

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 27 of 2025

In the Matter of:

Petition for Investment Approval of Revised DPR of “Construction of 132 kV Bindal–Purkul Transmission Line including underground cabling work between tower No. 47 and 50.”

And

In the Matter of:

Power Transmission Corporation of Uttarakhand Limited (PTCUL)
‘Vidyut Bhawan’, Near ISBT, Majra,
Dehradun.

.....Petitioner

Coram

**Shri M.L. Prasad
Shri Anurag Sharma**

**Chairman
Member (Law)**

Date of Order: January 24, 2025

ORDER

This Order relates to the Petition filed by Power Transmission Corporation of Uttarakhand Ltd. (hereinafter referred to as “PTCUL” or “the Petitioner”) vide letter No. 95/MD/PTCUL/UERC dated 09.01.2025 seeking Investment Approval for “Revised DPR for Construction of 132 kV Bindal–Purkul Transmission Line including underground cabling work between tower No. 47 and 50” under Para 11 of Transmission Licence. [Licence No. 1 of 2003].

1. Background

- 1.1 In the aforesaid Petition, the Petitioner has submitted the following proposal for investment approval:

Sl. No.	Particulars	Total Project Cost as per DPR including IDC (in Crore)
1.	Investment Approval for Revised DPR for Construction of 132 kV Bindal-Purkul Transmission Line including underground cabling work between tower No. 47 and 50."	38.71

- 1.2 The Petitioner has submitted a copy of the extract of Minutes of 97th meeting of the Board of Directors (BoD) of PTCUL held on 23.12.2024, wherein the Petitioner's Board has approved the Corporation's aforesaid proposals as stated below:

"RESOLVED THAT the consent of the Board be and is hereby accorded to approve the Revised Detailed Project Report for "Construction of 132 kV Bindal-Purkul Transmission Line including diversion of line through underground cable between tower No. 47 and 50" at a total scheme cost of Rs. 38.71 Cr. with IDC and Rs. 34.51 Cr. without IDC and Hon'ble UERC be appraised accordingly.

RESOLVED FURTHER THAT the Managing Director and /or Director (Finance) and/or Company Secretary be and are hereby jointly and severally authorized to approach to SASCI/REC/PFC/NABARD/HUDCO/nationalized banks and other financial institution as they deem fit and proper and tie-up the loan component with a debt equity ratio of 70:30."

- 1.3 To justify the need for the proposed work in the aforesaid Petition, the Petitioner has submitted that:

" ...

- 1. The 132KV Bindal-Purkul line (under construction) will be a backup source for existing 132/33 kV Substation Bindal, which is feeding the power to important & VVIP areas of Dehradun including Hon'ble Chief Minister's Residence, Raj Bhawan, Secretariat besides other commercial and residential areas.*
- 2. Original DPR for the construction work of 132KV Bindal-Purkul line was 5.96 Crore.*
- 3. The DPR of 132 KV Bindal Purkul line was revised in 81th BoD meeting vide agenda item no. 81.17.*

4. *The approved cost of the DPR is 19.54 Crore (including taxes and other charges).*
5. *There are persistent severe RoW issues between tower no. 47 to 49 and stringing work is pending due which completion of line is delayed.*
6. *The diversion of line was proposed through underground cable between tower no. 47 to 50 (Original tower location along the Jamniwala-Sigli road).*
7. *The matter was forwarded to GoU for funding for the underground cabling work so that RoW issues may be resolved and line may be commissioned.*
8. *The proposal for 38.75 crore (consolidated amount including the underground cable work of 19.21 crore) was submitted (Online) in PM Gati Shakti portal on dated 05.12.24 for financial assistance and proposal was discussed in the meeting held on 09.12.24 headed by Chief Secretary, GoU and convened by Secretary (Planning), GoU and approved the proposal in principle."*

1.4 The Petitioner in its Petition has mentioned that the estimated cost proposed in the DPR has been prepared on the basis of the approved PTCUL SoR 2024-25.

1.5 The Petitioner in its Petition has enclosed the Bar chart for the project with an execution period of 12 months. Further, the Petitioner under the financial analysis has projected an IRR of 16.41% with breakeven in the 10th year of operation.

1.6 On examination of the instant Petition submitted by the Petitioner, certain deficiencies/shortcomings were observed by the Commission, which were communicated to the Petitioner vide the Commission's letter No. 1426 dated 22.01.2025. In reply to the deficiencies raised by the Commission, the Petitioner has submitted its reply vide letter no. 127/Dir (Operations)/UERC dated 24.01.2025. The queries raised by the Commission and subsequent clarification submitted by the Petitioner is as follows:

S. No.	Queries	Clarification
1	<i>PTCUL in the extract of minutes of 97th BoD Meeting had mentioned that PTCUL may approach SASCI/REC/PFC/ NABARD/HUDCO/Nationalised Banks or other financial institutions for the funding of the aforesaid project. In this regard, PTCUL is required to submit</i>	<i>Sl. No. 32 of the list of the projects scrutinized and shortlisted by Secretary (Planning) and Secretary (Finance), GoU of enclosed MoM dated 9.12.2024 regarding HPC for Scheme for</i>

	<i>the supporting document regarding the financial tie-up executed by it for the execution of the aforesaid project.</i>	<i>Special Assistance to State for Capital Investment (SASCI) 2024-25 may kindly be referred to, wherein SASCI Loan for Rs. 19.21 Crores against total project cost for Rs. 38.71 Crores has been recommended as ongoing projects of PTCUL in the current Financial Year. Expenditure incurred so far has been met with IR and rest of the cost other than recommended under SASCI 2024-25 shall be demanded in following term under the SASCI. DPR has been sent to GoU for TAC, EFC, DFC and PIB approval which is in process at GoU.</i>
2	<i>PTCUL on page no. 16 and 17 of the petition has submitted the 02 different calculations for preparing the abstract of detailed estimate, in this regard, PTCUL is required to justify the reason for the same and needs to submit the finalized abstract of detailed estimate to the Commission.</i>	<i>In page no. 16 of DPR calculation shown under Sl. No. 1 to 14 is total DPR Cost for the 132 KV underground cabling work Tower no. 47 to 50 i.e. Rs. 19.17 Crores whereas the cost of cabling works in page no. 17 is for sanctioning of estimate for tendering i.e. Rs. 15.55 Crores.</i>
3	<i>PTCUL in the section of General Abstract and Abstract of details estimate of the petition doesn't consider the cost of supply and erection of the proposed overhead line amounting to Rs. 85.24 lakhs. In this regard, PTCUL is required to justify the reason for the same and if required, submit the revised calculation for the same.</i>	<i>Cost of supply and erection of proposed overhead line from tower no. 47 to 50 is the cost of executed work between tower no. 47 to 50 amounting to Rs. 85.24 lakhs (Supply Rs. 4772921.79+ Erection Rs. 3850837.26) (page no. 13 to 15). Same has been included in abstract of diversion of 132 KV Bindal - Purkul Line between tower no. 47 to 50 through 132 KV underground cable under Sl. No. 12 (Page no. 16).</i>

4	<i>PTCUL in the present petition has proposed the underground cable between tower no. 47 and 50 due to the severe RoW issues. In this regard, PTCUL is required to submit the details of the tower(s), if any, already erected between tower no. 47 and 50 by PTCUL before proposing the cabling works and also the future course of action with regard to it.</i>	<i>Line Chart of 132 KV Bindal - Purkul Line is enclosed wherein status between tower no. 47 to 50 has been mentioned. Cabling works between tower no. 47 to 50 is proposed along Village Jamniwala Road.</i>
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2. Commission's Observations, Views and Directions:

2.1. Based on the submissions made in the Petition and subsequent submissions of the Petitioner, the Commission observed that:

2.1.1 The principle approval for the capital investment of Rs. 5.96 Cr. for the "132 kV S/C link line between 132 kV S/s Purkul & Bindal" was accorded by the Commission vide order dated 24.11.2011 under the REC Scheme.

2.1.2 The Petitioner in its Petition submitted that the work for the Construction of aforesaid Transmission Line was awarded to M/s Hythro Power Corporation Ltd. (HPCL) on 12.03.2010. But, due to non-performance of M/s HPCL the contract was terminated on 30.08.2014 and thereafter, balance work of above line was awarded to M/s Udayan Enterprises on 02.03.2016.

2.1.3 With regard to the delay in the completion of the aforesaid project, the Petitioner has submitted that due to the severe RoW issues in tower No. 20, 21, 22, 43, 45, 46, 47, 48, 49, 50, 51, 52 & 53 the Petitioner faced the challenges to complete the project. At present, the Petitioner is facing a major RoW issue at towers No. 48, 49 & 49A due to the resistance from the M/s Himalayan Resort as M/s Himalayan Resort wrote various letters to PTCUL and Secretary (Energy), GoU regarding the diversion of the line from the original route. As the impact of RoW instances and efforts and initiatives taken by PTCUL in resolving the RoW as per law, will be considered at the time of analysing the ARR for the project. Therefore, at this juncture the same is not being considered, and this approval will be subject to the final view taken on the aspect by the Commission.

2.1.4 Further, Chairman, PTCUL vide its letter No. 3772/Chairman/PTCUL/G-1 dated 08.11.2024 to the Secretary (Energy), GoU has submitted the present status of the project and requested as follows:

“ ...

4. The present physical status of the 132 kV Bindal-Purkul line is as follows:-

S.No.	Activity	Progress
1	Foundation	57/57 Nos.
2	Tower erection	57/57 Nos.
3	Stringing	10.181/11 km.
4	Physical Progress	98%

5. There had been RoW issue due to M/s Himalayan Resorts in construction of line for which proposal for diversion of line through underground cable was suggested and a tentative estimated cost of Rs. 18.51 Cr. including GST as per PTCUL Schedule of Rates (SoR) 2023-24 prevalent in PTCUL was submitted vide letter no. 164/MD/PTCUL/G-1 dated 12.01.24 which is enclosed herewith for the ready reference as annexure-1. The above estimate has now been revised for amounting Rs. 19.20 Cr including GST as per the latest SoR 2024-25 prevailing in the PTCUL. The above estimated cost may further vary if there will be delay in allocating fund for underground cabling works.”

“ ...

Therefore, in view of the above facts elaborated above, Secretary (Energy) was once again requested vide MD, PTCUL letter no. 3474/MD/PTCUL/G-1 dated 16.10.24 (copy enclosed for ready reference as annexure-2) as follows.

- i. To allocate the revised cost for underground cabling work for Rs. 19.20 Cr including GST in continuation to proposal submitted earlier by PTCUL vide letter no 164/MD/PTCUL/G-1 dated 12.01.24 is under consideration at GoU level.
- ii. In view of the urgency mentioned under para no. 2 & 3, kindly allow PTCUL to complete the overhead stringing works of remaining spans in 132 kV Bindal-Purkul line between tower locations no. 47-48 and 48-49 till we received the amount.
- iii. PTCUL is not able to meet out the N-1 Contingency and has been losing on account of non- capitalization of assets under Annual Revenue Requirement in terms of tariff of and Return on Equity (RoE) due to delay in commissioning of the line. Hon'ble UERC may disallow the IDC due to extended delay.

In view of facts cited above, it is requested to take up the matter with finance and concerned department in line with the sl. no. (i) to (iii) referred above so that construction of 132 kV Bindal - Purkul line can be completed and energized at the earliest."

2.1.5 On the query regarding the financial tie-up for the proposed diversion work, PTCUL has submitted the MoM dated 09.12.2024 of the High Power Committee (HPC) held under the chairmanship of Chief Secretary, GoU wherein, it is informed that the works related to the proposed diversion of 132 kV Purkul-Bindal line amounting to Rs. 19.21 Crore have been shortlisted by the Secretary (Planning) and Secretary (Finance) for the SASCI loan and the same is recommended for the future course of action. Considering the urgency informed by PTCUL in the matter, as GoU has principally agreed towards funding the proposal of diversion work through SASCI loan scheme and also because of importance of work, Commission is analyzing the Petition on priority w.r.t. the diversion work only.

2.1.6 Further, the Commission observed that Petitioner while framing the estimate based on the approved SoR for FY 2024-25 amounting to Rs. 38.71 Crores had considered the Contingency @ 3%, Price Contingency @ 6.8%, Project overhead @ 5%, Forest Clearance, Land & Crop compensation, Centage for Forest @ 8%, IDC and other expenses. In this regard, the Commission is of the view as follows:

- (i) The project as a whole including the work approved earlier and also the work allowed in-principally vide this Order shall be scrutinized and proper due diligence shall be done at the time of determination of ARR. Also after completion of work PTCUL is required to submit the details of material that has been procured and the works executed but could not be utilized, in case, and how the same can be utilized for some other project in future so that its cost can be adjusted and consumers will not be burdened.
- (ii) In the instant Petition, the Petitioner is seeking cumulative approval of Rs. 38.71 Crore which includes (a). Construction of Diversion of 132 kV Bindal-Purkul Transmission Line between tower No. 47 and

50 through 132 kV Underground Cable amounting to Rs. 19.17 Crore and **(b)**. Construction of 132 kV Purkul-Bindal line amounting to Rs. 19.54 Crore (as approved in 81st BoD Meeting). **In this regard, the Commission here is only inclined to consider the proposed balance work i.e. diversion works as mentioned at point (a), in light of the reasons listed/urgency shown by the Petitioner in the instant Petition. The revised cost w.r.t. the principle investment approval mentioned at point (b) including the IDC and compensation will be scrutinized during the True-up of the respective year while finalising the Annual Revenue Requirement of the petitioner after the assets are capitalized and subject to prudence check of cost incurred and subject to the decision in SoR matter.**

- (iii) While preparing the revised DPR the Petitioner has considered the Contingency @ 3%, Price Contingency @ 6.8% and Project overhead @ 5%. To maintain uniformity with the past practice, **the Commission is not inclined to approve the above-mentioned contingencies, however, the Commission has calculated the project cost of the diversion work by only considering the contingency @ 3% and project overhead @ 5% as per the past practice of the Commission.**
- (iv) As in the estimate, the Petitioner has proposed other expenses amounting to Rs. 1.50 Crore, in the absence of any valid reason presented by the Petitioner in the instant Petition regarding the aforesaid claim, the Commission is not inclined to approve the same.
- (v) **Further, as the issue of SoR revisions of PTCUL is presently under deliberation before the Commission and certain documents that Commission had sought are still awaited from the Petitioner's end, the rates considered in SoR of FY 2024-25 cannot be considered as final and accordingly the estimates based on these rates are also provisional in nature. Hence, the Commission after finalization on the issue of SoR, based upon its finding shall carry out the strict prudence check of the cost incurred and financing thereof in**

accordance with the conditions of license and MYT Regulations at the time of scrutiny of ARR.

2.1.7 Based on the above observations and submissions of PTCUL, the Commission hereby grants in-principle approval only for the balance work i.e. *“Construction of Diversion of 132 kV Bindal-Purkul Transmission Line between tower No. 47 and 50 through 132 kV Underground Cable”* as shown in the table given below and directs the Petitioner to go ahead with the aforesaid work subject to fulfilment of the conditions mentioned below:

Capital Cost Approved by the Commission

Name of the work	Project Cost including IDC as per DPR (Rs. Crore)	Project Cost Considered by the Commission (including IDC) (Rs. Crore)
Investment Approval for Revised DPR for Construction of Diversion of 132 kV Bindal-Purkul Transmission Line between tower No. 47 and 50 through 132 kV Underground Cable.	19.17	16.63

- (i) All the loan conditions as may be laid down by the funding agency in their detailed sanction letter are strictly complied with.
- (ii) The Petitioner shall, within one month of the Order, submit a letter from the State Government or any such documentary evidence in support of its claim for funding agreed by the State Government.
- (iii) After completion of the aforesaid projects, the Petitioner shall submit the completed cost and financing of the projects.
- (iv) The cost of servicing the project cost shall be allowed in the Annual Revenue Requirement of the petitioner after the assets are capitalized and subject to prudence check of cost incurred and subject to the decision in SoR matter, stated above.
- (v) The impact of RoW instances and efforts and initiatives taken by PTCUL in resolving the RoW as per law, will be considered at the time of analysing the ARR for the project. Therefore, at this juncture

the same is not being considered, and this approval will be subject to the final view taken on the aspect by the Commission.

2.2. The approval is given subject to the above conditions and on the basis of submissions and statement of facts made by the Petitioner in the Petition under affidavit, therefore, violations of the condition and in case any information provided, if at any time, later on, is found to be incorrect, incomplete or relevant information was not disclosed, and which materially affects the basis for granting the approvals, in such cases the Commission may cancel the approval or refuse to allow the expenses incurred in the ARR/True-up apart from initiating plenary action.

Ordered accordingly.

(Anurag Sharma)
Member (Law)

(M.L. Prasad)
Chairman