

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub: In the matter of filing of Capex Plan for development & system strengthening of Sub-transmission system from loan assistance of ADB.**

**ORDER**

**Date of hearing: 21.07.2015**

**Date of order:22.07.2015**

**MP Poorv Kshetra V. V. Co. Ltd., : Petitioner**  
**Shakti Bhawan, Rampur**  
**Jabalpur**

Shri Nitin Khatri, Manager (Planning) appeared on behalf of the petitioner.

2. The petitioner has filed the subject petition to seek the approval of the Commission for capital expenditure (capex) plan of Rs. 240.48 Crore. The scheme is envisaged to be completed in 3 years period commencing from FY 2013-14 to 2015-16 for which loan assistance is available from funding agency Asian Development Bank (ADB) and counterpart funding from Power Finance Corporation (PFC). The petitioner has stated that the works proposed under this scheme are required for strengthening the existing sub-transmission network for reduction in technical losses and catering to expected load growth on account of implementation of RGGVY and feeder segregation schemes. The brief details of scheme submitted by the petitioner are given below:-

Sr. No.	Works proposed under the scheme	Project cost (in Rs Crs )	Year wise proposed investment (in Rs Crs)		
			FY13-14	FY14-15	FY15-16
1	Inter-connection of 33 kV lines from proposed 132 kV and 220 kV Sub-Stations (IC 33 KV lines) and construction of additional 33 kV bay at existing 33/11 kV S/s for Line In and Line Out (LILO).	73.01			
2	Bifurcation of heavily loaded 33 kV Feeders	57.25			
3	Construction of new 33/11 kV Sub-Stations.	34.39	48.10	72.14	120.24
4	Augmentation and additional power transformer (PTR) in existing 33/11 kV sub-stations and new 11 kV lines associated with PTR capacity addition.	75.82			
	<b>Total project cost (in Rs Crs)</b>	<b>240.48</b>	<b>48.10</b>	<b>72.14</b>	<b>120.24</b>

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3. The petitioner has furnished the analysis of physical and financial benefits likely to be accrued through saving of input energy by reduction of loss level and improvement of system reliability. The petitioner has estimated payback period of nearly 3.73 years reckoning the IRR (internal rate of return) of project as 23.53% arising out from net cash flow of aforesaid capex investment.

4. In the hearing held on 19/05/2015 the Commission observed that the proposed scheme has been envisaged to be completed in 3 years period commencing from FY 2013-14 to 2015-16 out of which 2 years have already been over and only one year i.e. FY15-16 is left for completion of works. The Commission further observed that it has been very unlikely that works proposed to be carried under said scheme would be completed within stipulated plan period and should not be spilled over beyond the time frame. Therefore, vide order dated 20.05.2015 the Commission directed the petitioner to file the revised plan for completion of the works under the proposed capex scheme on affidavit. In compliance, vide letter dated 01.06.2015 the petitioner filed the revised plan commencing FY2015-16 to FY2017-18 keeping the total project cost & year wise proposed investment intact as per following details.

Sr. No.	Works proposed under the scheme	Project cost (in Rs Crs )	Year wise proposed investment (in Rs Crs)		
			FY15-16	FY16-17	FY17-18
1	Inter-connection of 33 kV lines from proposed 132 kV and 220 kV Sub-Stations (IC 33 KV lines) and construction of additional 33 kV bay at existing 33/11 kV S/s for Line In and Line Out (LILO).	73.01	48.10	72.14	120.24
2	Bifurcation of heavily loaded 33 kV Feeders	57.25			
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5. During the hearing on 09.06.2015, by taking cognizance of the fact that the petitioner has revised the implementation schedule of the plan, the Commission further enquired from the petitioner whether currency of the loan would be available for the revised plan as well. The representative of the petitioner sought additional time to furnish the relevant documents which the Commission accepted. The next hearing was scheduled on 21/07/2015.

6. The petitioner, vide letter dated 01/07/2015 informed that as per Article III, Section 3.05 of the agreement signed by Govt. of India with ADB the closing date of the loan is 31<sup>st</sup> December 2018. During the hearing on 21/07/2015 the representative of the petitioner referred to the said agreement and submitted that it covers the revised plan period.

7. In view of the foregoing, the Commission accords in principle approval to the proposed investment of Rs. 240.48 Crore for revised plan period FY 2015-16 to FY 2017-18 subject to the condition that the servicing of debt, depreciation, return on equity, etc. of the said investment would be admissible in the ARR only after such assets are capitalized and put to use and to such extent only considered prudent by the Commission and should not adversely affect the interests of the consumers.

With the above directions, the Commission disposed of this petition.

Ordered accordingly.

**(Alok Gupta)**  
Member

**(A. B. Bajpai)**  
Member

**(Dr. Dev Raj Birdi)**  
Chairman