPGCL;
- iv) Condone any shortcomings / deficiencies and allow WRD, GoM to submit additional information/data at later stage as may be required by the Commission.

3. The facts of the case as submitted by the Applicants are as follows:

- i. The existing Veer Hydro Power Station (Veer HPS) having 2 X 4.5 MW Hydro units was installed and commissioned on the Right Bank Canal (RBC) of Veer Dam, Dist. Satara by WRD, GoM in February 1975. It was handed over to MSPGCL in February 1978 for Operation and Maintenance on Annual Lease Rent basis. The power station was handed over to MSPGCL for a period of thirty five (35) years under an Operation & Maintenance lease that commenced in the years 1976-77 and the same is expected to expire in the years 2011-12.
- ii. As per the Applicants, the aforesaid plant of 9 MW capacity does not utilize the water resource fully and further (estimated) useful life of the project is 35 years, which ends in February 2010.
- iii. The WRD GoM has proposed to take over the existing running plant from MSPGCL at the end of the said design life in 2010, de-commission the same and release it for renovation-modernisation.



- iv. As per the Applicants, Central Water Commission, Government of India has given permission for modernization of irrigation network in the command area of Veer Dam, and on that basis GoM has proposed to initiate the said project.
  - v. As neither MSPGCL nor WRD GoM have cash resources to undertake the project, it has been decided to induct a private participant in the project and a letter has already been issued on 6<sup>th</sup> January 2007, to a private developer, to take up the work on BOOT basis.
  - vi. The said Renovation and modernization will involve the following :-
    - a) renovation and expansion of Left Bank Canal (LBC) and the Right Bank Canal (RBC), which will lead to increase in capacity of RBC from 1550 Cusecs to 1967 Cusecs and that of LBC to 1250 Cusecs;
    - b) A new HPS of 2 X 2.4 MW capacity will be developed to utilize the additional flow of LBC which is expected to generate 14.095 MUs annually;
    - c) Consequently, as the water to LBC and RBC is to be released separately, and as the Veer Dam does not have capacity to cater to the augmented combined discharge, the generation from the existing HPS will reduce from 31.465 MUs to 17.370 MUs annually.
  - vii. There would be no financial effect, due to the transfer of the plant, on MSPGCL in terms of lease rent payable to WRD GOM as MSPGCL is entitled to receive Rs. 6.29 Crores in 2009-2010, Rs. 5.93 Crores in 2010-2011 and Rs. 5.57 Crores in 2011-2012 towards the over recovery of lease rent from WRD GoM as per the Commission's Order dated 27<sup>th</sup> October 2008 in Case No. 17 of 2007.
4. The Commission heard the matter on July 28, 2009. After the representatives of WRD, GoM and MSPGCL submitted the salient features of the Petition, the Commission observed as follows:
- a) It is not clear whether the present Petition filed in the matter is for the information or for the approval of the Commission. If the present Petition is for seeking approval of



the Commission, the Applicants should indicate the appropriate Sections of the EA 2003 and the MERC Regulations under which the approval is sought.

- b) The Applicants should also submit:
- i. Copy of the Lease Agreement between GoM- WRD and MSPGCL;
  - ii. Clarificatory provisions of the Lease Agreement which stipulate the modalities regarding the transfer of the project after the completion of the useful life of the plant;
  - iii. Information on existing system of GoM-WRD for life extension for the projects on completion of the useful life of the plant;
  - iv. Estimated cost of the proposed Renovation and Modernisation (R&M) activity to be carried out for the Veer project based on DPR for the same;
  - v. Possible generation from the project in case the R&M activity is not being undertaken immediately;
  - vi. Information on how are the consumer interests proposed to be protected while carrying out the proposed R&M activity.
- c) The Commission sought clarification on how much electricity will be supplied to MSEDCL from the project after R&M activity is carried out and what will be its estimated tariff.
- d) The Commission asked MSPGCL to confirm whether it has incurred any capital expenditure on the Veer Hydro Power Station during the period of its lease. It further provided that in case MSPGCL affirms the capital expenditure, it should provide the year wise details of the same along with the proposal to recover such cost on account of expiry of the existing arrangement.

The Commission directed the Applicants to submit the above mentioned information and accordingly, scheduled next hearing in the matter on Monday, 3<sup>rd</sup> August, 2009.



5. On 3<sup>rd</sup> August, 2009, the hearing in the matter was held as scheduled. The Commission observed that the Applicants had not submitted replies to the queries raised by the Commission during the previous hearing held on 28<sup>th</sup> July, 2009. MSPGCL informed that they had replied to some of the queries vide Letter dated August 1, 2009 No. RCD/25A/L 081/ 10829. Through the said letter, MSPGCL submitted that the capital expenditure incurred by it on Veer Dam is nil and as such there is no claim for reimbursement from WRD GoM.
6. The Commission observed that the Applicants have not mentioned whether they are merely informing the Commission of the transfer and renovation and modernisation of the Veer Hydro Power Station from MSPGCL to WDR GoM or were seeking the approval of the Commission for such transfer and renovation and modernisation. The Applicants have also failed to cite the relevant Sections of the EA 2003 and / or the relevant Regulations made by the Commission under which the said petition is admissible.
7. Subsequently, the Applicants filed an application with affidavit on 25<sup>th</sup> August, 2009 seeking withdrawal of their Application filed on 10<sup>th</sup> July, 2009, for transfer of Veer Hydro Power Station to Water Resource Department.

Accordingly, the case stands dismissed as withdrawn.

Sd/-  
(S. B. Kulkarni)  
Member

Sd/-  
(V .P. Raja)  
Chairman, MERC



(Sanjay Sethi)  
Secretary,  
MERC