

पावर ट्रांसमिशन कारपोरेशन ऑफ उत्तराखण्ड लि०

(उत्तराखण्ड सरकार का उपक्रम)

निदेशक (परियोजना) कार्यालय

विद्युत भवन, नजदीक-आई०एस०बी०टी० क्रासिंग, सहारनपुर रोड़, माजरा, देहरादून-248002  
दूरभाष नं० 0135-2645753 फ़ैक्स नं० 0135-2645753 ई-मेल shrawan\_k\_sharma@ptcul.org

No. 444 /Dir. (Projects)/PTCUL/ MVT

Date: 11 / 03 / 2016

To,

- ✓ The Secretary  
Uttarakhand Electricity Regulatory Commission  
"Vidyut Niyamak Bhawan",  
Near I.S.B.T., P.O. Majra  
Dehradun (Uttarakhand)

Sub: Stakeholder's comments on PTCUL's Petition for Multi Tariff and Business Plan for the Control Period FY 2016-17 to FY 2018-19.

Sir,

Kindly take reference of Hon'ble UERC letter no UERC/6/TF-286/15-16/2016/1749 dated 26.02.2016 on above mentioned subject vide which PTCUL was directed to submit response on the comments received from Stakeholders.

In this regard, the PTCUL's response on the comments received from Stakeholders is being enclosed herewith as directed by the Hon'ble Commission.

Submitted for kind consideration of the Hon'ble Commission.

Encl: As above.

Thanking you,

Yours Faithfully,

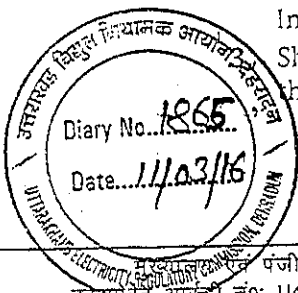
(S.K. Sharma)  
Director (Projects)

Cc:-

1. PS to MD, PTCUL for kind information of Managing Director, PTCUL.

Copy forwarded to the following along with the PTCUL's response in compliance of Hon'ble Commission letter no UERC/6/TF-286/15-16/2016/1749 dated 26.02.2016:-

1. Dr. V.K. Garg: A-24/E, DDA Flats, Munirka, New Delhi-110067.
2. Sh. Pankaj Gupta, President, Industries Association of Uttarakhand, Mohabewala Industrial Area, Dehradun- 248110.  
Sh. S.S. Chopra, Manager (Electrical), M/s Hindustan National Glass & Industries Ltd. through e-mail (sschopra@hngil.com).



1. PTCUL's comments on the response / suggestion received from Dr. V.K. Garg, A-24/E, DDA Flats, Munirka, New Delhi-110067 on Multi-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Power Transmission Corporation of Uttarakhand Limited.

S. No.	Objections/Comments/Suggestions	Response
1	<p>The net ARR is taking a jump from 295 crs. in FY 15-16 to 477 crs. in FY 16-17 which seem to be exorbitant. The outlay proposed for FY 17-18 is 466 crs. which is less than FY 16-17; whereas in FY 18-19 it has been increased to 700 crs. This needs proper explanation as to the factors contributing and their justifiability for this increase.</p>	<p>This increase in ARR in FY 16-17 is because of ROE on account of Power Development Fund.</p> <p>As per the Hon'ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015,</p> <p><i>"The Tribunal has upheld the findings of the State Commission in the impugned order but has not given any finding relating to disallowance of ROE on the funds deployed by the State Government from PDF towards capital cost of the project. We feel that the findings of this Tribunal in Appeal no. 189 of 2005 will be applicable to the present case. If the State Commission has not provided the amount as a grant and has invested the amount as equity, ROE has to be allowed as per the Regulations of the State Commission. Accordingly this issue is decided in favour of the Petitioner."</i></p> <p>The matter on Return on Equity on the PDF funds was discussed in detail as part of this judgment wherein the Hon'ble APTEL has viewed that Return on Equity should be allowed irrespective of the source of equity being invested in the company/ utility unless classified as grant.</p> <p>PTCUL has hence claimed the amount of INR 114.84 Crs as ROE on the NABARD, REC Old and REC IV schemes as well which have been developed by utilizing the State Government equity in the ARR of FY 16-17.</p>


SHRAWAN KUMAR GUPTA  
DIRECTOR (P&S) PTCUL  
P.O. BANGALORE  
10/04/2016

2. PTCUL's comments on the response / suggestion received from Sh. Pankaj Gupta, President, Industries Association of Uttarakhand, Mohabewala Industrial Area, Dehradun-248110 on Multi-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 along with tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Power Transmission Corporation of Uttarakhand Limited.

S. No.	Objections/Comments/Suggestions	Response
1	The intention of PTCUL in the past and present has been to some how escalate their projected cost with the intention to wrest as much as they can from UERC. This is not good policy and is not expected from public utility.	PTCUL would like to submit that it is an established practice to get the investment approval for all major projects from the Hon'ble commission which is only given post detailed technical and financial appraisal. Also, PTCUL would like to submit that it is the constant endeavor of its officials to undertake projects within the stipulated estimates.
2	<b><u>Capitalisation of New Assets:-</u></b> In this head also, it is noteworthy to recall the findings of UERC of its previous orders to get the reasons for cost overruns from PTCUL and get the same approved from the commission as in this petition also. no such efforts has been made, therefore, Commission is requested to continue with the earlier order of allowing only the minimum of approved cost and the actual cost as per audit report submitted by the Petitioner.	PTCUL would like to submit that the detailed reasons for time and cost overruns, if any, which are uncontrollable in nature, have been provided to the Hon'ble commission on regular basis and also as a part of response to queries received from UERC post submission of petition.  As for the cost overruns during the period FY 05-FY 2011, the Hon'ble commission has taken note of the same and had constituted an Expert committee in 2011 to examine in detail, the reasons for time and cost over-runs of capital expenditure under various Schemes during the period FY 2004-05 to FY 2010-11. The Commission then approved the final true up for FY 2004-05 to FY 2012-13 after giving due consideration to the Expert Committee Report on the allowable cost of REC Old and NABARD Schemes and the comments submitted by PTCUL on the Expert Committee Report.
3	<b><u>Major Repair and Maintenance (R &amp; M) Expenses:-</u></b> Any major R & M works cannot be expected to be recurring in nature like	PTCUL would like to submit that all R&M expenses are claimed as per the UERC (Terms and Conditions of Truing up of Tariff) Regulations, 2011. Also, accounting


SHRAMAN KUMAR GUPTA  
DIRECTOR (FD) UERC  
Power Transmission Corporation of  
Uttarakhand Limited

S. No.	Objections/Comments/Suggestions	Response
	<p>the normal R &amp; M work and will yield benefit to PTCUL for long terms. Such expenses should be capitalized. All such expenses should be approved from UERC before they are incurred.</p>	<p>principles are followed while recording such R&amp;M expenses.</p>
4	<p><b><u>Carrying cost of deficit uptill 2014-15</u></b></p> <p>The very fact that PTCUL is claiming carrying cost on depreciation for GFA, shows the apathy of transmission company towards the general public. If UPCL/PTCUL had not got the final GFA approved then that is the problem on account of their in-efficient working or careless attitude. Whenever the GFA are finally finalised by UERC, no carrying cost of this should be allowed as that is due to the delay on the part of UPCL/PTCUL.</p>	<p>PTCUL would like to submit that it has claimed carrying cost as per UERC (Terms and Conditions of Truing up of Tariff) Regulations, 2011. The under recovered amount computed as a result of truing up exercise is in the nature of deferred payments &amp; requires additional funding by the utility. The carrying cost enables the utility to service funding of such deferred payments and, hence, it has proposed the carrying cost on the revenue gap of the past years, which is also as per the practice followed under the accounting principles. Also, it is submitted that the ARR for FY 2014-15 has been computed based on the audited accounts of FY 2014-15 and given effect for the actual capitalization during FY 2013-14.</p>
5	<p><b><u>Return on Equity on account of Power Development Fund</u></b></p> <p>“...What is surprising to note that PTCUL is trying to justify taking help of some other case of some other consumer. The fact of that case is different and so does not apply in the present case which involves consumers from whom, the PDF was collected.”</p>	<p>PTCUL would like to submit that the case has already been decided in favour of PTCUL by the Hon’ble Appellate Tribunal of Electricity (ATE) dated 15th May 2015 in R.P. No. 2 of 2015 in Appeal No. 163 of 2015. Regarding the stay order issued by the Hon’ble Supreme Court in its Order dated 12th Oct, 2015, PTCUL is in process of seeking clarification and removing stay on allowing return on equity on fund received through PDF.</p>
6	<p><b><u>Project Completion:-</u></b></p> <p>The past experience shows that PTCUL officers do not take adequate timely actions to ensure timely completion of project. This results in cost overrun and increases cost to consumers. In present times, for faster completion of projects, all clearances should be first taken by</p>	<p>PTCUL would like to submit that its officials are committed to timely completion of all projects and delays, if any, have most of the times been a result of uncontrollable factors. PTCUL would also like to submit that now all projects are approved by the Hon’ble commission after a thorough prudence check which includes assuring that the required clearances are in place.</p>

  
 CHIRWAN KUMAR SHARMA  
 DIRECTOR (FINANCE)  
 REGULATORY COMMISSION  
 CHENNAI


S. No.	Objections/Comments/Suggestions	Response
	PTCUL and then only the contract should be awarded. This will reduce time in completion	
7	<p><b><u>Frequent Grid Failures:-</u></b></p> <p>We have experienced Grid failures on many occasions in the last year. Grid failure is serious matter. However our experience shows that PTCUL officers do not take Grid Failures seriously. For them, it is a normal event and can take place on occasions. If we look at Grid failures from international perspective, it is very serious. We would request Commission to direct PTCUL to come out with reasons for Grid failures in the past and also the action taken to avoid such failures.</p>	<p>PTCUL would like to submit that the availability factor of its Transmission System for FY 2013-14 was 99.31% and for FY 2014-15 it was 99.33 %. PTCUL would also like to submit that the availability of its Transmission System has been one of the most efficient among the utilities in the country. PTCUL was awarded the prestigious "Gold Shield" for FY 2009-10 in the category of "Transmission System Availability" by Ministry of Power, Government of India. PTCUL would also like to submit that its loss levels for the past years have consistently been below 2%. PTCUL would also like to submit that there is a distinction between grid failure and small grid disturbances and there has been no incidence of grid failure in the past year.</p>
8	<p><b><u>TRUE UP for Previous Years.</u></b></p> <p>It is surprising to note that all utilities including PTCUL are claiming expenses in True up as per their audited balance sheet. There is no justification as to why was their difference between what was approved by UERC and what was actually incurred. Without proper justification, UERC should not allow these expenses in True up. It has been the past experience that all the utilities are not working within the cost approved by the UERC in its Tariff orders. They come out with their actual cost, which are always different from the cost approved by the H'ble Commission and then they plead for acceptance of their actual cost as pass through in the ensuing year. We are seeing the same phenomenon in this year Tariff petition also. We, from the</p>	<p>PTCUL would like to submit that the details of the ARR claimed for FY 2014-15 have been provided in the petition. Also, all the recording of expenses is being done in accordance with the accounting principles. PTCUL would also like to submit that expenses submitted by PTCUL are examined in detail by the Hon'ble commission while carrying out the truing up of expenses and revenues and only legitimate expenses are allowed.</p>



  
 SHRAWAN KUMAR SHARMA  
 DIRECTOR (FINANCE)  
 REGULATORY COMMISSION  
 CHENNAI

S. No.	Objections/Comments/Suggestions	Response
	<p>Industries Association of Uttarakhand are firm believers in the fact that PTCUL is an important part of our state progress. Their financial health is important, however, at the same time they should also be doing justice as public functionary.</p>	

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 SHRAVAN KUMAR GUPTA  
 DIRECTOR (P&I) IIT  
 PUNJAB UNIVERSITY  
 OF TECHNOLOGY

3. PTCUL's comments on the response / suggestion received from Sh. S.S. Chopra, Manager (Electrical), M/s Hindustan National Glass & Industries Ltd. through email (sschopra@hngil.com) on Multi-Year Tariff (MYT) Petition and Business Plan for the control period of three financial years from 01-04-2016 to 31-03-2019 alongwith tariff determination for FY 2016-17, true up for FY 2014-15 and annual performance review for FY 2015-16 by Power Transmission Corporation of Uttarakhand Limited.

S. No.	Objections/Comments/Suggestions	Response
1	More accountability on UPCL/PTCUL to provide uninterrupted power supply	PTCUL would like to submit that the availability factor of its Transmission System for FY 2013-14 was 99.31% and for FY 2014-15 it was 99.33 %. PTCUL would also like to submit that the availability of its Transmission System has been one of the most efficient among the utilities in the country. PTCUL was awarded the prestigious "Gold Shield" for FY 2009-10 in the category of "Transmission System Availability" by Ministry of Power, Government of India. PTCUL would also like to submit that its loss levels for the past years have consistently been below 2%.

SHRAWAN KUMAR SUARNA  
 DIRECTOR (PROJ. & DTS)  
 POWER TRANSMISSION CORPORATION  
 OF UTTARAKHAND LIMITED