

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Sub :- In the matter of filing of Capex Plan by the MP Paschim Kshetra Vidyut Vitran Co. Ltd. Indore.

ORDER

(Date of hearing 30.06.2012)

Date of order 02.07.2012

M.P. Paschim Kshetra V.V. Co. Ltd., Indore

Petitioner

Shri P.K. Jain, EE (Comm), MP Paschim Kshetra Vidyut Vitaran Company Ltd.
appeared on behalf of the petitioner.

2. The petitioner, MP Paschim KVV Co Ltd., Indore filed the subject petition for approval of its 5 year capital expenditure plan. Details of the plan are indicated in the table below: –

(Rs in Crs)

Sr. No.	Schemes	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
1	System Strengthening Scheme						
i	GoMP	20.00	60.00	70.00	80.00	90.00	320.00
ii	Scheduled Cast Sub Plan (SCSP)	29.00	37.32	77.68	90.00	100.00	334.00
iii	Tribal Sub Plan (TSP)	18.33	25.00	50.00	60.00	70.00	223.33
2	Feeder Separation	593.04	814.42	0.00	0.00	0.00	1407.46
3	New Pump connections	57.00	57.00	57.00	57.00	57.00	285.00
4	ADB-II	160.00	100.00	70.00	0.00	0.00	330.00
5	RGGVY	149.39	42.95	107.38	128.86	107.38	535.96
6	R-APDRP Part A	24.52	13.10	5.59	4.90	1.19	49.30
7	R -APDRP Part B	227.35	150.00	81.87	0	0	459.22
8	Sinhasth 2016	3.09	4.17	8.75	24.62	3.25	43.88
	Grand Total	1281.72	1303.96	528.27	445.38	428.82	3988.15

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The petitioner further submitted that out of the total plan outlay of Rs. 3988.15 Crore, the Commission had already given in-principle approval to the RAPDRP Part-A & Part-B Schemes and Feeder Separation Schemes vide its Orders dated 25.01.2011 in the matter of Petitions No. 92/2010 and 80/2010 respectively.

3. The Commission enquired from the petitioner about the inclusion of meterisation plan in respect of un-metered consumers, agricultural distribution transformers and 33 KV and 11 KV feeders in its Capex plan filed for approval and the time line for achieving 100% meterisation. The petitioner stated that the proposed Capex plan of the West Discom has adequate provisions for 100 % meterisation. It was further stated that 100% feeder meterisation of 33KV and 11KV feeders is likely to be achieved by November, 2012 100% meterisation of rural domestic connections is likely to be achieved by end of FY 2012-13. The representative further stated that 100% meterisation of urban domestic connections has been achieved. With regard to metering agricultural DTRs, the representative informed that there are 72794 agricultural DTRs against which the meters have been installed on 13632 DTRs. Plan for FY 12-13 is to install meters on 4594 agriculture DTRs, which is under progress. It was further assured by the representative that 100% meterisation of agricultural DTRs would be achieved with the completion of the proposed Capex plan. The Commission cautioned that failure to adhere to time lines in case of RAPDRP scheme will result in the grant getting converted to loan and therefore the Discom should avoid any slippage on this account.

4. With regard to approval to the Capex plan of the Discom, it is observed that while the Commission's view is to encourage investment in the Distribution System for overall improvement of the operational efficiencies of the network, the impact of such investment on the tariff also needs to be evaluated. It needs to be ensured by the Company that the impact of debt service for this size of Capex on the tariff would have to be substantially mitigated by its financial benefits. The specified loss reduction trajectory has to be achieved by the Company and any slippage in this regard will not be acceptable. 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 financial benefits resulting out of the implementation of this Scheme but should result in greater overall improvement in performance.

5. In view of the foregoing, the Commission accords in principle approval to the proposed investment by the M.P. Paschim Kshetra V.V. Co. Ltd., Indore, on the condition that admissibility of such investment in ARR would be subject to prudence check and the Discom also has to ensure that targets for 100% meterisation are achieved within the time lines as indicated hereinbefore. The servicing of debt, depreciation, return on equity included in the said investment would be permissible in the ARR to such extent only as is considered prudent

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by the Commission and it does not adversely affect the interests of the consumers and only after such assets are capitalized and put to use.

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

Ordered accordingly.

sd/-

(C.S. Sharma)
Member

sd/-

(Rakesh Sahni)
Chairman