

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 28 of 2024

In the Matter of:

Petition for Investment Approval for “Augmentation of Transformation capacity from 2x40 MVA (132/33 KV) to 3x40 MVA (132/33 KV) by procurement, installation, testing & commissioning of 01 No. additional 132/33 KV 40 MVA T/F and construction of associated 132/33 KV bay at 220 KV S/s Virbhadrha, Rishikesh.”

And

In the Matter of:

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

.....**Petitioner**

Coram

Shri M.L. Prasad	Chairman
Shri Anurag Sharma	Member (Law)

Date of Order: January 22, 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. 887/MD/PTCUL/UERC dated 14.03.2024 seeking Investment Approval for “Augmentation of Transformation capacity from 2x40 MVA (132/33 KV) to 3x40 MVA (132/33 KV) by procurement, installation, testing & commissioning of 01 No. additional

132/33 KV 40 MVA T/F and construction of associated 132/33 KV bay at 220 KV S/s Virbhadra, Rishikesh” under Para 11 of Transmission Licence. [Licence No. 1 of 2003].

1. Background

1.1 On preliminary examination/scrutiny of the aforesaid Petition, following deficiencies/shortcomings were observed which vide letter No. 85 dated 18.04.2024 were forwarded to the Petitioner and the Petitioner was directed to file a fresh Investment Approval addressing all deficiencies/shortcomings :

“On preliminary examination/scrutiny of the Petition, the following deficiencies have been observed:

- 1. PTCUL to clarify as to why it did not approach the Commission for approval of investment amounting to enhanced cost of Rs. 19.74 Crore derived by the licensee based on the revised SoR (Schedule of Rate).*
- 2. Notwithstanding the estimated cost based on the revised SoR, PTCUL has submitted the DPR amounting to Rs. 9.67 Crore while it is seeking approval of amount of Rs. 19.74 Crore for the aforesaid work. PTCUL need to submit the revised DPR of Rs. 19.74 Crore.*
- 3. PTCUL need to submit the Single Line Diagram (SLD) of the 220 kV S/s Virbhadra, Rishikesh indicating all the incoming and outgoing feeders for both current and future scenarios.*
- 4. PTCUL is required to justify the need for the aforesaid work in detail covering the current and future scenarios justifying the need for the additional transformer.*
- 5. PTCUL is required to submit the latest SoR and other supporting documents justifying the cost of aforesaid work.*
- 6. PTCUL is required to submit the project execution timeline in the DPR.*
- 7. For financing of the Project, PTCUL in its Petition has mentioned 70% loan as debt from Financial Institution and 30% equity from GoU. PTCUL is to submit the status of approval/copy of the approval of a loan from a Financial Institution and needs to provide the copy of approval/order from GoU against the equity portion.*
- 8. PTCUL has submitted that BoD in its 89th meeting held on 04.03.2024 approved the L1 rates of M/s SNS Technocorp Pvt. Ltd., New Delhi which were 29.31% higher than the*

estimated cost for the aforesaid work. In this regard, PTCUL is required to submit tender opening date, financial bid opening date and rates quoted by the participating bidders.

In this regard, I have been directed to inform you to file a fresh Investment Approval Petition addressing all the aforesaid issues under the pursuance of UERC (Conduct of Business) Regulations, 2014."

1.2 Accordingly, PTCUL vide its letter No. 1327/MD/PTCUL/UERC dated 10.05.2024 submitted replies to the queries, as below alongwith a fresh Petition in the matter and revised the project cost from Rs. 19.74 Crore to Rs. 19.90 Crore.

1. *PTCUL did not approach the Commission for approval of investment earlier because initial DPR Cost for the said project was Rs. 81348720.00 only. After reviewing the SoR the estimated cost of the project becomes Rs. 91798660.00. Open tender invited, and 3 bidders participated. Price of L-1 bidder was Rs. 118702984.00 (Rupees Eleven Corree Eighty Seven Lakh Two Thousand Nine Hundred Eighty Four only) excluding GST. Taking Rs. 11.87 Crore as base cost the DPR Cost is being revised as follows:*

Base Cost: 14.01 Cr.

Total Cost including variation contingencies and Estt.: 19.16 Cr.

IDC: 0.74 Cr.

Total Project Cost: 19.90 Cr.

2. *Revised DPR enclosed As Annexure-1*

3. *Single Line Diagram (SLD) is enclosed as Annexure-2.*

At present the existing 2 no. 40 MVA (132/33 kV) Transformers are approx. 85% loaded (copy of load details is enclosed as Annexure-3) and in future scenario the loading may rise upto 90%.

4. *It is to apprise here that at present 02 Nos. 40 MVA (132/33 kV) Transformers are installed in the substation to cater the load of Rishikesh Town, Raiwala, Muni Ki Reti, as well as Industries and hilly areas around Rishikesh. At present both 40 MVA Transformers are almost 80% loaded, due to this if 01 No. Transformer get tripped or under shutdown condition, the other 40 MVA transformer is not sufficient to supply whole load of consumers. Also Executive Engineer, Electricity Distribution Division, UPCL, Rishikesh, informed vide letter no. 1585, dated 26.05.2022 that in the upcoming three years, approx. 20-25 MVA load would increase (copy enclosed). So presently installed 02 Nos. 40 MVA Transformers will not be sufficient to feed the upcoming load*

demand in future & to fulfil the (T-1) condition. SE (SLDC) vide Letter No. 354/SLDC/SE/SO-1/2022-23, dated 02.08.2022 has also informed regarding the constraints/bottle neck in the system observed by SLDC during real time grid operation for subject matter (copy enclosed).

5. PTCUL latest Review Schedule of Rate (SoR) 2023-24 enclosed as Annexure-4.
6. Project Execution Time is 14 months. Project Implementation Schedule (PIS) is enclosed DPR.
7. Funding under process. (Enclosed Letter No. 434/GM(F)/PTCUL dated 05.04.2024)
8. Tender Initiating Date: 27.12.2023
Tender Opening Date: 31.01.2024
Financial Bid Opening Date: 20.02.2024
Copy of Rate quoted by Bidders is enclosed.

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

Sl. No.	Particulars	Capacity of Transformer (in MVA)	Total Project Cost as per DPR including IDC (in Crore)
1.	Augmentation of Transformation capacity from 2x40 MVA (132/33 KV) to 3x40 MVA (132/33 KV) by procurement, installation, testing & commissioning of 01 No. additional 132/33 KV 40 MVA T/F and construction of associated 132/33 KV bay at 220 KV S/s Virbhadra, Rishikesh	1x40 MVA (132/33 KV)	19.90

1.4 The Petitioner has submitted a copy of the extract of Minutes of 89th meeting of the Board of Directors (BoD) of PTCUL held on 04.03.2024, 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 L-1 rates of M/s SNS Technocorp Pvt. Ltd., 1st Floor, 115 to 118, Vikrant Tower, 4-Rajendra Place New Delhi, which is 29.31% higher than the estimated cost for work of augmentation of Transformation capacity from 2x40 MVA 132/33 kV to 3x40 MVA 132/33 kV by supply installation testing and commissioning of 40 MVA 132/33 kV Transformer and associated 132 and 33 kV bays at 220/132/33 kV Substation under 220 kV (O&M) Division Rishikesh.

RESOLVED FURTHER THAT the aforesaid DPR for the said work has already been prepared and approved.

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 REC/PFC/NABARD/HUDCO/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."

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

(i) 132/33 kV Substation, Virbhadra, Rishikesh is one of the important sub-station of PTCUL, which was commissioned in year 1974-75. Presently there are 2 nos. 40 MVA 132/33 kV Transformers of EMCO and ALSTOM make respectively which caters the load requirement of Char Dham Yatra route, Kumbh Mela area and domestic, commercial, industrial as well as agricultural consumers of Rishikesh town and hilly areas.

(ii) The details of connected load of 33 kV feeders which are connected with 2x40 MVA, 132/33 kV Transformers at Virbhadra, Rishikesh is as follows:

(a) 33 kV Barrage Feeder & AllMS Feeder	:	30.0 MVA
(b) 33 kV Rishikesh Town Feeder	:	12.5 MVA
(c) 33 kV OBL Glass Factory Feeder	:	8.0 MVA
(d) 33 kV Birla Yamaha Feeder	:	14.5 MVA
(e) 33 kV Raiwala & Shanti Kunj Feeder	:	20.0 MVA
(f) 33 kV Muni Ki Reti Feeder	:	35.0 MVA
(g) 33 kV Link Line Feeder	:	48.0 MVA
(h) 12.5 MVA 33/11 kV Transformer	:	12.5 MVA
(i) 12.5 MVA 33/11 kV Transformer	:	12.5 MVA
Total Connected Load	:	193.0 MVA

(iii) Presently, the running load on 2x40 MVA, 132/33 kV Transformers is approximately 85% of total capacity of these transformers. Keeping in view the growth in load demand in recent times, it is very essential to increase the

transformation capacity of substation including other necessary associated works.

- (iv) The estimate of the above-mentioned work has been made on actual basis and rates have been derived from the rates of lowest bidder against Tender Specification No. CE/GZR-18/2023-24.
- (v) The rates for Revised Estimate for Augmentation of Transformation capacity from 2x40 MVA (132/33 kV) to 3x40 MVA (132/33 kV) and other related works have been derived from the rates of lowest bidder against Tender specification No. CE/GZR-18/2023-24.

1.6 On examination of the revised Petition submitted by the Petitioner, certain deficiencies/shortcomings were again observed as mentioned below, which were communicated to the Petitioner vide the Commission's letter No. 441 dated 27.06.2024 and the Petitioner was directed to submit its reply by 20.07.2024.

Query-1: PTCUL has proposed the procurement, installation, testing & commissioning of 40 MVA T/F in addition to the existing 2x40 MVA T/F in the 220 kV S/s Virbhadra, Rishikesh. In this regard, PTCUL is required to submit the datasheet of existing 2x40 MVA T/F and proposed 1x40 MVA T/F alongwith legible snapshot of nameplates of existing transformers.

Query-2: PTCUL has proposed to construct the respective 132 kV and 33 kV bays for the proposed T/F. In this regard, PTCUL is required to submit the information regarding the availability of space with the plot plan of 220 kV S/s Virbhadra, Rishikesh.

Query-3: PTCUL has proposed the additional 40 MVA T/F to meet the future load requirement and T-1 contingency for the 132/33 kV system in the S/s. In this regard, PTCUL is required to provide the reason for not considering the augmentation/upgradation of the existing 2x40 MVA T/F to 2x80 MVA T/F and is required to submit the cost comparison of both scenarios i.e. 2x40 MVA & 2x80 MVA.

Query-4: PTCUL in its petition submitted the connected load of 33 kV feeders as 193 MVA, whereas UPCL in its request letter has submitted the connected load as 188 MVA. PTCUL is required to justify reasons for the variation.

Query-5: PTCUL is required to furnish the details of existing as well as prospective loads catered by the 132/33 kV S/s in the following format:

Sl. No	Name	Status of Load (Existing or Proposed)	Contracted load in MVA

Query-6: PTCUL in its Petition has submitted the Single Line Diagram of 220/132/33 kV S/s Virbhadra, Rishikesh. In this regard, PTCUL is required to submit the incomers load details on the S/s alongwith the load details on each feeder emanating from the S/s.

Query-7: PTCUL in the Cost Benefit Analysis Sheet has not considered the diversity factor while calculating the additional energy available for sale. In this regard, PTCUL is required to justify the reason for not considering the diversity factor and in case of any changes, PTCUL is required to submit the revised Cost Benefit Analysis sheet.

Query-8: In the breakeven point analysis, the PTCUL has considered the additional energy available for sale as 157.68 GWh. Whereas, in the Cost Benefit Analysis, PTCUL has calculated the additional energy available for sale as 402.147 GWh. PTCUL is required to justify reasons for the variation.

Query-9: PTCUL in its Petition has submitted the Annual Financial Charges Sheet for the proposed works, in this regard, PTCUL is required to provide the reason for consideration of IoWC @ 13.70%, whereas, in the recent Tariff Order for FY 2024-25 the Commission has approved the IoWC @ 11.30%. Subsequently, in case of any changes, PTCUL is required to submit the revised sheet of Annual Financial Charges, Financial analysis and Breakeven Point analysis (in soft copy/excel format).

Query-10: PTCUL has considered 15% Quantity Variation and 3% Contingency while preparing the estimate for the aforesaid work. PTCUL is required to justify the reason for considering the quantity variation and contingency as the estimate prepared by the PTCUL is based on the actual rate quote by the L-1 bidder (already selected by the PTCUL) for aforesaid work.

Query-11: PTCUL has considered the cost of third-party inspection while preparing the estimate. Whereas, PTCUL in the previously submitted DPRs has never claimed this separately in the estimate. In this regard, PTCUL is required to justify the reasons for separately claiming the cost of third-party inspection for the aforesaid work.

1.7 In response to the aforesaid queries, the Petitioner through its letter No. 1040/Dir.(Operations)/PTCUL/UERC dated 23.07.2024 submitted the reply to the Commission as follows:

Reply-1: *Data Sheet/Name plates is being enclosed as:*

- (i) *Existing 40 MVA T/F-I (Emco make) - Annexure-I*
- (ii) *Existing 40 MVA T/F-II (Alstom make) -Annexure-II*
- (iii) *Datasheet of T/F Annexure-III*

Reply-2: *Regarding availability of space plot plan is being enclosed as Annexure-IV*

Reply-3: *Upcl has informed regarding 20-25 MVA increase in future load demand vide no. 1585 dated 26.05.2022 (Annexure-V). Thus 40 MVA Transformer will be sufficient to meet the future load requirement and T-1 contingency. It is also to apprise that in case of replacement of existing 40 MVA Transformers by 80 MVA Transformers shutdown for approximately 01 month will be required which will lead to load shedding in the Rishikesh and nearby area i.e. Chaar Dhaam Yatra route.*

Cost of 40 MVA Rs 57422123.50

Cost of 80 MVA Rs 106288294.31

Reply-4: UPCL has informed regarding connected load as 188 MVA in May-2022 (**Annexure-VI**) and the 193 MVA connected as mentioned in DPR is the current connected load.

Reply-5: Details is being enclosed as **Annexure-VII**

Reply-6: Details is being enclosed as **Annexure-VIII**

Reply-7: The diversity factor not considered as per prevailing practices in PTCUL.

Reply-8: Revised Breakeven point Analysis sheet is being enclosed as **Annexure - IX**

Reply-9: PTCUL has considered IoWC @13.70% on the basis of prevailing PLR. However, same is being revised to 11.30% as directed by the Hon'ble Commission.

Revised AFC Sheet, Financial Analysis and Breakeven point analysis is being enclosed as **Annexure - X**

Reply-10: 15 % Quantity Variation and 3% Contingency has been taken as per prevailing practices to meet out the variation in quantity and contingency expenses respectively during execution of the project.

Reply-11: Previously cost of third-party inspection was to be meet out from the contingency charges which was not in line of standard accounting practices. Therefore the cost of third party inspection to be done by CPRI incorporated in the DPR.

1.8 The Commission vide its letter dated 20.09.2024 has sought the clarification as follows:

"In the said Petition it has been stated that the rates quoted by L-1 bidder are 29.31% higher (after negotiation) than the estimated cost of works, however, PTCUL has not submitted the approval estimate for the work on the basis of which tender was invited. PTCUL is directed to submit the same so as to reach the Commission latest by 25.09.2024.

1.9 In response to the aforesaid query, the Petitioner through its letter No. 1558/Dir.(Operations)/PTCUL/UERC dated 25.09.2024 has submitted the abstract of estimate for the aforesaid work amounting to Rs. 12.98 Crore based on the SoR 2023-24 over which the rates quoted by L-1 bidder are 29.31% higher than the estimated cost of works.

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 Initially, the Petitioner sought approval of the Commission for Rs 19.74 Crores for carrying out the proposed augmentation work at Virbhadra, Rishikesh, however, the DPR enclosed with the Petition was of Rs 9.67 Crores only. The Petitioner, on the directions of the Commission, submitted fresh investment approval enclosing revised DPR with the total Project cost of Rs. 19.90 Crore. While framing the revised DPR, the Petitioner followed reverse procedure by considering the rates of the lowest bidder against tender specification no. CE/GZR-18/2023-24 for preparation of the estimate for the proposed work, which is against the regular norms.

2.1.2 Further, the Petitioner in the 89th BoD meeting held on 04.03.2024 requested BoD to consider and approve the L-1 rates of M/s SNS Technocorp. Pvt. Ltd., New Delhi, which were 29.31% higher (after negotiation) than the estimated cost of the proposed work. The BoD approved the L-1 rates of M/s SNS Technocorp. Pvt. Ltd., New Delhi, as proposed by the Petitioner. Thereafter, the Petitioner, after completing all the formalities and selecting M/s SNS Technocorp. Pvt. Ltd., New Delhi, the L-1 bidder for executing the proposed work, has now approached the Commission seeking *post facto* approval for carrying out the said augmentation work, which is contrary to the conditions of the Transmission Licence and the MYT Regulations 2021, which require the Petitioner to seek prior approval of the Commission for all the schemes involving major investments i.e. investments involving expenditure of equal to or more than Rs. 10 Crores and for augmentation/upgradation works in the existing assets the limit is Rs. 5 Crores.

2.1.3 From the perusal of the records submitted by the Petitioner, it is clear that revised SoR for FY2023-24 was approved on 11.12.2023, based on which revised estimate for the said work was prepared for Rs. 12.98 Crores, which is higher than Rs. 5.00 Crores, the limit approved by the Commission in the MYT Regulations for Petitioner to necessarily take prior approval of the Commission before undertaking any investments related to augmentation/upgradation in the existing assets. The petitioner, after framing of the said estimate, should have, in compliance of the licence conditions, approached the Commission for approval of the said works, but

contrarily choose to approach the Commission for seeking *post facto* approval after awarding the work to the L-1 bidder whose quoted rates were 29.31% (after negotiation) higher than the estimated cost. When enquired, the Petitioner submitted that since the tender amount (Supply+Erection) of Rs. 9.17 Crores (taxes extra) was less than Rs. 10 Crores, therefore, it did not seek prior investment approval of either BoD or the Commission. This plea of the petitioner is not acceptable since the Petitioner, in the past, has been seeking prior investment approval of the Commission for all the DPR's having a total value (inclusive of Taxes, Centage, Establishment, etc.) of more than Rs. 10 Crores and for augmentation/upgradation works in the existing assets for works more than or equal to Rs. 5 Crores, and only in this instant Petition has digressed from the established norms and taken sum of Supply and Erection cost to be the basis to seek or not to seek prior approval of the Commission. Moreover, in the present matter the MYT Regulations applies which requires investment approval of the Commission before undertaking any investments related to augmentation/upgradation in the existing assets, hence, this action of the Petitioner, misleading the Commission, is highly deplorable and condemnable.

This action of the Petitioner is deliberate non-compliance of the Regulations and hence, the Commission warns the Petitioner that, in future, it should desist from misleading the Commission and refrain from the practice of seeking *post facto* approval for the works. The Commission cautions the Petitioner that in future it will not give *post facto* approval for any work, and the Petitioner shall be responsible for any financial loss devolved on this account.

2.1.4 The Commission further observed that Petitioner while framing the estimate based on the revised SoR for FY 2023-24 amounting to Rs. 12.98 Crores had considered Contingency @ 3% and Centage @ 15%, however the Petitioner while preparing the DPR based on L-1 rates quoted by the lowest bidder has also considered Quantity Variation @ 15% in addition to Contingency and Centage charges. To maintain uniformity and follow past practice, **the Commission is not inclined to approve Quantity Variation @ 15% and**

calculated the total project cost by considering the contingency @ 3% and project overhead @ 5% based on the past practice of the Commission.

Further as the issue of SoR revisions is presently under deliberation before the Commission and certain documents that the Commission had sought are still awaited from the Petitioner's end, the rates considered in SoR of FY 2023-24 cannot be considered as final and accordingly the estimates based on these rates are also provisional in nature. Hence, 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.

2.1.5 The BoD of the Petitioner has approved rates of L-1 bidder whose quoted rates are 29.31% (after negotiation) higher than the estimated cost, the Commission hereby grants in-principle approval for the expenditure of Rs. 15.13 Crore as shown in the table given below subject to the decision in SoR matter, stated above 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 excluding IDC as per DPR (Rs. Crore)	Project Cost Considered by the Commission (excluding IDC) (Rs. Crore)
Augmentation of Transformation capacity from 2x40 MVA (132/33 KV) to 3x40 MVA (132/33 KV) by procurement, installation, testing & commissioning of 01 No. additional 132/33 KV 40 MVA T/F and construction of associated 132/33 KV bay at 220 KV S/s Virbhadrha, Rishikesh	19.16	15.13

- (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 or any other source in respect of the proposed projects.

- (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.

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