

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION
Petition No 46 of 2017

In the Matter of:

Investment Approval of revised DPR of under Construction 220 kV Piran Kaliyar-Puhana (PGCIL) double circuit Line on double circuit Towers.

And

In the Matter of:

Power Transmission Corporation of Uttarakhand Limited (PTCUL)
Vidyut Bhawan, Near ISBT Crossing, Saharanpur Road,
Majra, Dehradun.

Coram

Shri Subhash Kumar Chairman

Date of Order: December 1, 2017

ORDER

This Order relates to the Petition filed by Power Transmission Corporation of Uttarakhand Ltd. (hereinafter referred to as "PTCUL" or "the Petitioner") seeking approval of the Commission for revised DPR of under construction 220 kV Piran Kaliyar-Puhana (PGCIL) double circuit line on double circuit towers.

2. The Petitioner vide its letter No. 2162/MD/PTCUL/UERC dated 17.10.2017 submitted the above Petition for seeking approval of the Commission under UERC (Conduct of Business) Regulations, 2014 and Para 11 of Transmission and Bulk Supply Licence [Licence No. 1 of 2003].
3. The Commission had earlier vide its Order dated 09.10.2015 accorded in-principle approval for construction of 220 kV Piran Kaliyar-Puhana (PGCIL) single circuit line on double circuit towers (Zebra Conductor) including other projects as per

table given below:

Sl. No	Particulars	Transformer Capacity (MVA)/ Length of Line (Km.)/type of conductor	Proposed cost including IDC as per DPR (₹ Crore)	Cost Considered by Commission (₹ Crore)
1.	(a) Augmentation of 220/33 kV s/s to 220/132 kV S/s with additional 2x100 MVA transformers at Piran Kaliyar	2x100 MVA	13.20	9.46
	(b) LILO of Bhagwanpur Chudiyala Line at 220/132 kV Piran Kaliyar	9.27 Km D/C (Panther Conductor)	12.80	9.18
2.	Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) line	Lattice structure for DC 220 kV line and stringing of 7 KM SC with Zebra Conductor	15.75	11.18
Total			41.75	29.82

4. Since the investment approval of the said single circuit line on double circuit towers has already been accorded by the Commission vide its Order dated 09.10.2015 as mentioned in Sl. No. 2 of the above table, now the Petitioner, in the current petition is seeking investment approval for additional work of stringing of 2nd circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) double circuit line on double circuit towers along with supply and laying of 220 kV cable for 2nd circuit at Puhana(PGCIL) sub-station end. The Petitioner has now submitted a revised DPR for construction of 220 kV double circuit Piran Kaliyar-Puhana (PGCIL) line on double circuit towers with a consolidate cost of ₹22.36 Crore for approval of the Commission.
5. The BoD held on 19.07.2017 approved the PTCUL's aforesaid revised proposal at a total cost of ₹22.36 Crore with a funding plan of 70% through loan assistance by financial institutions and balance 30% as equity funding from GoU.
6. With regard to progress of 220 kV Piran Kaliyar-Puhana single circuit line on double circuit towers PTCUL has submitted that the said work has been awarded to M/s MMR construction company, Noida, on 05.12.2015 and the work is under progress.
7. The Petitioner submitted that with the complete Commissioning of 220 kV substation at Piran Kaliyar it is proposed to feed both 132 kV Chudiyala and Bhagwanpur S/s from the said S/s to give relief to 220 kV S/s Roorkee which is

already overloaded and this is only possible with the construction of 220 kV double circuit Puhana (PGCIL)- Piran Kaliyar line.

8. The estimated cost of work proposed by the Petitioner is as follow:

Particulars	Line Length (Kms.)	Type of Conductor	Project cost as per DPR (₹ Cr.)	
			Excluding IDC	Including IDC
Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) line	07	Zebra Conductor	21.12	22.36

9. With regard to funding of loan, the Petitioner has submitted that REC has already sanctioned an amount of ₹11.025 Crores against the submitted DPR of ₹15.75 Crores on 12.05.2015 for the work already underway viz construction of 220 kV Piran Kaliyar-Puhana (PGCIL) single circuit line on double circuit towers. With regard to the funding of the escalated amount of ₹ 6.61 (₹22.36-₹15.75) Crores on account of additional work of stringing of 2nd circuit of 220 kV Piran Kaliyar-Puhana (PGCIL) double circuit line on double circuit towers along with supply and laying of 220 kV cable for 2nd circuit at Puhana (PGCIL) sub-station end the Petitioner has stated that it shall be arranged from the financial institutions as per the funding plan approved by its BoD.

Commission’s observations, Views and Decision

10. The Commission fails to understand that when the construction of 220 kV double circuit Piran Kaliyar-Puhana (PGCIL) line was of such importance then why did the Petitioner initially prepare a DPR for construction of single circuit line on double circuit towers. The Petitioner should have had at the first instance prepared a comprehensive DPR, including construction of double circuit line instead of single circuit line on double circuit towers and submitted the same before the Commission for approval. By not doing so, the Petitioner had to again seek approval from its BoD for the revised DPR and shall have to again approach the financial institutions for sanction of enhanced amount. These doubling of efforts on the part of the Petitioner only cause delay in timely completion of projects leading to cost overruns which ultimately burdens the consumers of the State through increased tariffs. The Commission directs the Petitioner to desist from such practice in future and take

note that the Commission may not give investment approval to such DPRs prepared in piecemeal manner.

11. On examining the financial aspects of the proposal, it has been observed that while preparing the estimate, the Petitioner has included quantity variation @ 20%. In the absence of any justified reasons for including the said quantity variation, the Commission is not considering the same as of now in the Order.
12. Based on the above, against the Petitioner's proposed capital expenditure of ₹22.36 Crore, the Commission hereby grants in-principle approval for the expenditure of ₹19.08 Crore only as per Table given below with the direction that the Petitioner should go ahead with the aforesaid work subject to fulfillment of the terms & conditions mentioned in Para 13 below.

Cost approved by the Commission vis-a-vis the cost proposed by the Petitioner

Particulars	Line Length (Kms.)	Type of Conductor	Project cost Including IDC as per DPR (₹ Cr.)	Cost considered by the Commission (₹Crore)
Construction of 220 kV Piran Kaliyar-Puhana (PGCIL) line	07	Zebra Conductor	22.36	19.08

13. Terms and conditions subject to which in-principle approval is granted by the Commission are as follows:
 - (i) The Petitioner should go for the competitive bidding for obtaining most economical prices from the bidders.
 - (ii) All the loan conditions as may be laid down by the funding agency 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.
 - (iii) The Petitioner shall, within one month of the Order, submit letter from the State Government or any such documentary evidence in support of its claim for equity funding agreed by the State Government or any other source in respect of the proposed schemes.
 - (iv) After completion of the aforesaid schemes, the Petitioner shall submit the

completed cost and financing of the schemes.

- (v) The cost of servicing the project cost shall be allowed in the Annual Revenue Requirement of the petitioner after the assets are capitalized and subject to prudence check of cost incurred.

Ordered accordingly.

(Subhash Kumar)
Chairman