

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION
Petition No. 37 of 2024

In the Matter of:

Investment Approval of:

- I. Construction of 220/132/33 kV GIS substation Banbasa, Tanakpur.
- II. Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.
- III. Construction of 132 kV D/C transmission line from 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur.
- IV. Construction of 132 kV D/C line from proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.

And

In the Matter of:

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

.....Petitioner

Coram

Shri M.L. Prasad	Member (Technical)/Chairman(I/c)
Shri Anurag Sharma	Member (Law)

Date of Order: August 16, 2024

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. 1048/MD/PTCUL/UERC dated 18.04.2024 seeking Investment Approval in the matter 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	Substation Transformer Capacity (MVA)/Length of the Line (KM)	Project Cost including IDC as per DPR (in Crore)
I	Construction of 220/132/33 kV GIS substation Banbasa, Tanakpur.	2x50 MVA (220/33 kV) 2x160 MVA (220/132kV)	297.02
II	Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.	10 KM	31.57
III	Construction of 132 kV D/C transmission line from 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur.	25 KM	62.37
IV	Construction of 132 kV D/C line from proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.	80 KM	168.97
Total			559.93

1.2 The proposal submitted by PTCUL in its instant Petition has been proposed in two phases i.e. phase I and phase II which is evident from the BoD agenda enclosed with the Petition and detailed hereunder:

“प्रथम चरण— मा0 मुख्यमंत्री जी की घोषणा के अनुपालन में

प्रथम चरण में 220/33 के0वी0 विद्युत उपकेन्द्र टनकपुर/बनबसा का निर्माण उपरोक्तानुसार 220 के0वी0 बनबसा—सी0बी0 गंज लीलो विद्युत पारेषण लाईन का निर्माण करते हुए प्रस्तावित है तथा इससे टनकपुर/बनबसा क्षेत्र की सम्मानित विद्युत उपभोक्ताओं को निर्बाध एवं गुणवत्ता युक्त विद्युत आपूर्ति की पूर्ति की जा सकती है।

द्वितीय चरण— N-1 contingency तथा विद्युत आपूर्ति की विश्वसनीयता में गुणात्मक सुधार हेतु—
द्वितीय चरण में 220/132 के0वी0 विद्युत उपकेन्द्र का निर्माण करते हुए निम्न पारेषण लाईनों का निर्माण प्रस्तावित है —

1. 132 के0वी0 डबल सर्किट टनकपुर/बनबसा—प्रस्तावित 132 के0वी0 लोहाघाट विद्युत पारेषण लाईन, इस लाईन के निर्माण से 132 के0वी0 उपकेन्द्र लोहाघाट की N-1 contingency सुनिश्चित की जा सकेगी तथा विद्युत आपूर्ति की विश्वसनीयता में गुणात्मक सुधार होगा।
2. 132 के0वी0 डबल सर्किट टनकपुर/बनबसा—प्रस्तावित 132 के0वी0 खटीमा—द्वितीय, विद्युत पारेषण लाईन, इस लाईन के निर्माण से 132 के0वी0 उपकेन्द्र खटीमा की N-1 contingency सुनिश्चित की जा सकेगी तथा विद्युत आपूर्ति की विश्वसनीयता में गुणात्मक सुधार होगा।”

1.3 The board in its 89th BoD meeting accorded consent to approve the Detailed Project Report of the works as mentioned below:

1. Construction of 220/132/33 kV GIS substation at Banbasa, Tanakpur.
2. LILO of 220 kV, Tanakpur-CB Ganj at proposed 220 kV substation Banbasa, Tanakpur.
3. Construction of 132 kV D/c transmission line from 132 kV S/s Khatima-II to proposed 220/132/33 kV substation Banbasa, Tanakpur.
4. Construction of 132 kV D/c transmission line from proposed 220/132/33kV substation Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.

For the proposed substation and associated lines, the total scheme cost is Rs. 559.93 Cr. with IDC and Rs. 515.10 Cr. without IDC.

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 had approved the aforesaid proposal with a debt equity ratio of 70:30.

1.5 In order to justify the need of the proposed S/s with associated lines, the Petitioner has submitted that:

- a) Government of Uttarakhand through letter No. 1187/12)/2023-10-10/2023 dated 28.12.2023, directed the Petitioner to take necessary action on the announcement made by the Hon'ble Chief Minister, GoU, for the Construction of 132kV Substation at Banbasa, Tanakpur (Champawat) to provide reliable and quality electric supply to the people and industries of the areas.
- b) UPCL vide letter dated 08.01.2024 has requested for construction of a substation in the area for reliable & quality supply and evacuation of power from upcoming solar projects in the area.
- c) In the first phase, construction of 220/33 kV GIS substation alongwith LILO of 220 kV, Tanakpur (NHPC)-CB Ganj (PGCIL) transmission line at the proposed 220/132/33kV substation Banbasa, Tanakpur of line length approx.10 KM. fu

- d) In the second phase, 220/132 kV GIS S/s at Banbasa alongwith associated two 132 kV transmission lines would be constructed for meeting the N-1 contingency for the down the line proposed/under construction 132 kV S/s namely Lohaghat and Khatima-II.
- 1.6 The Petitioner in its Petition has enclosed the Bar chart for project with project execution period as 36 months from the award of contract. Further, the Petitioner under the financial analysis has projected IRR of 13.56 % with breakeven in the 10th year of operations.
- 1.7 On examination of the proposal submitted by the Petitioner, certain deficiencies/shortcomings were observed as mentioned below, which were communicated to the Petitioner vide Commission's letter No. 442 dated 27.06.2024 with the direction to submit its reply by 15.07.2024:

Query 1: PTCUL has submitted the minutes of BoD dated 14.03.2024 wherein, it has been highlighted that the selection of land for the proposed S/s at Banbasa, Tanakpur is under process. In this regard, PTCUL is required to provide the status of acquisition of land for the proposed 220 kV GIS S/s Banbasa, Tanakpur and submit the supporting documents, if any, for the same.

Query 2: PTCUL has proposed the construction of GIS S/s, in this regard, PTCUL is required to submit the rationale for proposing the GIS S/s instead of AIS S/s considering the ample availability of identified land along with the other technical parameters.

Query 3: PTCUL is required to furnish requirement of forest clearances/railway crossing approval, if any, for the proposed LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.

Query 4: PTCUL in its Petition has submitted the block diagram for the proposed S/s. In this regard, PTCUL is required to furnish the following information:

- a. No. of 33/11 kV S/s in Banbasa, Tanakpur with load details (in amperes).

- b. Furnish the pre & post Project scenarios for all the feeders to be connected to proposed S/s alongwith details of individual maximum load (in amperes) & submit the SLD for the proposed arrangement.
- c. With regard to provision of 2x50 MVA T/F of 220/33 kV & 2x160 MVA T/F of 220/132 kV in the proposed 220 kV S/s, PTCUL is required to submit the rationale for proposing 02. nos transformer in each 220/33 kV and 220/132 kV sub-Stations. Further, PTCUL is required to submit details of bays and feeders proposed to be constructed /emanating from 132 kV and 33 kV bay in the proposed 220 kV S/s, Banbasa, Tanakpur.

Query 5: PTCUL is required to furnish the details of existing as well as prospective industries in nearby areas of the proposed S/s in the following format:

Sl. No	Name of industry	Status of industry (Existing or proposed)	Contracted Load in MVA
--------	------------------	---	------------------------

Query 6: PTCUL in the BOD agenda has proposed to take up the construction of 132 kV transmission line from “proposed 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur” to proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat in 2nd phase of the project to fulfil the N-1 contingency for the proposed 220 kV GIS S/s Banbasa. In this regard, PTCUL is required to justify the reason for proposing the 2nd phase of the project too early, as still the construction of 132 kV S/s Khatima-II & 132 kV S/s Lohaghat has not been completed and these S/s will take considerable time in completion considering the current pace of work execution by the PTCUL. Further, PTCUL is required to furnish the current status of 132 kV S/s Khatima-II and 132 kV S/s Lohaghat.

Query 7: PTCUL in its Petition has not submitted the Cost Benefit Analysis of the project. in this regard, PTCUL is required to submit the Cost Benefit Analysis for the project.

- 1.8 In compliance to the direction, the Petitioner through its letter dated 15.07.2024 submitted the reply to the queries as follows:

“Reply 1: It is to apprise that suitable land for 220 kV GIS Substation has been identified and selected at Chhini block, Chandan beat, kaksh sankhya 13(c) under Khatima

Forest Range under Gudmi, Banbasa. Area of the land is 4.988 ha. Forest land acquisition proposal is under preparation in accordance to Forest Conservation Act 1980 and amendments therein. The joint inspection report by Forest, Revenue and PTCUL is attached with the letter.

Reply 2: It is to apprise that GIS Substation is proposed instead of AIS Substation mainly due to constraint of availability of land. A rigorous exercise was carried out and considered various alternates. Based on the technical feasibility and possibility to availability, this land is finalised. Area of the land could be decided after discussion with stakeholders and keeping our bare minimum requirement for small piece of line segment, Substation, control room, office, staff quarters and essential basic amenities. It is possible because GIS substation requires approximately 70% less land than that of AIS Substation.

Reply 3: Proposal for forest land diversion is under process. No railway crossing is involved in proposed LILO and Substation. LILO of one of the existing 220 kV Double Circuit from Tanakpur Power Station to CB Ganj is proposed through diversion of approximately 280 meters. It is to apprise that substation land has been selected in such a way that length of line is only 280 meters between tower no. 6 and 7.

Reply 4: It is to apprise that information was sought from UPCL regarding this point, according to the copy of the UPCL letter no. 674 dated 03.06.2024, the desired information is as follows:

- a. There is one 33/11 kV Substation at Banbasa with a load of 106 amperes and another 33/11 kV Substation at Tanakpur with a load of 220 amperes.
- b. Pre & Post Project scenario of feeders:
 - 2.1. The Government of Uttarakhand is going to develop Sharda Corridor, Banbasa which requires load of about 1000 kVA.
 - 2.2. The Government of Uttarakhand is going to take up Ropeway project in Purnagiri which will require load of 700 kVA.
 - 2.3. The Government of Uttarakhand is going to develop the SIDCUL Project near Banbasa which will require an initial load of 3500 kVA.
 - 2.4. Apart from the above, supply to Tanakpur Power Station of NHPC Limited, Indian Army setup, SSB camps, ITBP transit camp and other consumers shall be provided by UPCL.

- c. Transformers of capacity 2x50 MVA, 220/33 kV and 2x160 MVA, 220/132 kV have been proposed to meet the load requirement and N-1 contingency. Proposed Bays from 220/33 kV S/s are Khatima, Tanakpur, Banbasa, NHPC and one bay extra for future use.
- Proposed Bays from 220/132 kV S/s are 02 bays for 132 kV GIS Khatima-II S/s (for termination of double circuit line), 02 bays for 132 kV Lohaghat S/s (for termination of double circuit line), and 01 bay extra for future use.
- SIDCUL may be catered through a separate 132 kV Feeder and 132/33 kV S/s at SIDCUL.

Reply 5: Details of existing as well as prospective industries in nearby areas of the proposed S/s as provided by UPCL are hereunder: Details of industries existing as well as prospective industries in nearby areas are attached as per invest Uttarakhand, Directorate of Industries, Govt. of Uttarakhand Dashboard Data. Industries may be increased further keeping the provision of power supply into consideration.

Sl. No.	Name of industry	Status of industry (Existing or Proposed)	Contracted Load (in MVA)
1	Sharda stone crusher	Existing	250 kVA
2	Kumaon Stone Crusher	Existing	180 kVA
3	Patni Plastic	Existing	160 kVA
4	Agarwal Rice Mill	Existing	210 kVA
5	Natraj Foods	Existing	125 kVA
6	Hari Industries	Existing	100 kVA
7	Shanti Industries	Existing	75 kVA
8	New Babasa-II feeder	Proposed	2000 kVA
9	Thuligarh New S/s	Proposed	5000 kVA
10	NHPC Bay	Proposed	1500 kVA
	Total		9600 kVA

Reply 6: It is to apprise that in the second phase, there will be construction of 132 kV double circuit lines from Banbasa Substation to Lohaghat Substation and Banbasa Substation to Khatima-II Substation. These lines would come after land acquisition and taking shape by 220/132/33 kV Substation, Banbasa. Proposed link with Lohaghat and Khatima-II is essential to achieve N-1 contingency and ensure quality/reliable power to Tarai area from existing 400/220 kV Substation, Jauljibi (Bagdihat - Askote) of PGCIL via 220/132 kV Substation, Chandak (PGCIL) and 132 kV Substation, Pithoragarh in case of shutdown/breakdown in 132 kV

Lohiahead-Sitarganj line. Similarly, the power supply of Kumaon hills particularly District Champawat, Pithoragarh and Almora shall be ensured in case of shutdown/breakdown of 400 kV Dhauliganga-Askote Double Circuit or 220 kV Askote - Chandak Double circuit.

Work of 132 kV GIS Substation at Lohaghat and Khatima-II has already been awarded and the contract agreement has been signed on 12.04.2024. Work is in progress and expected to be completed by September 2026.

Reply 7: *The Financial Internal Rate of Return (FIRR) value of these projects is 13.56% and Weighted Average Cost of Capital (WACC) of these projects is 9.41%, as the FIRR is greater than WACC so this project is financially viable."*

1.9 Further, the Commission vide its letter dated 07.08.2024 directed the Petitioner to make a PowerPoint Presentation on the aforesaid proposal before the Commission on 09.08.2024.

1.10 On the scheduled date and time, Petitioner presented the details of the proposal before the Commission. During the Presentation, the Commission directed the Petitioner to:

- a. Revise its estimate regarding the length of LILO of Tanakpur-CB Ganj line from 10 KM to 0.3 KM.
- b. Segregate BOQ & estimate for the works proposed under phase I (220/33 kV S/s & LILO including the cost of land and clearances) and phase II (220/132 kV S/s alongwith associated line).

1.11 PTCUL vide its letter dated 13.08.2024 submitted the replies to the queries raised by the Commission and revised the total estimate cost as follows:

Revised Estimate (Based on the SoR for FY 2024-25) for Phase I & Phase II

Sl. No.	Particulars	Substation Transformer Capacity (MVA)/Length of the Line (KM)	Project Cost including IDC as per DPR (in Crore)
	Phase I*		
I	Construction of 220/33 kV GIS substation Banbasa, Tanakpur.	2x50 MVA (220/33 kV)	217.00
II	Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.	0.3 KM	4.57

Revised Estimate (Based on the SoR for FY 2024-25) for Phase I & Phase II

Sl. No.	Particulars	Substation Transformer Capacity (MVA)/Length of the Line (KM)	Project Cost including IDC as per DPR (in Crore)
	Phase II**		
III	Construction of 220/132 kV GIS substation Banbasa, Tanakpur.	2x160 MVA (220/132kV)	130.49
IV	Construction of 132 kV D/C transmission line from 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur.	25 KM	82.50
V	Construction of 132 kV D/C line from proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.	80 KM	215.87
Total			650.43

**Part 2 of the submission. ** Part 1 of the submission.*

1.12 Further, the Commission has received a letter dated 22.07.2024 from Secretary GoU, informing the Commission that it is intending to develop 08 nos. critical Transmission System Projects through PTCUL, which are above threshold limit (beyond 100 Crores) of the amount allowed in the Commission's MYT Regulations, 2022, wherein this project is also included.

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 Proposal of construction of 220/132/33 kV GIS S/s Banbasa and associated transmission lines submitted by PTCUL before the BoD proposed to be executed in two phases (mentioned at para 1.2 above) and the same has been accorded by the BoD and recorded in its agenda item as follows:

" Agenda Item No. 88.35

To consider and approve the DPR for proposed work as below:

- i. Construction of 220/132/33 kV GIS substation Banbasa, Tanakpur.*
- ii. Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.*
- iii. Construction of 132 kV D/C transmission line from 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur.*
- iv Construction of 132 kV D/C line from proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.*

...

The above project work to be constructed in phase manner in I phase 220/33 kV network and balance work in II phase."

- 2.1.2 An area of 4.988 Hectare land for the project (S/s as well as corridor for the LILO arrangement) has been identified. The identified land belongs to the Forest Department of GoU and as per PTCUL's submission the process of necessary approval for acquisition of identified land has been initiated by it, however, acquisition has not been done by PTCUL as on date. The Commission is of the opinion that the Petitioner should put forward the investment proposals before it after duly procuring/arranging the land for the Project. **However, considering the submissions made by the Petitioner, the Commission is considering the proposal on the condition that the process of land acquisition (for phase I and phase II) with all necessary clearances are obtained/completed within 06 months from the date of this Order.**
- 2.1.3 The necessary approval for connectivity from 220 kV Tanakpur-CB Ganj inter-State transmission line has not been taken from CTU/PGCIL. However, PTCUL submitted that a formal request has been made before the authorities and discussions in the matter are ongoing. Though, the approval of the connectivity is pre-requisite for proposing such projects, however, relying on the submission of the Petitioner, **the Commission agrees to consider the proposal with the directions that any LoA should only be awarded once the necessary approval from the concerned entities viz. CEA/CTU/PGCIL is obtained.**
- 2.1.4 As per the approval of BoD, financing of the project is to be done through REC/PFC/NABARD/HUDCO/Bank and other Financial Institutions with a debt equity ratio of 70:30. **Since the proposal has been initiated on the basis of Hon'ble CM's announcement, therefore, PTCUL should explore and make its all endeavor for the financial assistance in the matter from the GoU.**
- 2.1.5 With regard to the letter dated 22.07.2024 from Secretary GoU, informing the Commission that it is intending to develop 08 nos. critical Transmission System Projects through PTCUL, which are above threshold limit (beyond

100 Crores) of the amount allowed in the Commission's MYT Regulations, 2022.

The Commission amended the MYT Regulations 2022 and determines the threshold limit of Rs. 100 Core (Rupees One Hundred Crore) above which all Intra-State Transmission System (new and augmentation) costing Rs. 100 Core (Rupees One Hundred Crore) or more shall be developed by State Govt./STU through Tariff Based Competitive Bidding in accordance with the competitive bidding guidelines notified by the Central Government from time to time.

However, the Commission has provided special provision in the Appendix-VI of the amended MYT Regulations, 2022, for development of any Intra-State Transmission System above Threshold Limit through cost plus approach, the same is being reproduced hereunder:

"4. In case the State Govt./STU intends to develop any Intra-State Transmission System above the threshold limit through cost plus approach due to some specific reasons such as projects is of critical nature or the Project may lead to ownership or interface issues, the State Govt./STU shall obtain prior approval of the Commission for the same."

Taking cognizance of the request and justification given by the GoU, for the said project, specifically on the issue of National Defence and Security Consideration and on the declaration of Hon'ble CM, Uttarakhand, the Commission accepts the GoU request made through the aforesaid letter dated 22.07.2024 with regard to the present project, and accordingly, decides to allow the same to be executed through the STU i.e. PTCUL the sole Transmission Licensee in the State. However, the Commission will take a decision on the request of GoU regarding remaining projects shall be taken later.

2.1.6 With regard to need for GIS S/s, the Petitioner in its reply has submitted that the same has been proposed considering the constraint of availability of land. Further, the Petitioner has also submitted that the area of land would be decided after the discussion with Stakeholders for line segment, S/s, control

room, office, staff quarters & essential basic amenities. Furthermore, it is observed that total 4.988 Ha. land area has been identified and proposed to be procured for the project. In this regard, the Commission is of the view that although GIS has several advantages over AIS but the same is not a cost effective proposition, therefore the Commission advises the Petitioner to explore all possible avenues for acquisition of land as per its requirements for AIS S/s so that any untoward burden of higher capital expenditure is not passed on the consumers of the State.

2.1.7 With regard to the works proposed under phase I i.e. construction of 2x50 MVA, 220/33 kV GIS S/s and construction of LILO of 220 kV Tanakpur -CB Ganj line, the Commission observed that presently the power supply to the area is being catered through 33/11 kV S/s Banbasa and 33/11 kV S/s Tanakpur, which are connected radially from 33 kV S/s Khatima town. Which in turn is connected through 33 kV line emanating from 132/33 kV S/s located at HEP Lohiahead. Since the radial line passing through the dense forest is very long in length, due to which interruptions in the system are frequent and the consumers of the area are not getting quality and reliable power supply.

Post construction of the 2x50 MVA, 220/33 kV S/s Banbasa substation the consumers residing in Banbasa, Tanakpur, Khatima and other nearby areas as well as the existing industries would not only get the quality and reliable power supply from a robust network but also would help in reducing the technical losses of the system.

Besides this the proposed substation would also be useful for catering the load of upcoming industries proposed in a Industrial Park as well as beneficial to power evacuation from upcoming solar projects and socio economic development of the area.

Keeping in view of the above submissions made by the Petitioner, the Commission accepts the submission of the Petitioner with regard to the works proposed under phase I of the project and its necessity.

2.1.8 With regard to the works proposed under phase II of the project i.e. construction of 2x160 MVA, 220/132 kV GIS S/s Banbasa and 132 kV D/c Banbasa -Lohaghat transmission line and 132 kV D/c Banbasa- Khatima-II D/c transmission line, the Commission observed that the Petitioner has proposed the same for meeting the N-1 contingency of the upcoming 132 kV substations namely Lohaghat and Khatima-II and system strengthening of the transmission network of the area. Besides above, PTCUL has submitted that GoU has planned to develop an industrial estate (SIDCUL) in Banbasa/Tanakpur area for which the power requirement would be catered though the proposed S/s.

In support of its proposal of phase II, Petitioner also submitted that the proposed network would also ensure alternate supply from 400/220 kV Jauljivi via Chandak and Pithoragarh S/s in case shutdown/breakdown of 132 kV Lohiahead-Sitarganj line and *vice-versa*.

While analyzing phase II of the proposal, it is observed that both the S/s namely Lohaghat & Khatima are yet to come and tentative date of completion is in September 2026. Further, during the presentation PTCUL submitted that it has planned to start phase II of the project after one year from the date of commencement of phase I works. Further, the Commission observed that the justifications given by the Petitioner are merely based on projections for next few years and nothing is visible and firm through present load data/demand and status viz. both the 132 kV S/s are yet to come and industrial estate in the area is in conceptual stage.

Therefore, the Commission is of the view that allowing phase II works with such huge investment at this juncture would not be prudent as the same would be vulnerable towards creation of stranded assets.

With regard to the observations made during the presentation on difference in estimate w.r.t. the length of LILO arrangement i.e. from 10 kms to 0.3 kms and bifurcation of the estimates for Phase I and Phase II, the Petitioner was asked to submit its revised estimates for Phase I and Phase II correcting the length of LILO arrangement.

In response to the above, the revised submission of Petitioner has been examined and it has been observed that PTCUL has revised the estimates on prevailing SoR i.e. applicable for FY 2024-25, while the earlier estimates were prepared on the SoR of FY 2023-24. Due to this, the total cost of the project has escalated from Rs. 559.93 Crore to Rs. 650.43 Crore i.e. an increase of almost Rs. 90 Crore w.r.t. the cost estimated in original Petition and an effective increase of Rs. 133 Crore considering the adjustment of the revised cost of the land and LILO arrangement. The Commission observed that the revised estimated cost has not been accorded by the BoD of the Petitioner, while the estimated cost of Rs.559.93 Crore proposed in the original Petition is approved by the BoD. The break-up in the revised cost for phase I & phase II is as follows:

Phase I		
Particulars	Substation Transformer Capacity (MVA)/Length of the Line (KM)	Project Cost including IDC as per DPR (in Crore)
Construction of 220/33 kV GIS substation Banbasa, Tanakpur.	2x50 MVA (220/33 kV)	217.00
Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur.	0.3 KM	4.57
Sub Total		221.58
Phase II		
Construction of 220/132 kV GIS substation Banbasa, Tanakpur.	2x160 MVA (220/132kV)	130.49
Construction of 132 kV D/C transmission line from 132 kV S/s Khatima-II to proposed 220 kV S/s Banbasa, Tanakpur.	25 KM	82.50
Construction of 132 kV D/C line from proposed 220 kV S/s Banbasa, Tanakpur to proposed 132 kV S/s Lohaghat.	80 KM	215.87
Total		428.86
Grand Total		650.43

2.2. The Commission further analysed the revised estimates w.r.t. phase I and observed that the cost has been escalated mainly on transformer and its associated bays.

Since, the approval accorded from the Board of Directors is for Rs. 559.93 Crore for the total works proposed (under phase I and phase II) in the instant Petition, therefore, the Commission, at this point of time, decides to bifurcate the cost of Rs. 559.93 Crore approved by BoD for phase I & phase II on pro-rata basis based on the segregated estimated cost submitted by the Petitioner.

- 2.3. With regard to the estimate in the DPR, the Commission observed that the Petitioner has claimed the price contingency @ 6.8% as well as contingency @ 3% over the base cost, in this regard, the Petitioner has already submitted the clarification in the investment approval of another project that it has considered the above provisions of contingencies as the same was done during the preparation of the DPR for ADB Financing. In this regard, the Commission opines that as the aforesaid project is non-ADB project and therefore, the provisions as are applicable for the ADB financing are not applicable for this project, therefore, the Commission does not find it prudent to allow the price contingency @ 6.8% in the absence of any other suitable justification by the Petitioner.
- 2.4. Based on the above, regarding the proposal made under phase II, the Commission does not find it prudent to allow the same at this juncture and directs the Petitioner may approach the Commission for seeking afresh approval in this regard, once the upcoming S/s namely Lohaghat and Khatima II are commissioned.

Whereas, regarding the works proposed under phase I, the Commission based on the discussion above, hereby grants in-principle approval of provisional cost of Rs. 209.53 Crore towards the works proposed under phase I, i.e. **(i) Construction of 220/33 kV GIS substation Banbasa, Tanakpur & (ii) Construction of LILO of 220 kV Tanakpur-CB Ganj Line at proposed 220 kV Substation Banbasa, Tanakpur**, subject to the fulfilment of terms and conditions mentioned below:

- (i) The Petitioner should go for the competitive bidding for obtaining most economical prices from the bidders.
- (ii) All the loan conditions as may be laid down by the funding agency in their detailed sanction letter are strictly complied with.

- (iii) The Petitioner shall, endeavour to obtain funding for the project from the State Govt. and within one month of the Order, submit 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.
- (iv) After completion of the aforesaid projects, the Petitioner shall submit the completed cost and financing of the projects.
- (v) 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.
- (vi) The Petitioner shall not award LoA unless all the clearances from the concerned entities viz. CTU/PGCIL/Forest etc. are obtained. However, in case of change in routing of the line due to any extraneous reasons including geological surprises, the Forest Clearance can be obtained later on after issuance of LoA.
- (vii) The Petitioner shall keep the Commission informed of all permissions/approvals granted, as and when the same are obtained provided further that Petitioner shall complete the process of land acquisition (for phase I and phase II) and obtain all necessary clearances within 06 months from the date of this Order, failing which the instant approval of phase I shall stand automatically cancelled.
- (viii) Since the proposal has been initiated on the basis of Hon'ble CM's announcement and GoU's intention to develop transmission project network, therefore, PTCUL should explore and make its all endeavor for the financial assistance in the matter from the GoU.
- (ix) 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.

2.5. 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)
Member (Technical)/Chairman(I/c)