

**Sub:** In the matter of filing petition by West Discom for approval of investment plan of Rs 3951.40 Crore for FY2016-17 to FY2019-20 (P.No 08/2018)

**Order**

(Public Hearing on 6<sup>th</sup> Apr, 2021 through Video conferencing)

Date of order: **16<sup>th</sup> Apr, 2021**

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

Shri Ashwin Parwal, ASE, GM appeared on behalf of the petitioner.

1. The petitioner has filed the petition for 5 years Capex of Rs 5752.02 Crore for plan period FY 2017 to FY 2021 on 13.02.2018 as per the guidelines for Capital Expenditures specified by the Commission under Regulation 10.3 of MPERC (The Conditions of Distribution License for Distribution Licensee (including Deemed Licensee)), 2004. The petitioner has prayed that it is undertaking various projects in next five years for system strengthening, reduction of losses of the network which mainly includes creation of new 33/11 kV S/s, Bifurcation of overloaded 33 kV feeders, Additional /Augmentation of Power Transformers, installation of Distribution Transformers, conversion of LT line with AB Cable, DTR metering and replacement of service lines etc.
2. The Commission observed on perusal of the proposed plan that in regard to previous approved 5 years Capex plan for FY12 to FY16 which amounted to Rs 3988.15 Crore, the Company has not demonstrated any tangible achievements against 100% meterisation target committed by them nor discussed the reasons for shortfall against the provisions.
3. The Commission had held the review meeting with the Petitioner on 25.10.2018 wherein the Petitioner has apprised that most of the Central Govt. sponsored schemes shall be completed by FY2019-20 and they do not envisage any major scheme thereafter. The Commission, therefore considered it appropriate that Capex plan be resubmitted considering plan period from FY2016-17 to FY2019-20 only.

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub:** In the matter of filing petition by West Discom for approval of investment plan of Rs 3951.40 Crore for FY2016-17 to FY2019-20 (P.No 08/2018)

4. The petitioner, in compliance of the Commission's directives issued vide letter dated 19.11.2018 subsequent to review meeting dated 25.10.2018, had filed revised petition for approval of 4 years Capex plan amounting to Rs 3951.40 Crore for FY2017 to FY2020 against their earlier proposal of Rs 5752.02 Crore for FY2017 to 2021. The physical works and financial expenditure envisaged under the aforementioned Capital Investment Plan are summarized hereunder:

Proposed Physical and Financial Plan (FY-17 to FY 20)

| S N                             | Particulars  | Unit | SSTD(ST N,TSP & SCSP)) | MMSKPCY       | DDUGVY        | IPDS          | RAPDR P      | RGGVY         | ADB          | Feeder Separation Scheme | Saubhaya Scheme | Transformer failure reduction Scheme | Smart Meters | Installation of meter at agri. predominant DTR | Total           |
|---------------------------------|--|------|------------------------|---------------|---------------|---------------|--------------|---------------|--------------|--------------------------|-----------------|--------------------------------------|--------------|--|-----------------|
| 1                               | Construction of 33/11 KV Substation                              | No.  | 99                     | 0             | 64            | 2             | 0            | 0             | 36           | 10                       | 0               | 0                                    | 0            | 0  | 211             |
| 2                               | Installation of Additional Power Transformer                     | No.  | 120                    | 0             | 29            | 0             | 0            | 7             | 52           | 8                        | 0               | 0                                    | 0            | 0  | 216             |
| 3                               | Augmentation of Power Transformer                                | No.  | 145                    | 0             | 89            | 0             | 0            | 2             | 25           | 19                       | 0               | 0                                    | 0            | 0  | 280             |
| 4                               | Construction of 33 KV line                                       | KM   | 1,018                  | 0             | 469           | 12            | 0            | 0             | 489          | 55                       | 0               | 0                                    | 0            | 0  | 2,043           |
| 5                               | Construction of 11 KV line                                       | KM   | 3,541                  | 15,288        | 6,015         | 643           | 5            | 2,496         | 432          | 0                        | 1,832           | 0                                    | 0            | 0  | 30,252          |
| 6                               | Construction of LT line  | KM   | 1,608                  | 1,945         | 8,708         | 2,858         | 0            | 4,230         | 340          | 0                        | 525             | 0                                    | 0            | 0  | 20,214          |
| 7                               | Installation Distribution Transformer                            | No.  | 4,859                  | 45,495        | 8,487         | 1,156         | 108          | 2,777         | 826          | 0                        | 1,070           | 0                                    | 0            | 0  | 64,778          |
| 8                               | Conversion into Temporary to permanent agri. pump connection     | No.  | 0                      | 246,591       | 0             | 0             | 0            | 0             | 0            | 0                        | 0               | 0                                    | 0            | 0  | 246,591         |
| 9                               | Installation meter on Predominant Agri. Distribution Transformer | No.  | 0                      | 0             | 0             | 0             | 0            | 0             | 0            | 0                        | 0               | 0                                    | 0            | 1,300  | 1,300           |
| 10                              | Transformer failure reduction Scheme                             | No.  | 0                      | 0             | 0             | 0             | 0            | 0             | 0            | 0                        | 0               | 15,000                               | 0            | 0  | 15,000          |
| <b>Total Amount (Rs in Cr.)</b> |  |      | <b>793.98</b>          | <b>802.66</b> | <b>934.65</b> | <b>526.29</b> | <b>34.14</b> | <b>217.11</b> | <b>148.9</b> | <b>58.54</b>             | <b>319.88</b>   | <b>42.00</b>                         | <b>70</b>    | <b>3.25</b>                                    | <b>3,951.40</b> |

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub:** In the matter of filing petition by West Discom for approval of investment plan of Rs 3951.40 Crore for FY2016-17 to FY2019-20 (P.No 08/2018)

5. Apropos the Commission's directives to achieve 100% meterisation targets for predominant agricultural DTRs, the Petitioner has informed at para 2.15 (installation of meter at agriculture pre-dominant DTR) at page 181 of petition that meeting of its Standing committee was held on 20/03/2019 to take decision on various matters and it was decided that installation of 100% DTR Meter on Agriculture pre dominant DTR will be highly expensive and arrangement of funds for 100% DTR meterization of agriculture pre-dominant DTRs will not be easy. So, as per the recommendation of Standing committee, Petitioner has identified and prepared a plan for meterization of only 42 Nos Agricultures feeders with 1300 Nos DTRs catering to agriculture load. For installation of 1300 No. Agriculture DTR meters approx. cost would be around Rs. 3.25 Crore.
6. The Commission observed that the Company has planned to install meters on 1300 nos agriculture pre-dominant DTRs in FY19-20 with cost of Rs 3.25 Crore which was not taken up by them despite their commitment.
7. The Commission held the next hearing on 02.06.2020 and vide daily order dated 05.06.2020 directed the petitioner to file a comprehensive five year rolling Capital Investment Plan along with a firm proposal for meterisation of Agricultural DTRs & rural domestic connections by 31<sup>st</sup> July,2020.
8. During the hearing held on 24.11.2020, the Commission observed that as per Regulation 10.3 of conditions for Distribution license 2004 read with clause 1.4 of the Guidelines for Capital expenditure by Licensees, the Petitioner has not filed a comprehensive five years rolling Capital Investment plan which was to be filed by 31<sup>st</sup> July. Despite directing the Petitioner in previous daily order, the same was not submitted. The Petitioner was directed to submit the aforesaid rolling plan within fifteen days along with the following-
  - i. A concrete plan for meterisation of unmetered rural domestic connection along with funding arrangements including plan for meterisation of left out agricultural connections in Urban area.

- ii. Latest Energy Audit Report for DTR metering with respect to
  - a. RAPDRP areas &;
  - b. Predominantly agricultural loaded DTRs on which meters already installed

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub:** In the matter of filing petition by West Discom for approval of investment plan of Rs 3951.40 Crore for FY2016-17 to FY2019-20 (P.No 08/2018)

- iii. Achievement w.r.t. the existing rolling plan previously approved by the Commission along with reasons for short fall in achievement.
- iv. Circle wise Loss reduction targets and achievements for FY 2019-20 & for FY 2020-21 (Up to the 2<sup>nd</sup> quarter);
- 9. The Commission held the hearing on 05.01.2021 and observed that in compliance to its previous order dated 26.11.2020, a comprehensive five year rolling Capital Investment Plan has not been filed by the petitioner. Besides, information sought in regard to latest Energy Audit Report for DTR metering with respect to i) RAPDRP areas; & ii) predominantly agricultural loaded DTRs on which meters already installed, were not provided. Further, a comprehensive scheme wise achievements w.r.t. approved Capex plan for plan period FY12 to FY16 were not provided.
- 10. The Commission also noted that in absence of approval of instant Capex petition for want of requisite information, True up petitions for the respective years cannot be finalised.
- 11. The Commission vide daily order dated 08.02.2021 had made it abundantly clear that if the petitioner fails to comply with directives of the Commission within 15 days, then the Commission may be compelled to disallow the Capex sought through instant petition. As a last opportunity, the Commission granted 15 days to the petitioner for filing the information which was sought from them.
- 12. In compliance to the Commission's directives vide daily order dated 08.02.2021, the petitioner has failed to provide information with respect to Energy Audit of Predominant Agriculture DTR Meters and RAPDRP areas. The Commission is of the view that this information is critical to ascertain the impact of CAPEX on operational efficiency improvement and reduction in T&D losses. Therefore, it is felt that CAPEX incurred on meterization of 1300 DTRs cannot be allowed at this stage.
- 8. Notwithstanding that they have failed to provide full information, as desired by the Commission vide order dated 08.02.2021, the Commission feels it appropriate to

proceed with further examination based on information available on record and to take further decision in the matter.

9. The Commission thereafter held public hearing on 06.04.2021 and heard the comments/suggestions of Stakeholders.

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL**

**Sub:** In the matter of filing petition by West Discom for approval of investment plan of Rs 3951.40 Crore for FY2016-17 to FY2019-20 (P.No 08/2018)

10. The Commission, further observed that while it is necessary to invest in the Distribution network for bringing in operational efficiencies, it is also important to evaluate the impact of such investment in terms of its financial returns. The Petitioner should strive at offsetting the burden of investments by additional financial benefits and thereby reduce the impact on Tariff and pass on the benefit to Consumers. Commission, therefore directs the Petitioner that outcomes of the CAPEX be monitored closely and that the envisaged results through the CAPEX are met in a timely manner.

11. In view of the foregoing, the Commission in principle agrees to the proposed Capex plan except for the CAPEX associated with the DTR Meterisation of Agriculture DTRs i.e. Rs 3.25 Cr and accords ex post facto approval of this plan amounting to Rs 3948.15 Cr (Rs 3951.40Cr – Rs 3.25Cr).

Ordered accordingly.

**(Shashi Bhushan Pathak)**  
**Member (Law)**

**(Mukul Dhariwal)**  
**Member**

**(S.P.S. Parihar)**  
**Chairman**