

**Sub: In the matter of filing petition by Central Discom for approval of investment plan of Rs 5762.99 Crore for FY2017-18 to FY2021-22 (P.No 45/2018)**

**Order**

(Public Hearing on 6<sup>th</sup> Apr, 21 through Video Conferencing )

Date of order: 22<sup>nd</sup> Apr 21

**M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd. (Central Discom) Bhopal : Petitioner**

Ms Richa Jain Accounts Officer appeared on behalf of the petitioner.

1. The petitioner had filed the petition seeking approval of the Commission for their 5 years capital expenditure Plan for Rs 5352.42 Crore for FY 2017-18 to FY 2021-22 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 stated in its submission that the Company is undertaking various projects/schemes 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, Addl/Aug of PTR, installation of DTR, conversion of LT line with AB Cable, DTR metering and replacement of service lines etc.
2. The Commission had observed on perusal of plan that in regard to previous approved 5 years Capex plan for plan period FY13 to FY17 (in P. no. 68/2011) amounting to Rs 5269.73 Crore, the Company has not been able to demonstrate any tangible achievements against 100% meterisation target committed by them. The Commission had also observed that Discom has not furnished any concrete plan for FY17-18 to FY21-22 in regard to predominant Agricultural DTRs and domestic un metered connections in rural areas.
3. The Commission held the motion hearing on 09.10.2018 and vide daily order dated 11.10.2018 directed the petitioner to resubmit the Capex plan for FY17-18 to FY21-22 indicating concrete action plan for meterisation of Agricultural DTRs and corresponding fund allocation. The Commission has also directed the petitioner to ascribe specific reasons for not achieving the targets envisaged through the Capex for FY12-13 to FY16-17 and remedial measures taken by him to avoid such slippage and time over run in future.
4. Subsequently, the Commission held the review meeting with petitioner on 29.10.2018 and observed that in the capex plan for FY21 and FY22 almost nil investment has been proposed as most of Central Govt. sponsored schemes should be completed by FY2019-20 by Discom and there were not be any major scheme on horizon thereafter, hence it would be appropriate that Capex plan be resubmitted considering plan period from FY2017-18 to FY2019-20 only and new fund scheme be tied up from FY2020-21

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onwards. It was directed that the capex plan for FY2020 onwards would be submitted by Discom in 3<sup>rd</sup> quarter of FY2020 for approval of the Commission.

5. The petitioner in compliance to the Commission's directives issued vide letter dated 19.11.2018 after holding the review meeting on 29.10.2018 has filed revised petition for approval of Capex plan of Rs 5762.99 Crore for plan period FY2017-18 to FY2021-22 on 14.05.2019 against their earlier proposal of Rs 5352.42 Crore for the same plan period. The physical works and financial expenditure envisaged under the aforementioned revised Capital Investment Plan are summarized hereunder:

**Table 1 : Revised Capex Plan**

Technical Parameters	Strengthening of Sub-Transmission & Distribution System	Feeder Separation (ADB + REC + ACA)	Mukhya Mantri Sthayi Krishi Pump Yojana	RGGVY	IPDS (Gol Scheme)	DDUGJY (Gol Scheme) (PH - I)	Procurement of Distribution Transformers against Failure	Procurement of Smart Meters	Total
Construction of 33/11 kV S/s	185	-	-	6	21	23	-	-	235
(Nos)									
Aug of 33/11 kV S/s (MVA)	-	-	-	-	22	25	-	-	47
33 kV Line for load bifurcation (kms)	2,614	418	-	28	235	558	3,939	-	7,792
Addl. PTR (Nos)	174	-	-	-	11	13	-	-	198
Augmentation of PTR (MVA)	103	-	-	-	-	2	634	-	739
11 kV line for load bifurcation (kms)	2,990	5,395	35,613	1,104	558	13,450	29,829	-	88,939
New/ Addl. DTRs (Nos)	2,618	5,919	98,982	1,547	1,255	7,932	-	-	1,18,253
LT Line (kms)	-	3,982	311	1,143	1,414	7,237	32,489	-	46,576
DTR augmentation (Nos)	1,750	-	-	-	271	-	-	-	2,021
Smart Metering (Nos)	-	-	-	-	-	-	-	7,23,576	7,23,576
Pump Connections (Nos)	-	-	1,35,000	-	-	-	-	-	1,35,000
Installation of meter on Predominant Agri. DTRs (Nos)	-	-	-	-	-	-	-	1,55,885	1,55,885
Maintenance of DTR with LT line (kms)	-	-	-	-	-	-	83,819	-	83,819
DTR Metering (Nos)	-	4,807	-	-	503	421	-	-	5,731
Conversion of LT Line with PVC Cables (kms)	-	-	-	-	-	633	-	-	633

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Technical Parameters	Strengthening of Sub-Transmission & Distribution System	Feeder Separation (ADB + REC + ACA)	Mukhya Mantri Sthayi Krishi Pump Yojana	RGGVY	IPDS (GoI Scheme)	DDUGJY (GoI Scheme) (PH - I)	Procurement of Distribution Transformers against Failure	Procurement of Smart Meters	Total
HT/LT single/Three phase energy Meters & ME (Nos)	-	1,10,164	-	92,356	1,74,972	9,360	-	-	3,86,852
Rural Connections (Nos)	-	-	-	-	-	1,01,641	-	-	1,01,641
Metering equipment for energy audit (Nos)	-	-	-	1,547	-	24	-	-	1,571
Capacitor Bank (Nos)	-	-	-	-	4	3	-	-	7
Shifting of meters to outside premises (Nos)	-	-	-	-	12,643	508	-	-	13,151
Unmetered to metered connection (Nos)	-	-	-	-	-	11	-	7,68,799	7,68,810
R&M of Substation (Nos)	-	-	-	-	52	108	-	-	160
Addl. 11 KV Bay / 33 KV Bay (Nos)	70	-	-	-	21	302	-	-	393
<b>Proposed Financial Investments (INR Cr.)</b>	<b>861.53</b>	<b>512</b>	<b>1,390.50</b>	<b>419.5</b>	<b>479.98</b>	<b>961.79</b>	<b>490.09</b>	<b>647.59</b>	<b>5,762.99</b>

6. The Commission held the next hearing on 02.06.2020 whereby the petitioner was directed to submit the reasons for variation of Rs 410.57 Crore in revised Capex amount (Rs 5762.99 Crore) against capital expenditure of Rs.5352.42 Crore filed earlier. Vide letter dated 08.06.2020, the petitioner has submitted its response along with item wise cost break up and stated that some physical targets including numbers of Substations, Augmentation of Lines, Additional PTR and Procurement of Smart Meters in the Urban Areas for proper metering infrastructure has been raised which further caused the increase in the revised Capital Expenditure Plan. The year wise financial break up of schemes under revised Capex plan is as under -

**Table 2 : Year wise financial break up of schemes**

Year-wise financial breakup of Schemes						
Name of Scheme	Revised Capex Plan (Amount in Lakhs)					
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
Strengthening of Sub-Transmission & Distribution System	24000	22995.4	11969.6	12881.7	14306.3	86153
Feeder Separation	27000	14000	10200	0	0	51200
Mukhya Mantri Sthayi Krishi Pump Yojana	69525	69525	0	0	0	139050
RGGVY	15896.5	16996.4	9056.7	0	0	41949.55
IPDS	2146.2	15000	30852	0	0	47998.26

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Year-wise financial breakup of Schemes						
Name of Scheme	Revised Capex Plan (Amount in Lakhs)					
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total
DDUGJY	9395	52211	34573	0	0	96179
Procurement of DTRs against Failure	8028.4	8830.1	9713.3	10685	11752.5	49009.27
Procurement of Smart Meters	0	0	26561.5	17707.7	9999.1	54268.2
DTR meterization	0	0	1772.4	1772.4	1772.4	5317.24
Unmetered to metered	0	0	1724.7	1724.7	1724.7	5174.02
<b>TOTAL(In Lakh)</b>	<b>155991.1</b>	<b>199557.8</b>	<b>106364.7</b>	<b>23566.7</b>	<b>26058.7</b>	<b>576298.54</b>
<b>Total (Rs In Crore )</b>	<b>1559.91</b>	<b>1995.58</b>	<b>1063.65</b>	<b>235.67</b>	<b>260.59</b>	<b>5762.99</b>

7. The Commission vide daily order dated 04.06.2020 also 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 to file a comprehensive five years rolling Capital Investment plan every year by 31<sup>st</sup> July. Despite directing the Petitioner in previous daily order, the same has still not been submitted. The Petitioner was directed to submit the aforesaid rolling plan within fifteen days along with 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 have already been installed.
  - iii. Achievement w.r.t. to 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 2nd 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, is not

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provided. Further, a comprehensive scheme wise achievements w.r.t. approved Capex plan for plan period FY13 to FY17 has not been 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 can not be finalised.
11. The Commission vide daily order dated 21.01.2021 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 of information sought in the matter.
12. In compliance to the Commission directives vide daily order dated 21.01.2021, the petitioner has filed the comprehensive four year rolling Capital Investment Plan commencing FY21-22 to FY24-25 for total sum of Rs 1532 Crore through its Capex petition (P No 13/21) which is under consideration. The Petitioner has stated in its aforesaid petition that it has filed proposed Capex Petition for the Period starting from FY 21-22 to FY 24-25 to get synchronized with other two Discoms namely East Discom and West Discom. In the instant petition, the petitioner has presented expenses incurred against proposed Capex plan during the year's FY 17-18 to FY 19-20.

**Table 3 : Petitioners Submission on expenses incurred against Capex plan during the year's FY 17-18 to FY 19-20. (Amount in Rs Crore )**

Sl. No	Name of Scheme	FY17-18	FY18-19	FY19-20	Total
1	ADB	26	45	0	71
2	FS	304	118	56	478
3	RGGVY	167	0	266	433
4	RAPDRP (Part-A, Part-B, SCADA)	2	0	0	2
5	Supervision	145	24	61	230
6	Capital Stores & Spares	-4	17	45	58
7	IPDS	6	0	314	321
8	DDUGJY	0	0	808	808
9	Saubhagya	0	10	48	59
10	Other Scheme (SSTD, DEPOSIT, RRTD, ND, ANUDAAN, MMSKPCY Etc.)	190	412	264	866
<b>Total</b>		<b>836</b>	<b>626</b>	<b>1863</b>	<b>3325</b>

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The petitioner has also submitted scheme wise progress in its aforesaid petition, during FY 18 to FY 20 as following:

Table 4: Physical achievement during FY 18 to FY 20

Sl.	Name of Scheme	Unit	FY-18	FY-19	FY-20	Total
1	New 33/11 kV S/S	No.	31	114	73	218
2	New 33 kV Line	Km.	494	1227	992	2713
3	New 33 kV for Bifurcation					
4	New 11 kV line	Km.	13967	24712	9375	48054
5	Installation of Addl PTR/Augmentation	No.	73	182	105	360
6	Installation of DTRs	No.	24999	89178	18274	132451
7	LT Line Cable	Km.	5141	11532	1956	18629

13. Further, in regard to Commission's directives on submission of latest Energy Audit Report for DTR metering with respect to RAPDRP areas and Predominantly agricultural loaded DTRs on which meters are already installed, the petitioner has submitted partial information /data with very less sample size without leading to any logical conclusion. For instance, out of 13 nos RAPDRP towns, petitioner has submitted the energy audit data for 7 nos towns only stating that reports for balance towns are under preparation and shall be submitted shortly. However, the same are not received till date. Similarly, petitioner has submitted Energy Audit data of Predominant agricultural DTRs in respect of 3 Divisions viz. Raisen, Morena and Sheopur only. The Commission has observed that petitioner has not submitted the desired comprehensive energy audit report comprising of approach /methodology of study, selection of representative sample feeders / agricultural DTRs and outcome of report required for further intervention.

14. Further, in regard to Commission's directives for submission of 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, Vide letter dated 21.12.20, the Company informed that out of 3,93,060 unmetered rural domestic connections, the company has made following action plan for meterisation through internal sources –

Till March – 2021 : 23,060 nos.

During FY21-22 : 1,85,000 nos.

During FY22-23 ; 1,85,000 nos

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**Total : 3,93,060 nos.**

Further, the Company stated that action plan for meterisation of balance Agricultural DTRs could not be provided due to paucity of fund of Rs 401 Crore for which state govt. was requested.

15. In compliance to the Commission's directives vide daily order dated 21.01.2021, the petitioner has failed to provide the desired 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.
16. Notwithstanding that they have failed to provide full information, as desired by the Commission vide order dated 21.01.2021, the Commission feels it appropriate to proceed with further examination based on information available on record and to take further decision in the matter.
17. The Commission held public hearing on 06.04.2021 in subject petition and heard the comments/ suggestions of Stakeholders. None of the Stakeholders has offered Comments on the Capex Plan of the Petitioner.
18. The Commission observed that the Petitioner has incurred only Rs 3325 Cr (Table-3) as against their submissions of Rs 4619.14 Cr (Table-2) for the same period i.e FY 17-18 to FY 19-20 in the instant petition. The Commission has also observed that the Petitioner has not submitted any financial achievement w.r.t. FY 20-21 and has only proposed an expenditure of Rs 235.67 Cr to be incurred during this financial year.

It is appreciated that actual audited figures regarding works completed during FY 20-21 are likely to be available in due course and not immediately. It is also noted that in the past Commission has been according in principle approval to Capex plans based on projected expenditure. Subsequently, actual expenditure is reported to the Commission through True up Petitions. In the instant case similar situation has arisen wherein projected expenditure figures for FY 20-21 are available and that actual expenditure shall be reported subsequently when audited statements of expenditure are available. Therefore, Commission is of the view that projected Capex for FY 20-21 may be considered for approval at this stage.

19. 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.

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20. In view of the foregoing and after perusal of submissions made by the petitioner in proposed Capex petition for the period 2021-22 to 2024-25 (P No 13/21), the Commission in principle agrees to the proposed Capex plan for FY17 -18 to FY19-20 for Rs 3560.67 Cr (Rs 3325 Cr FY 18 to FY 20 + Rs 235.67 Cr FY 21) for meeting out expenses incurred during the aforesaid period against his proposed Capex of Rs 5762.99 Cr and accords ex post facto approval of this plan amounting to Rs 3560.67 Cr.

Ordered accordingly.

-sd-

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

-sd-

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

-sd-

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