

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**In the Matter of:**

Application No. 404 UPCL/UERC/K-5 dated 27.05.2009 filed by Uttarakhand Power Corporation Limited seeking approval of the Commission for the investment on the project covering the construction of 16 new 33/11 kV sub-stations and their associated lines

**AND**

**In the Matter of:**

Uttarakhand Power Corporation Limited,  
Urja Bhawan, Kanwali Road,  
Dehradun

..... Applicant

**Coram**

**Shri V J Talwar                      Chairman**

**Shri Anand Kumar                Member**

**Date of Order: 22<sup>nd</sup> September 2009**

**ORDER**

The Petitioner, UPCL has submitted proposal for capital investment vide their application No. 404 UPCL/UERC/K-5 dated 27.05.2009 to the Commission for approval under Para 11 of the Distribution and Retail Supply License [License No. 2 of 2003].

2. The investment proposal of the Petitioner comprises of 16 nos. new 33 kV substation and associated line works.

3. On examination, some anomalies in calculations were found and therefore UPCL was asked to rectify the anomalies and resubmit the proposal. The Petitioner resubmitted the proposal vide letter No 1565/D (P)/UPCL/UERC dated 27.08.09.
4. Total capital outlay for the schemes covered under the proposal submitted by the petitioner works out to Rs. 44.84 crores.
5. Scheme wise detail of the proposal is presented in the Table given below:

**Table 1: Scope of Works**

S. No.	Scheme No.	Particulars	Transformer Capacity MVA	Line Length (Km)	Total Cost (Rs.)
1	(a)	Construction of 1x3 MVA, 33 /11 kV Substation Kudi-Futagrh (Rudraprayag)	1x3 MVA	-	13476935.00
	(b)	Construction of 18 Km, 33 kV line from Ukhimath.	-	18	18133799.00
2	(a)	Construction of 1x3 MVA, 33 /11 kV Substation at Augustmuni (Rudraprayag)	1x3 MVA	-	13476935.00
	(b)	Construction of 5 Km, 33 kV line from Ukhimath.	-	5	5037166.00
3	(a)	Construction of 1x3 MVA, 33 /11 kV Substation at Dhontri (Uttarkashi)	1x3 MVA	-	13476935.00
	(b)	Construction of 15 Km, 33 kV line from Lambgaon, Tehri	-	15	15111499.00
4	(a)	Construction of 1x3 MVA, 33 /11 kV Substation at Lakhamandal (Dehradun)	1x3 MVA	-	13476935.00
	(b)	Construction of 5 Km, 33 kV line from Badkot-Nainbagh Line.	-	5	5037166.00
5	(a)	Construction of 1x3MVA,33/11 kV Substation at Sawra (Dehradun)	1x3 MVA	-	13476935.00

Table 1: Scope of Works

S. No.	Scheme No.	Particulars	Transformer Capacity MVA	Line Length (Km)	Total Cost (Rs.)
6	(a)	Construction of 1x3 MVA, 33 /11 kV Substation at Danda-Nagraja(Pauri)	1x3 MVA	-	13448877.000
	(b)	Construction of 15 Km, 33 kV line from Ghindyal.	-	15	15111499.00
7	(a)	Construction of 2x5 MVA, 33 /11 kV Substation at Puhana (Roorkee).	2x5 MVA	-	21828680.00
	(b)	Construction of 2.5 Km, 33 kV line from Old Bhagwanpur.	-	2.5	2815708.00
8	(a)	Construction of 2x5 MVA, 33 /11 kV Substation at Solani Bridge (Roorkee)	2x5 MVA	-	21828680.00
	(b)	Construction of 1 Km, 33 kV line from Dhanori	-	1	1126283.00
9	(a)	Construction of 2x8 MVA, 33 /11 kV Substation at Nehru Colony, Dehradun.	2x8 MVA	-	28213576.00
	(b)	Construction of 12 Km, 33 kV line from Majra.	-	12	13515397.00
10	(a)	Construction of 2x8 MVA, 33 /11 kV Substation at Engineers Enclave, Dehradun	2x8 MVA	-	28213576.00
	(b)	Construction of 3 Km, 33 kV line from Majra	-	3	3378849.00
11	(a)	Construction of 1x3 MVA, 33 /11 kV Substation at Manila, (Almora).	1x3 MVA	-	13476935.00
	(b)	Construction of 12 Km, 33 kV line from Bhikiyasen.	-	12	12089200.00
12	(a)	Construction of 2x3 MVA, 33 /11	2x3 MVA	-	19362106.00

**Table 1: Scope of Works**

<b>S. No.</b>	<b>Scheme No.</b>	<b>Particulars</b>	<b>Transformer Capacity MVA</b>	<b>Line Length (Km)</b>	<b>Total Cost (Rs.)</b>
		kV Substation at Talla Ramgarh, Nainital			
	(b)	Construction of 2 Km, 33 kV line from Mehregaon.	-	2	2252566.00
13	(a)	Construction of 2x5 MVA, 33 /11 kV Substation at Bareilly Road, (Haldwani)	2x5 MVA	-	21828680.00
	(b)	Construction of 10 Km, 33 kV line from Kamluaganja.	-	10	11262831.00
14	(a)	Construction of 2x5 MVA, 33 /11 kV Substation at Mahuwa Dabra (U.S. Nagar)	2x5 MVA	-	21828680.00
	(b)	Construction of 15 Km, 33 kV line from Jaspur.	-	15	16894246.00
15	(a)	Construction of 2x5 MVA, 33 /11 kV Substation at Rampur Road, Futkua (Haldwani)	2x5 MVA	-	21828680.00
	(b)	Construction of 15 Km, 33 kV line from Kamluaganja.	-	15	16894246.00
16	(a)	Construction of 2x8 MVA, 33 /11 kV Substation at Kichha Bypass Road, Near Gangapur (U.S. Nagar)	2x8 MVA	-	28213576.00
	(b)	Construction of 2 Km, 33 kV line from Rudrapur.	-	2	2252566.00
		<b>Grand Total</b>			<b>448369742.00</b>

6. To meet this Capital Investment, the Petitioner has simply stated to mobilize the funds through internal resources and by way of loan assistance from REC or other Financial Institutions.

7. The objective of the Petitioner for the proposed Capital Investment has been stated to adequately meet the present as well as the future load demand which has been estimated as 125 MVA on the horizon year 2011, which is the target date of completion of all the schemes under the proposal, ensuring thereby uninterrupted supply of quality power at proper voltages to the consumers of the area where the schemes are proposed. The need for this investment has also been stated to have been assessed by the Petitioner keeping in view the existing load on the system and the anticipated load demand over the future years.
8. The plan has been stated to be funded wholly or partially through loan assistance and partly through internal resources without giving any concrete proposal on financing and its associates cost. Even the source and nature of internal resource i.e. equity, reserves, grants or depreciation has not been disclosed. The overall capital cost and annual financing cost of the proposed capital investment plan from REC or other Financial Institutions would depend upon the proportion of loan assistance of the total cost of the schemes, the IDC. and terms of the loan.
9. It would be necessary for the petitioner to arrange at least 70 % of the capital cost by way of loans from Bank/Financial Institutions/Other agencies and balance through internal resources/equity in line with the prevailing tariff regulations.
10. The Petitioner has submitted very sketchy cost benefit analysis of each of the project under the scheme based on the anticipated load growth in subsequent years after commissioning of the sub-stations and associated lines without giving any backup data and supporting documents.
11. For the proposed Capital Investment as detailed in Table 1 above, the Petitioner has to establish (a) that the demand forecast has taken into account the past trend and the future potential for area-wise load growth based on the plans for development envisaged for these areas of the State, (b) that the assessment with respect to additional sale of energy on account of load met by the new sub-station and the quantum of benefits thereon has accordingly been made, (c) that the location and the capacity of the new substation including the associated line has been made after the detailed technical

study of the alternative options available and (d) that it has adopted the most optimal option.

12. The Commission, however, is also aware of the dilapidated and overstressed condition of licensee's existing system, which needs urgent investments. Therefore, the Commission, in the first instance, hereby grants in principle approval to the Petitioner for going ahead with this capital investment, subject to fulfillment of the following conditions:

- a) The licensee is required to submit techno-economic justification of each scheme within one month of issue of this Order on all the points in para 11 above and shall submit Quarterly progress reports for these works.
- b) The licensee should plan and arrange for least cost financing from Financial Institutions and submit the approvals/terms of Financial Institutions alongwith complete financing plan finalized by it within 3 months.
- c) The cost of the loan assistance, if any, to be applied by the licensee should be most competitive and all the loan conditions as may be laid down by the Financial Institutions should be strictly complied with.
- d) The additional cost burden, if any, arising out of the cost or time over runs or variation in the scope of implementation of the project and shortfalls in the revenue estimates or funding the investment beyond the specified limit of equity/internal resources or on any other account shall not be allowed in the Annual Revenue Requirement of the licensee.
- e) The licensee shall ensure compliance of all provisions of Indian Electricity Rule, 1956 and the Electricity Act, 2003 relating to protection, security and safety of line and sub-station including certificate of Electrical Inspector before energising the works.
- f) After completion of the project the Petitioner shall submit the completed cost of each of the works.

-Sd-  
**(Anand Kumar)**  
**Member**

-Sd-  
**(V J Talwar)**  
**Chairman**