

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Subject: In the matter of filing of Capex Plan for development & system strengthening of sub-transmission system with the ADB loan assistance under regulations 10.3 of MPERC Regulations, 2004. (P-19 of 2016.)

ORDER

Date of Hearing: 21/06/2016

Date of Order :29/06/2016

**MP Paschim Kshetra Vidyut Vitaran Co. Ltd. :
(West Discom)**

Petitioner

Shri V.K. Goyal, SE and Shri Pavan Kumar Jain, ASE have appeared on behalf of the petitioner

2. The petitioner, West Discom has filed the instant petition to seek approval of the Commission for the Capex scheme worth Rs.264.96 Crore. The petitioner has stated that the works proposed under instant Capex scheme are required to strengthen existing sub-transmission network for reduction in technical losses mainly includes creation of new 33/11 kV S/s along with associate 33kV & 11kV lines, augmentation of capacity of power transformers and installation of additional 5 MVA power transformers, bifurcation of overloaded 33kV feeders and installation of additional distribution transformers at load center along with associated 11kV line and LT lines. It is also stated in petition that for the aforesaid capex scheme the funding has been arranged through ADB loan of amounting \$33.33 Million (Rs 175 Crore) with counterpart funding by PFC of Rs 74.13 Crore. Brief details of the scheme are as under:

Sr. No.	Project Name	Quantum of works	Project Cost in INR Cr.
1	Bifurcation of Heavily Loaded 33 kV Feeders	625.8 Km	200.03
2	Construction of new 33/11 kV Sub-Stations.	40 Nos.	
3	Augmentation and additional power transformer (PTR) in existing 33/11 kV Sub-Station and new 11 kV lines associated with PTR capacity addition.	Aug. of 3.15 - 5.0 MVA-100 Nos.,	
		Aug. of 5.0 - 8.0 MVA-11 Nos.,	
	Addl 5.0 MVA, PTR-57 Nos.		
4	Installation of additional 100 KVA 11/0.40 KV DTRs alongwith associated 11 KV line & LT lines	1221 Nos.	64.93
Total (Rs. Cr.)			264.96

Petitioner has also submitted year wise proposed investment of Rs 105.99 Crore & Rs 158.97 Crore for FY 2014-15 and FY 2015-16 respectively.

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Subject: In the matter of filing of Capex Plan for development & system strengthening of sub-transmission system with the ADB loan assistance under regulations 10.3 of MPERC Regulations, 2004. (P-19 of 2016.)

3. In the hearing held on 24/05/2016 the Commission has observed that although the completion period for executing the works under the proposed scheme is two years commencing March 2014, the petitioner has neither completed the works against the Capex plan nor cited the reasons for not accomplishing the targets against provisions within the stipulated time frame. Further, the petitioner has also not provided the details of works which are pending as on date. Therefore, vide order dated 27.05.2016 the Commission directed the petitioner to demonstrate his capacity for execution of pending Capex works likely to be spilled over beyond the time frame along with details of time and cost overrun.

4. During the hearing on 21.06.2016, the petitioner has furnished the detailed reply comprising of reasons for delay in execution of works, capacity for execution of pending, status of pending works & work plan for completion of works. The petitioner has informed the Commission that the works amounting Rs 105.60 Crore (out of Rs 264.86 Crore) have been completed while works of Rs 98.86 Crore are under progress & works of Rs 60.41 Crore are to be taken up. The petitioner has informed the Commission that delay was mainly caused by the reasons such as ROW (Right of the Way) problems, standing crops in the field, land allotment for 33/11 kV S/s & slow working of contractors. The petitioner has informed that regular review of pending works is being done and all the spilled over works shall be completed by April 2017.

5. The petitioner has assured the Commission that aforesaid completion plan shall be met and there shall not be any further spillage. With regard to cost overrun due to delay in project, the petitioner has informed the Commission that there will not be any impact of cost over run as there is a provision for 30% enhancement in contract value on account of price variation factor.

6. In view of the foregoing, the Commission accords in principle approval to the proposed investment of Rs. 264.96 Crore subject to the condition that the servicing of debt, depreciation, return on equity, etc. of the said investment would be admissible in the ARR only after such assets are capitalized and put to use and to such extent only considered prudent by the Commission and should not adversely affect the interests of the consumers.

With the above directions, the petition is disposed of.

(Alok Gupta)
Member

(A. B. Bajpai)
Member

(Dr. Dev Raj Birdi)
Chairman