

Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

In the Matter of:

Approval of Capital Investment under Para 11 of the Transmission Licence [Licence No. 1 of 2003].

In the Matter of:

Power Transmission Corporation of Uttarakhand Limited

Applicant

AND

In the Matter of:

Application No.772/MD/PTCUL/UERC dated 07.05.2012 for approval of PS (EHV) **financed by PFC** filed by Power Transmission Corporation of Uttarakhand Limited.

Coram

Shri Jag Mohan Lal	Chairman
Shri C.S. Sharma	Member
Shri K.P. Singh	Member

Date of Order: May 23, 2013

ORDER

The Petitioner, Power Transmission Corporation of Uttarakhand limited (PTCUL) has sought approval for proposed capital investment vide their Application No.772/MD/PTCUL/UERC dated 07.05.2012 for approval under Para 11 of Transmission Licence [Licence No. 1 of 2003].

2. The proposed work comprises construction of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-Station, Roorkee.

Table 1: Details of Capital Cost structure under PFC Scheme

Particulars	Project cost as per DPR (Rs. Crore)	Project cost considered by PFC (Rs. Crore)
Construction of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-Station, Roorkee.	6.69	7.44
Total	6.69	7.44
Debt (70% of above)	4.87	5.21
Equity (30% of above)	2.09	-

3. The Commission vide its letter dated 26.02.2013 sent a deficiency note to the Petitioner wherein the Petitioner, inter-alia, was asked to clarify about the difference in the project cost of the LILO line as submitted in the DPR and that sanctioned by PFC. The Petitioner in its reply submitted that though PFC has considered the same base cost of Rs. 5.17 Crores for the line as was considered by it, however, the difference in the project cost was mainly due to different percentage rates applied by PFC for calculating establishment and audit charges, price contingencies, IDC and financing charges.
4. The Petitioner has submitted a copy of the extract of the Minutes of the Meeting dated 30.11.2009 wherein the Petitioner's Board has approved Corporation's proposal for these schemes to be funded through 70% loan assistance by PFC and balance through equity to be funded by GoU.
5. On preliminary examination of the DPR, the Commission has observed that the sanction letter including terms and condition of the loan assistance by PFC had not been submitted along with the DPR. Accordingly, the Petitioner was asked to submit the same vide Commission letter dated 06.07.2012. The Petitioner submitted the loan sanction letter of PFC vide their letter No. 1259/MD/PTCUL/UERC dated 16.07.2012.
6. On analysis of the Petition, the Commission has observed that against the capital cost of Rs. 6.69 Crore (including IDC) submitted by PTCUL, PFC has considered capital cost of Rs. 7.44 Crore and accordingly, a loan assistance of Rs. 5.21 Crore against the debt requirement proposed by PTCUL of Rs. 4.87 Crore has been sanctioned by the financial institution. The reasons for the difference in project cost as submitted by the Petitioner and that sanctioned by PFC have been stated in para 3 above. PTCUL has claimed that the equity component shall be funded by GoU and has submitted GoU letter No. 1839/I(2)/2011-07(1)/119/2008 dated 13.09.2011 in support of its claim.

7. As per the petitioner, the said LILO line was charged on 24.11.2010. The executed cost of the line has been submitted by the Petitioner in compliance of the deficiency note sent by the Commission.

Table 2: Details of Capital Cost under PFC Scheme

Particulars	Estimated Cost as per DPR (Rs. Crore)	Cost considered by PFC (Rs Crore)	Executed Cost as submitted by the Petitioner (Rs Crore)
Construction of LILO of 220 kV Haridwar-Roorkee line at 400 kV PGCIL Sub-Station, Roorkee.	6.69	7.44	5.26

8. The Petitioner has proposed PFC's loan assistance at the rates prevailing on the date of each disbursement. The rate prevailing at the date of sanction are 11.25% per annum with three years reset, after a rebate of 0.25% for timely payment.
9. As per the PFC's sanction letter, the loan shall be repaid by PTCUL in 60 (Sixty) equal quarterly installments. The Petitioner would pay interest on the loan at the applicable rate of interest from the date of release of first installment.
10. The Petitioner has confirmed that the work proposed under this EHV project for assistance under P:SI (Transmission) Category through PFC has not been financed or tied up for financial assistance from any other source or lending organization and, thus, there is no duplicate financing for the proposed works.
11. Petitioner has stated that before the construction of the proposed LILO line, due to over loading of 220 kV S/C Roorkee-Nara line during low hydro condition and over loading of the 220 kV S/C Rishikesh- Haridwar line during low hydro condition and N-1 condition i.e. outage of 220 kV S/C Roorkee-Nara line, large scale rostering had to be done in Roorkee and Haridwar areas. However, with the construction of the proposed LILO line, the petitioner contended, additional power flow, as per system requirement, shall take place to 220 kV Roorkee Sub-Station and 220 kV (SIDCUL) Haridwar Sub-Station through the LILO line resulting in reduced loading of both these lines i.e. 220 kV S/C Roorkee-Nara line and 220 kV S/C Rishikesh- Haridwar line under similar contingencies as stated above. With reduced loading on both the said lines the power reliability in Roorkee and Haridwar shall increase considerably. The Petitioner has also submitted that with the construction of the LILO line, dependence on 220 kV S/C Roorkee-Nara line which is UP Power Transmission Corporation Ltd line shall also reduce considerably.

12. Based on the above submission of the Petitioner, the Commission has no objection to the Petitioner for executing this scheme with this capital investment subject to fulfillment of the following conditions:

- (a) All the loan conditions as laid down by PFC in their detailed sanction letter are strictly complied with. However, the Petitioner is directed to explore the possibility of swapping this loan with cheaper debt option available in the market.
- (b) The cost of servicing project cost shall be allowed in the Annual Revenue requirement of the petitioner after the assets are capitalised and subject to prudence check of cost incurred.

(K.P. Singh)
Member

(C.S. Sharma)
Member

(Jag Mohan Lal)
Chairman