

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Sub : Filing of Petition for approval of investment plan against RAPDRP Scheme launched by MoP Govt. of India.

ORDER

(Date of hearing 25.01.2011)

Date of order _____

M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd., Indore (West Discom) - Petitioner

1. Shri Achal Jain, EE, Shri Nirmal Sharma, EE and Shri K.S. Vyas, P.D. appeared on behalf of West Discom.
2. MP Paschim KVV C Ltd., through its authorized officer has filed a petition for approval of the Commission in the subject matter. It is indicated in the Petition that proposed investment plan comprises Part A and part B schemes of R-APDRP scheme of Govt. of India. The comprehensive scheme was approved during 11th plan so as to expedite the Distribution reform process across the country in the Distribution sector. The Power Finance Corporation has been designated as the Nodal Agency in this regard. The scheme covers urban areas i.e. the town and cities having population of more than 30000 (2001 census). It is submitted in the Petition that 24 cities were found eligible in the area of jurisdiction of West Discom. The scheme is in two parts, i.e. Part A for establishment of base line data and IT application for energy accounting / auditing and IT based Consumer Service Centre, data centre for all three Discoms and asset mapping and consumer indexing through GIS. Part B includes regular distribution strengthening projects. For implementation of part A projects the funds would be provided as loan from Govt. of India on the terms decided by the Ministry of Finance. It is further submitted in the petition that the loan shall be converted into grant if required system is established within 3 years from the date of sanction i.e. up to Feb., 2012. The total cost of the projects under part A is Rs. 49.55 Crore for all the 24 towns covered under the projects and out of which Rs. 19.13 Crore would be required to be arranged by the Petitioner through its own resources. The Representative of the Petitioner also informed that the contract for implementation of Part A scheme has been awarded to M/s TCS Ltd, Mumbai and the order value is Rs. 45.31 Crore..

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3. With regard to implementation of Part B project, it has been submitted in the petition that initially 25% of funds for the project would be approved through loan from the Govt. of India. The balance fund will be raised through loan from Financial Institutions. It has also been submitted that if the Company is able to achieve the target of 15% AT&C loss on a sustained basis for a period of 5 years in the areas covered under the project and project is completed within the time frame stipulated i.e. maximum 5 years, 50% loan would be got converted into grant. The Petitioner has submitted to approve the investment of Rs. 481.8 Crore for Part B scheme comprising all 24 towns. The petitioner has further confirmed that as per the guidelines, the PFC has sanctioned the loan against its proposed part B scheme i.e. 25% of the project cost. The Company has indicated that the IRR of whole scheme of part B is 14.95% and IRR for individual projects is varying from 9.96% to 33.71%. The Petitioner has requested the Commission to grant the approval on the aforementioned investment plan.

4. During the Course of the hearing the Commission observed that subject proposal amounts to capital expenditure scheme of the Distribution licensee. The Petitioner has furnished the DPRs for all the 24 towns included in the Part A and Part B. If the projects covered under Part A are completed up to Feb 2012 and verified by an Independent Agency also, then the loan would be converted into grant. Similarly, for the Part B projects, meeting the requirement of achieving the target of 15% AT&C loss on sustained basis for a period of 5 years in the areas covered under the project and completing the projects within the time frame as stipulated by Ministry of Power, then 50% of loan would be converted into grant. The Commission has further observed that the timely completion of the project is essential as it has got the bearing on the loan amount which is to be serviced through the tariff in future years. The Representative of the petitioner has informed that the Company is determined to implement the project as per the prescribed time frame. The Commission has directed that the Petitioner should evolve a definite time frame for implementation of the projects and should keep strict vigil on the targets.

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5. It has been observed from the sanction letters enclosed alongwith the petition that the steering committee constituted by Ministry of Power, Govt. of India has approved the total loan of Rs. 67.53 Crore for Part A Scheme. Similarly for Part B Scheme the loan of Rs. 120.47 Crore has been approved. The Power Finance Corporation is the nodal agency for disbursement of loan

6. The Commission also observed that the portion of the loan amount would be converted into grant if both the parts are implemented as per the conditions stipulated in the sanction letters. In this situation, considering the facts and circumstances, the Commission has decided to accord in principle approval of the said investment by the West Discom.

With the above direction the Commission decides to close the case.

(C.S. Sharma)
Member (Economics)

(K.K. Garg)
Member (Engineering)

(Rakesh Sahni)
Chairman