

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub : In the matter of petition for approval of cost sharing scheme by prospective EHT consumers for conversion of 132 KV Sub-station to 220 KV Sub-station, Maihar.**

**Petition No. 68/2010**

**ORDER**

**(Date of Hearing : 23<sup>rd</sup> November, 2010)**

**(Date of Order : 24<sup>th</sup> November, 2010)**

MP Power Transmission Co. Ltd., - Petitioner No.1  
Block No.2, Shakti Bhawan,  
Vidyut Nagar, Jabalpur (MP).

MP Poorv Kshetra Vidyut Vitaran Co. Ltd., - Petitioner No.2  
Block No.7, Shakti Bhawan,  
Vidyut Nagar, Jabalpur (MP)

V/s

M/s Reliance Cementation (P) Ltd., - Respondent No. 1  
Maihar.

M/s KJS Cement Ltd. , - Respondent No. 2  
Maihar

Shri D.P. Saxena, Consultant, Shri V.D'Souza, EE and, Shri Sanjay Okhade, EE appeared on behalf the Petitioners.

2. The petition is in the matter of approval of cost sharing scheme by prospective EHT consumers for conversion of 132 KV Substation to 220 KV Substation Maihar under the provisions of Section 43 and 46 of the Electricity Act, 2003 and under the principles laid down in the "Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulations, 2009 {RG-31(I) of 2009}. The case was listed for motion hearing on 26.10.2010.

3. During the motion hearing, the representatives of Petitioner No. 1 and 2 have submitted that Respondent No. 1 (M/s Reliance Cementation (P) Ltd., Maihar) has proposed to setup a 5.08 MTPA Cement Plant at Village Bharauli Tehsil Maihar, District Satna for which request was made for sanction of 30 MVA load at 132 KV. The sanction was accorded and conveyed vide letter No. 1670 dated 16.02.2010. The supply was proposed to be catered by laying a 132 KV DCSS line from 220 KV substation, Katni up to consumer plant for a route length of about 50 KM. The tentative cost of the work was estimated to around ₹ 18.5 Crores. Respondent No. 2 (M/s KJS Cement Ltd.) has also proposed to setup a 1.50 MTPA Clinker, OPC/PPC 2.25 MTPS Cement

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Plant at Village Amlai, Tehsil Maihar District Satna for which request was made for sanction of 10 MVA load at 132 KV. The sanction was accorded and conveyed vide letter no. 1705 dated 24.02.2010. The supply was proposed to be catered by laying a 132 KV DCSS line from 220 KV substation, Kotar (under construction) or Katni for a route length of about 60 KM. The tentative cost of the work was estimated to be around ₹ 20 Crores.

4. The Petitioners have submitted that since the extension of 132 KV line from 220 KV substations, Katni or Kotar involves long patches of forest land, work of laying 132 KV line was likely to be delayed, hence, Respondents requested for an alternate supply arrangement. Thereafter, discussions were held between the parties on 20<sup>th</sup> May, 2010 at Jabalpur, wherein it was agreed that:

- (a) 132 KV Maihar substation can be converted to 220 KV substation so that 132 KV supply to both the consumers could be provided from 220 KV Maihar substation.
- (b) The total cost of conversion of 132 KV Maihar substation into 220 KV Maihar substation was worked out by the MPPTCL (Petitioner no. 1) as ₹ 20.02 Crores.
- (c) The cost of 220 KV line and other costs will be borne by MPPTCL.
- (d) Petitioners would share the cost of conversion which is ₹ 20.00 Crores on 50:50 ratio because basically this work will be solely organized for them. Their final contribution for the purpose of conversion of substation would therefore be ₹ 10.00 Crores each.
- (e) It was also agreed that the payment shall be made in the following manner:
  - (i) 1<sup>st</sup> installment by 30<sup>th</sup> June, 2010 - ₹ 4.00 Crores
  - (ii) 2<sup>nd</sup> installment on erection of 220 kV bays - ₹ 3.00 Crores
  - (iii) 3<sup>rd</sup> installment on installation of 220 kV Transformer on plinth - ₹ 3.00 Crores

5. As per the Petitioners, the proposal to convert the existing 132 KV to 220 KV was considered primarily to cater to 40 MVA load of the Respondents. The proposal for conversion is also economically viable, as, it is costing ₹ 27 Crores whereas cost to construct 132 KV line comes out to be ₹ 38 Crores.

6. The Petitioners have further submitted that, the Respondents have requested that in case any additional consumer asks for power supply from the same substation i.e. converted 220 KV

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Substation Maihar subsequently, then the management should recover the cost from them also. Their request was considered in the meeting held on 22.6.2010, and it was agreed that:

- (a) In case any new EHT consumers(s) comes up within an initial period of 10 years from the date of commissioning of 220 kV Substation Maihar, then he will be insisted upon to contribute towards the cost of conversion.
- (b) While insisting for contribution, the cost of conversion will be divided into (existing + one) parts and the contribution received from the new party will be distributed to the existing contributors equally.
- (c) Further, if a fourth EHT consumer also avails power from the converted 220 kV substation, shall pay ₹ 5.00 Crores, which shall be distributed to the existing three consumers. This process will go on with any new consumer till expiry of basic 10 years period.

It was agreed that a petition on the above lines would be filed with MPERC and that this arrangement is not obligatory for the purpose of above agreement amongst parties.

7. The Petitioners have also submitted that the Respondents have already paid ₹ 4.0 Crores each as 1<sup>st</sup> installment with a stipulation that the future new EHT consumers if supplied through 220 KV Substation Maihar may also share the cost of conversion which they have borne initially.

8. The Petitioners have also submitted that presently, under the aforesaid Regulation, the prospective EHT consumers coming up in the same area are not required to share the cost of conversion of EHV substation, even if it is a cost effective alternative.

9. The Petitioners further submitted that the Respondents have requested that a period of ten years may be considered for implementation of the proposed cost sharing scheme. So far no other requisition from EHT consumers in the area has been received and in the near future possibility of any new entrants of EHT consumers in the area is remote, therefore, the request of the respondents for period of 10 years from the date of commissioning of 220 KV Substation Maihar may be considered. Period of 10 years also matches with the standard terms of financing of transmission assets and is without any indexation of depreciation factor.

10. During the hearing, the Commission enquired from the Petitioners regarding the cost involved in respect of 220 KV line to be connected to the proposed 132/220 KV Substation which

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is proposed to be borne by Petitioner No.1. The representative of Petitioner No.1 submitted that an amount of ₹ 1.6 Crores (approx.) shall be incurred by them. The Commission also enquired of the Petitioners as to under what provisions of the Act, the Commission has powers to deal with the subject petition. The representatives of the Petitioners submitted that the petition is filed for approval of cost sharing scheme under provisions of Section 43 and 46 of the Electricity Act, 2003 and under the MPERC (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulations, 2009. The Commission then drew attention to Chapter-III Point No. ix, as per which “the entire distribution network including Service Line, notwithstanding the cost has been paid by the consumer, shall be the property of the Distribution Licensee for all purpose and shall be maintained by it. The Distribution Licensee shall have a right to use the network for supplying energy to any other person by tapping the network or otherwise except in cases where such supply is detrimental to the supply to the consumer who had borne the full cost of such network and is connected therewith.” As such, there is no provision in the Regulations for cost sharing by consumers.

11. During the hearing, the representatives of the Petitioners could not justify as to why the Petitioner No.1 is incurring expenditure on 220 KV line. They could also not indicate as to how the total cost has been arrived at ₹ 27 Crore out of which ₹ 20 Crore is being funded by the prospective consumers. The representatives of the Petitioners, however, submitted that the Commission may allow relaxation in MPERC (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulations, 2009 and allow a modified petition.

12. The Commission granted the Petitioners’ request and directed it to submit modified petition clearly bringing out the relief sought within 15 days i.e. by 16.11.2010. The petition should also bring out the expected total expenditure for affording supply from the upgraded Maihar Sub-station. The next date of hearing was fixed as 23.11.2010.

13. The Petitioners submitted the revised petition on 22.11.2010.

14. During the hearing on 23.11.2010, the representative of the Petitioners submitted the facts of the case and prayed the Commission to :

(a) Take the revised petition for approval of including 220/132 KV Substation at

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Maihar in Investment Plan with cost sharing of ₹ 1.452 Crores under MPPTCL's resources.

- (b) Consider the scheme of cost sharing by subsequent EHV consumers for making provision in the Appropriate Regulations.

15. During the hearing, the Commission enquired from the Petitioners as to why MPPTCL wants to bear the cost of ₹ 1.452 Crores towards cost of removal of 132 KV Tower from the existing 132 KV yard, the cost of erection of additional 132 KV Towers, cost of modification of cable trenches & fencing and other activities as a part of system development. The Commission further enquired under which provision of the Regulations, the Commission could consider the scheme of cost sharing by subsequent EHV consumers, as proposed by the petitioners. The Commission also asked the Petitioners whether they are seeking modification in the existing Regulations. The representatives of the Petitioners submitted that they were seeking relaxation/deviation from the existing regulations.

16. After hearing the representatives of the Petitioners and considering the written submissions, the Commission noted that the prayer submitted in the revised petition cannot be allowed. The Commission however granted liberty to the Petitioner No. 1 to submit a comprehensive petition, making the three Distribution Licensees as Co-Petitioners, in case modifications in the Regulations were required.

17. In view of the above, the Petition No. 68 of 2010 stands disposed of.

**(C.S.Sharma)**  
**Member (Eco.)**

**(K.K.Garg)**  
**Member (Engg.)**

**(Rakesh Sahni)**  
**Chairman**