

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Sub: In the matter of submission for approval of Capital expenditure towards the construction of 132/33kV, 63 MVA S/s at SEZ area , Pithampur (P.No. 09/2019)

ORDER

Date of hearing: 03.01.2020

Date of order: 16.03.2020

M/s Industrial Development Corporation Ltd. : Petitioner

V/s

M/s MP Power Transmission Company Ltd. Jabalpur : Respondent

Shri Ashutosh Kanongo, SE , Shri SK Roy and Shri Ravi Seth, Consultant , PTC Ltd. appeared on behalf of the petitioner.

2. The petitioner has filed the petition for approval of Capex of Rs 19.30 Crore for construction of 132/33kV Sub-station of 63 MVA Capacity at SEZ area to build additional capacity. The petitioner has made following submission in their petition :

“For meeting the power requirement of the SEZ area, MPIDC (I) had signed a Bulk Power Transmission Agreement (BPTA) with erstwhile Madhya Pradesh State Electricity Board (MPSEB) (a body constituted under the Electricity (Supply) Act, 1948 – predecessor entity of MP Power Transmission Company Ltd) on 29.01.2005. In the said BPTA, under preamble, it is stated that:

“.... MPAKVN has requested the Board to permit open access for transmission of power through the Intra-State Transmission System from injection point of PGCIL to the SEZ’s drawl point in following phases;

- (i) **Phase-I: Contracted Capacity 10 MW** – From the date of signing of this agreement or the date from which open access is allowed by the State Commission, whichever is later;*
- (ii) **Phase-II: Contracted Capacity 25 MW** – From 31.12.05 or on commissioning of suitable supply system as mentioned in Para 2.1 (ii), whichever is later.*

In the said BPTA, under clause no. 2.1 (ii), it is stated that:

“For the second phase the Contracted Capacity will be 25 MW, the power shall be fed through 132 kV feeder which is proposed to be constructed from Board’s 220 kV sub-station Pithampur for power supply to SEZ’s area. The cost of such augmentation of transformation capacity if any, the cost of 132 kV line with associated bay and equipment shall be borne by the MPAKVN.”

With increase in number of consumers and subsequently their power requirement, as also mentioned in previous section, the original BPTA got supplemented five times on 11.10.2010, 05.10.2013, 29.03.2016, 15.04.2018 and 29.08.2018 for enhancement of the existing Contracted Capacity to 50MW.

Further clause 2(b) of the third supplementary agreement stated:

“the aforesaid agreement of power supply shall be allowed subject to the condition that MPAKVN should complete the work of their new 132 kV sub-station being constructed at SEZ- II and by shifting all the 33 kV feeders supplying power to SEZ area from existing 220 kV sub- Station Pithampur to new 132 kV sub-station on priority basis. After completion of work the 40 MW power supply to MPAKVN should be allowed from new 132 kV sub-station of SEZ”

As explicitly provided above, it was imperative on account on MPIDC (I), as a contractual obligation, to construct a 132/33 kV sub-station for increasing its contracted demand in order to serve its consumers.”

3. The Commission held the motion hearing on 05.03.2019 in the matter and observed that the said petition was deficient on account of non -submission of DPR & comprehensive cost benefit analysis. The Commission vide daily order dated 05.03.2019 had directed the petitioner to file the revised petition, appropriately substantiated with supporting documents such as DPR of the project and information like comprehensive cost benefits analysis exhibiting evaluation of Capex such as IRR & NPV of the capital expenditure. Subsequently the petitioner has filed the revised petition without accompanying DPR sought in the matter stating that MPPTCL who was the implementing agency for construction of the 132/33kV Substation, has not provided the DPR to the petitioner. The Commission subsequently has issued notice to the respondent to clarify the position.
4. During the motion hearing held on 11.06.2019, the Commission enquired the petitioner whether they have prepared any perspective plan keeping in view the load growth for SEZ area. The Commission also questioned respondent in regard to providing DPR to the petitioner. In response, the respondent has stated that they have prepared only detailed estimate of 132/33 kV S/s which has already been provided to the petitioner. The Commission vide daily order dated 12.06.2019 has directed the petitioner and respondent to prepare comprehensive technical report in lieu of DPR with supporting documents, along with requisite cost benefits analysis such as IRR & NPV of the capital expenditure and furnish before the Commission. The petitioner was also directed to submit documents related to the competent approval obtained for carrying out the aforesaid work.
5. During the subsequent hearing held on 16.07.2019, the petitioner and respondent informed that in compliance to aforesaid directives of the Commission, they had submitted the requisite documents /information. The Commission vide daily order dated 19.07.2019 has admitted the petition for further deliberations.
6. The petitioner in its submission has stated that there was a grant of Rs 9.77 Crore received from the Govt. of MP for the construction of 132/33kV S/s while remaining expenditure of Rs 9.53 Crore was funded by the petitioner. The petitioner has informed that proposal of MPPTCL was accepted by it for meeting the load growth of 50 MW in SEZ area . The

construction of said substation was begun soon after issuance of LOA and subsequent release of payment to MPPTCL in the year 2015 and the substation was handed over to the petitioner on 11.06.2017. The petitioner in its submission has submitted the cost break up related to construction of 132/33kV S/s as per following details –

Sr. no.	Particulars	Amount (In Rs Crore)
1	Construction of 132 kV S/s	17.81
2	Construction of 132kVDCDS line for LILO of one ckt. of 132kV Pithampur I/C line at 132kV S/s SEZ II	1.49
	Total Amount (in Rs Crore)	19.30

7. The petitioner has furnished following key achievements made through significant saving and better management of power supply to the consumers after operationalization of aforesaid substation:
 - a. There has been reduction in distribution loss level from 2% to 0.9 % which accrued approximate saving of Rs 1.93 Crore on account of energy charges against units lost during last two years (till May 2019) @Rs 8.04 Lakh for 24 months.
 - b. There has been significant reduction in line trippings and its restoration period. It is imperative to note number of line trippings in SEZ gradually reduced leading to reliable supply of power . The petitioner has submitted the comparative details showing significant reduction of average number of trippings recorded in SEZ area before and after construction of a dedicated 132/33 kV S/s.
8. During the hearing held on 03.02.2020, the petitioner has furnished the Cost benefit analysis exhibiting the justification of Capex which includes Payback period within 5 years, IRR and NPV of the project. While the Commission's view is to encourage the investment in the Network System for overall improvement of the operational efficiencies of the network of petitioner's licence area, the impact of such investment on the tariff also needs to be evaluated simultaneously and therefore, the specified loss reduction trajectory has to be achieved by the petitioner and any slippage in this regard will not be passed on to the consumers of SEZ area. The Commission is of the view that the burden of servicing the cost of this project in the tariff has not only to be off-set by the benefits resulting out of the implementation of this Scheme but should also result in greater overall improvement in the performance. In view of the aforesaid observations, the Commission accords in-principle approval to the proposed Capex plan of Rs.19.30 crores filed by the petitioner in instant petition. With the above directions, the petition stands disposed of.

Sd/-
(**Shashi Bhushan Pathak**)
Member

Sd/-
(**Mukul Dhariwal**)
Member