

**Before**  
**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No. 28 of 2022**

**In the Matter of:**

Waiver of Supervision charges for upgradation works of 220 KV D/C Mahuakhedaganj-Kashipur including LILO of SEPL by replacement of ACSR Zebra Conductor with high capacity ACCC Conductor to be executed by the Petitioner as per UERC order dated 05.03.2021.

**And**

**In the Matter of:**

M/s Sravanthi Energy Private Limited  
Registered Office: 7th Floor, Block -B,  
Building Number 9, DLF Cyber City,  
DLF Phase III, Gurugram - 122 002,  
Haryana, India.

...Petitioner

**&**

**In the Matter of:**

Power Transmission Corporation of Uttarakhand Limited  
Registered Office: Vidyut Bhawan,  
Saharanpur Road, Dehradun.

...Respondent

**Coram**

**Shri D.P. Gairola**

**Member (Law)/Chairman(I/c)**

**Shri M.K. Jain**

**Member (Technical)**

**Date of Hearing: September 27, 2022**

**Date of Order: October 14, 2022**

**ORDER**

This Order relates to Petition filed by M/s Sravanthi Energy Pvt. Ltd. (hereinafter referred to as "the Petitioner" or "SEPL") in the matter of waiver of Supervision charges for Upgradation works of 220 KV D/C Mahuakhedaganj-Kashipur including LILO of SEPL by replacement of ACSR Zebra Conductor with high capacity ACCC Conductor to be executed by the Petitioner as per UERC order dated 05.03.2021.

## 2. Background

- 2.1 M/s Sravanthi Energy Pvt. Ltd. is a generating company having a 214 MW (225MW ISO/Phase I) gas based Combined Cycle Power Plant on build own and operate basis at village located at village Khaikhera, Kashipur in Udhamasingh Nagar.
- 2.2 In relation to Phase I, the date of commission of Gas Turbine was 23.08.2016 (Open Cycle) while the Steam Turbine was commissioned on 20.11.2016 (Combined Cycle). Thereafter, the Petitioner entered into a Power Purchase Agreement with the Distribution Licensee on 28.07.2016 whereas, the Petitioner signed a Connectivity Agreement with Power Transmission Corporation of Uttarakhand Ltd. (hereinafter referred to as "PTCUL" or "Respondent No. 1") for LILO of one circuit of 220 kV Mahuakheraganj-Kashipur Line at 220 kV Switching sub-Station of SEPL for Phase I (214 MW) on 05.07.2017 and further, for Phase II (214 MW) dated 10.09.2021.
- 2.3 Earlier, the Commission in the year 2017, had *inter-alia* accorded investment approval to PTCUL for Replacement of ACSR Zebra Conductor in 220 kV D/c Mahuakheraganj (220kV)-Kashipur (400 kV) Line (including LILO portion for M/s SPEL) with the High Capacity ACCC Conductor, vide Order dated 07.02.2017.
- 2.4 Later, when PTCUL did not execute the aforesaid work, Petitioner took initiative of upgradation of D/c line and requested the Commission to allow it to undertake the said work. The Commission vide Order dated 05.03.2021 granted approval to SEPL for upgradation works of 220 kV D/c Mahuakheraganj-Kashipur Line including LILO of SEPL by replacement of ACSR Zebra Conductor with high capacity ACCC Conductor. However, the Commission at para 3.11 of the said Order directed the following:
- "3.11 In view of the above, the upgradation work of 220 kV D/C Mahuakheraganj Kashipur line by replacement of ACSR Zebra conductor with high capacity ACCC conductor may be carried out by the Petitioner with the following conditions:*
- (i) The estimate for carrying out the upgradation work shall be prepared by M/s SEPL and vetted by PTCUL.*

- (ii) *The above work shall be executed by M/s SEPL under the strict supervision of PTCUL so that the proposed line after upgradation can be handed over to STU/PTCUL.*
- (iii) *All pre-despatch inspection tests shall be witnessed by PTCUL.*
- (iv) *The proposed line after the upgradation shall be handed over by M/s SEPL to PTCUL and thereafter, the said line shall be part of intra-State transmission system.* (v) *From the date of handover of the upgraded line, proportionate O&M charges for the line, bays and ICTs used w.r.t. power injected by Phase-II of the project and energy handled by these elements shall be borne by M/s SEPL and it shall also account for the same separately and no incidence of the same should devolve on Phase-I of the project for which it has PPA with UPCL.*
- (vi) *Actual Losses for power injected shall be borne by M/s SEPL w.r.t. Phase-II of the project.*
- (vii) *The other modalities as necessary may be chalked out by the Petitioner and the Respondent for smooth and timely completion of the said work.*
- (viii) *PTCUL to grant connectivity and sign a permanent connectivity agreement with the Petitioner for connectivity of 214 MW phase-II of 2x225 MW(ISO) gas based combined cycle power plant at LILO point of 220 kV Mahuakhedaganj-Kashipur line matching with commissioning schedule of phase II of the Petitioner's Project."*

2.5 Pursuant to this, a letter dated 05.05.2022 was sent by Respondent to Petitioner regarding estimation of Supervision Charges payable by the Petitioner. Accordingly, the Petitioner vide letter dated 11.05.2022 sent a letter to PTCUL stating:

*"...that as per our proposal with PTCUL and UERC, the total investment on upgradation work for 220 kV D/C Mahuakhedaganj-Kashipur PTCUL line shall be borne by SEPL under PTCUL supervision, same shall be handed over to M/s PTCUL after completion of work and there shall be no supervision charges applicable on this."*

2.6 Thereafter, reminders were received by SEPL from Respondent to deposit aforesaid Supervision Charges for upgradation of 220 kV D/C Mahuakhedaganj-Kashipur including LILO. Further, SEPL received letters from Executive Engineers (O&M) Division Kashipur and Mahuakhedaganj

directing it to deposit Rs. 4.43 Cr. (2.56 Cr. related to Kashipur S/s and Rs. 1.87 Cr related to Mahuakhedaganj S/s) for modification/alternations works at 400/220 kV S/s Kashipur, 220 kV S/s Mahuakhedaganj and its S/s as per connectivity agreement for Phase-2 dated 10.09.2021.

- 2.7 Accordingly, aggrieved by the aforesaid demand for Supervision Charges by the Respondent, the Petitioner approached the Commission vide letter dated 22.08.2022, requesting the Commission to issue directions to PTCUL to withdraw the claim on Supervision Charges for smooth and timely execution of works. In response to this, the Commission, instead, vide letter dated 29.08.2022, directed the Petitioner to file a separate Petition in the matter while acknowledging it to be a dispute between the Petitioner and Respondent.
- 2.8 In compliance to the above directions of the Commission, Petitioner filed the instant Petition on dated 01.09.2022. Later, the Commission admitted the Petition on dated 08.09.2022 and accordingly, vide letter dated 08.09.2022 informed the parties of the admittance of the Petition and further directed them to submit their comments latest by 26.09.2022. Subsequently, the Commission decided to hear the parties on 27.09.2022 and vide letter dated 12.09.2022 communicated the same to the parties.
- 2.9 On the day of hearing, Petitioner and Respondent made their arguments vociferously which were heard in detail by the Commission and the Commission has examined the same in the paras below.

### **3. The Petitioner has submitted that:**

- 3.1 The line upgradation cost is being completely borne by it and same shall be handed over to M/s PTCUL after completion of work.
- 3.2 M/s SEPL would be incurring expenditure in strengthening the line which will remain as an asset of PTCUL, and the said expenditure will not be a deposit work. Further, with the upgradation of line and enhanced capacity, the STU will benefit in all respect, accordingly SEPL and in turn the consumers of the State should in no way be burdened with the supervision charges.
- 3.3 With the upgradation of line, SEPL should in no way be further burdened with the supervision charges which comes as an additional cost especially at a time when the works are already underway. Also, as stated above, given that our budgeted costs for the scope of work have already increased due to additional

works, further levies which are completely avoidable would make the process unfair and more expensive.

3.4 The Commission may:

*"2. Grant permission for waiver of Supervision charges for Upgradation works of 220 kV D/C Mahuakhedaganj-Kashipur line including LILO of SEPL by replacement of ACSR Zebra Conductor with high capacity ACCC Conductor as per UERC order dated 05.03.2021;*

*3. Grant the permission to take the change of equipment's at bays of Kashipur, Mahuakhedaganj, SEPL substations by SEPL along with HTLS works in place of deposit the amount to PTCUL, same provisions mentioned in the UERC order dated 05.03.2021 to match our commissioning schedule."*

**4. Respondent has submitted that:**

4.1 It has charged @ 15% Supervision Charges for said work as per the Office Memorandum No. 196 date 30.01.2002 issued by Director (Operation), UPCL, Dehradun. The estimate was framed on the basis of this OM, there is no amendment of this order after formation of PTCUL to till date.

4.2 The Supervision charges shall be deposited as per the Commission order dated 05.03.2021 as per clause no. 3.11(ii):

*"The above work shall be executed by M/s SEPL under strict supervision of PTCUL so that the proposed line after upgradation can be handed over to STU/PTCUL"*

4.3 M/s SEPL vide his office letter no. SEPL/PTCUL/Tx.Line/012/2022 dated 11.05.2022 has requested Managing Director, PTCUL, Dehradun to give direction on not to raise any claim of Supervision Charges against the said work. Since both the parties are commercial entities governed by the Rules & Regulations of the Commission, hence, the matter is placed before the Commission for consideration.

4.4 Supervision Charges @ 15% have been charged as per the procedure normally laid on Departmental work carried out by PTCUL and claim of Supervision Charges is validly based on provisions of UPSEB/UPCL Account Codes (Financial handbook Volume-V part Ist & Part VIth and Uttarakhand FHB Part Ist).

- 4.5 The change of equipment at bays of 400 kV S/s Kashipur, 220 kV S/s Mahuakhedaganj and M/s SEPL may be taken up by M/s SEPL along with HTLS work in place of depositing of the amount to PTCUL subjected to the Norms and Standards are followed as per the provision mentioned in Hon'ble UERC dated 05.03.2021 Clause No. 3.11:

*“(vii) The other modalities as necessary may be chalked out by the Petitioner and the Respondent for smooth and timely completion of the said work”.*

## **5. Commission Observation, Views & Decision**

- 5.1 The issue of levying Supervision Charges by the Respondent Company is a dispute arising out of legitimate concerns of the parties leading to an impasse. This issue/impasse was earlier brought to the knowledge of the Commission by Petitioner vide its letter dated 22.08.2022 (Supra). We had then taken notice of the concern raised by it in the said letter and had directed the Petitioner to file a Petition for redressal of dispute and accordingly, the Petitioner did so. Consequently, this Commission admitted the Petition on 08.09.2022, as there existed apparent and evident dispute that needed to be redressed. Regarding this, it is necessary to mention that the upgradation works of 220 kV D/C Mahuakhedaganj-Kashipur Line to be undertaken by M/s SEPL was approved by this Commission vide Order dated 05.03.2021 and it was vide the said Order that the Commission had directed the parties to complete their respective works in time. Hence, considering these events that led to the present dispute in the matter, the Commission admitted the Petition.
- 5.2 Now coming to the dispute i.e., legitimacy of levy of Supervision Charges by the Respondent Company is also the sole issue for our consideration and disposal. Before delving to examine legitimacy of Supervision Charges, we rewind ourselves back to examine the responsibility of upgradation of the aforesaid line so that it helps us to ascertain the question of legitimacy of levy of Supervision Charges. For this, we go back in the year 2017, wherein, Respondent Company had sought approval from this Commission for allowing it to invest on certain projects which included upgradation of 220 kV Mahuakhedaganj-Kashipur Line. In the said petition, Respondent had submitted before this Commission that the 220 kV line network on Zebra Conductor is insufficient to evacuate total power generated from the 3 gas

stations of M/s Sravanthi Energy Pvt. Ltd., M/s Gama Infra Prop Pvt. Ltd & M/s Beta Infra Pvt. Ltd. and needs upgradation. The said submission is recorded in Commission's investment approval Order dated 07.02.2017 which is reproduced hereunder:

*“(b) Replacement of ACSR Zebra conductor in 220 kV Mahuakheraganj (220 kV)-Kashipur (400 kV)-II nd Ckt Line with high capacity ACCC Conductor.*

*Petitioner has stated that 220/132/33 kV S/s Mahuakheraganj (2x100 MVA+ 2x80 MVA) is connected to 400 Kv S/s Kashipur, 02 Gas based generators (namely M/s Sravanti Energy Pvt. Ltd. and M/s Gama Infra Prop Pvt. Ltd.) at 220 kV voltage level and 02 nos. 132 kV S/s namely 132 kV S/s Kashipur and 132 kV S/s Thakurdwara (UP) resulting in flow of power in the existing 220 kV line between 400 kV Kashipur S/s and 220 kV Mahuakheraganj S/s close to its maximum loading capacity.*

*The status of present and future maximum power to be generated in future by these gas generating stations, as submitted by PTCUL, is shown below:*

<b>Name of power generator</b>	<b>Present load</b>	<b>Max. Load to be generated in future</b>
<i>M/s Sravanthi Energy Pvt. Ltd.</i>	214	225
<i>M/s Gama Infra Prop Pvt. Ltd.</i>	104	225
<i>M/s Beta Infra Pvt. Ltd.</i>	0	225
<b>Total Load</b>	<b>318</b>	<b>675</b>

*To justify the proposal, the Petitioner has submitted that there are three 220 kV transmission lines for the evacuation of total generated power by the above gas generating stations. The present 220 kV line network on Zebra conductor is insufficient to evacuate the total power generated by the said generating stations. For evacuation of the generated power efficiently, capacity of 220 kV system is to be enhanced by replacement of existing ACSR Zebra conductor in 220 kV Mahuakheraganj (220 kV)-Kashipur (400 kV)-II nd Ckt Line with high capacity ACCC Conductor.”*

Pursuant to this, the Commission received a Petition from Petitioner for allowing it to undertake the upgradation works of the said Mahuakhedaganj-Kashipur Line as PTCUL did not take-up the upgradation works despite having requested investment approval for it from this Commission. Considering the delay already caused in upgradation of line and urgency of

the works, the Commission acceded to the request of Petitioner and allowed it to upgrade the said line vide order dated 05.03.2021. It is imperative to note that in the said Order of this Commission, the Commission had pulled up Respondent, reminding it of its responsibility of ensuring development of an efficient, coordinated and economical system of intra-State Transmission Line for smooth flow of electricity from generating stations to the load centers. This was vis-s-vis in relation to ensuring smooth evacuation of power from Petitioner's plant. The relevant para of the said order is reproduced hereunder:

*"3.7 On the contention of PTCUL that the proposal for replacement of ACSR Zebra Conductor with High Capacity ACCC conductor in 220 kV D/C Mahuakheraganj-Kashipur line is withheld by it till future requirement of UPCL, it is worth mentioning that PTCUL being an STU has a much larger role to play in terms of planning and development of transmission system within the State in accordance with the Act/Regulations. In accordance with Section 39 of the Act, an STU, inter-alia, is required to discharge functions of planning and to ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines for smooth flow of electricity from a generating station to the load centres and also to provide non-discriminatory access of IaSTS to licensees, generating companies and other designated IaSTS customers (DICs). Accordingly, the Respondent, as an STU, has the paramount responsibility of development/strengthening /augmentation of transmission system necessary for transmission of power to meet the future load growth as well as up-coming generation in the State, irrespective of the fact whether the consumers or the generators are drawing or selling power within the State or transacting through open access outside the State. Accordingly, the Commission directs the Respondent to strictly adhere to its perspective State Transmission Plan included in its Business Plan and Investment Approval petitions duly approved by the Commission."*

**[Emphasis added]**

We have no reservation to admit to the fact that upgradation of the line was responsibility of the Respondent Company, this view of the Commission is well communicated in the above Order of the Commission which is cogent



and binding and resonates well with the provisions of the Electricity Act, 2003 that entrusts certain duties/obligations on the Respondent Company. The position of law in the matter is sacrosanct that can be fairly understood by reading following provisions:

***“39. State Transmission Utility and functions:***

...

*(c) to ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines for smooth flow of electricity from a generating station to the load centres;”*

***“40. It shall be the duty of a transmission licensee–***

*(a) to build, maintain and operate an efficient, co-ordinated and economical inter-State transmission system or intra-State transmission system, as the case may be;”*

- 5.3 It is established beyond doubt that PTCUL was obligated to upgrade its network, however, this particularly is not an issue for our deliberation but is a steppingstone to analyze the key issue i.e., who should bear the cost incurred in supervising the upgradation works of the line and whether there is any substantial cost being incurred in supervising? To answer this let us delve a little deeper into knowing reasons for applicability of Supervision Charges and what they constitute. Since there are no Regulations as such which can cover this particular case in hand and otherwise also, Regulations are silent on levy of Supervision Charges by Licensee on a generator. However, for reference we seek refuge of clause 28 of Regulation 3.4.3 of the UERC (The Electricity Supply Code, Release of New Connection and Related Matters) Regulations, 2020 that talks about Supervision Charges demanded by a Distribution Licensee from the applicant consumer seeking HT/EHT connections and who opts to construct the line for connecting its premises to the nearest distribution/transmission mains. Besides, the Supervision Charges are not explained so elaborately elsewhere, therefore, we take these Regulations as relative for examining the case of Respondent company. The said Regulation is reproduced hereunder:

*“(28) The Applicant can opt for constructing the line/sub-station on its own through a Class -1 licensed Contractor subject to the approval of the*

*drawings/design of the distribution Licensee/transmission Licensee as the case may be with deposition of supervision charges @ 15% of material and labour cost excluding establishment cost. The said supervision charges shall cover following but not limited to -*

- (a) Supervision of survey works: Preliminary, detailed, check and contour survey, checking of profiles, tower schedules and route alignments, land schedules etc.*
- (b) Checking of soil investigation data.*
- (c) Assistance in obtaining various statutory clearances and publication of statutory notifications.*
- (d) Checking and approval of drawings, designs, technical specifications of all HT/EHT equipment such as power transformers, switchgears etc., structures, line materials, control protection schemes, cable schedules & approval of vendors.*
- (e) Pre-delivery inspection of all HT/EHT equipment and materials at the manufacturers' works.*
- (f) Supervision of construction works like foundation and erection of equipment etc.*
- (g) Final checking and testing of the equipment.*
- (h) Arrangement of line clearances.*
- (i) Assistance in the inspection of Electrical Inspectorate/Department of Electricity Safety, GoU.*
- (j) Charging of the electrical installations."*

From the above we see that there is an expenditure/cost of supervising works, however, the concern we ought to ponder upon is, if PTCUL is duty bound to create a facility/infrastructure, should it be allowed to take/levy Supervision Charges from an entity which out of an impelling necessity has taken upon itself the responsibility/duty of upgrading the aforesaid line, which evidently is responsibility of PTCUL. To answer this, we will again go over what Supervision Charges in general mean.

It is learned that these Supervision Charges are levied to compensate for the time and expertise provided by the Licensee. Here, PTCUL is indeed

providing its time and expertise for helping Petitioner, however the same is invested to create a network which shall after completion be owned and operated by PTCUL and shall be PTCUL's property, Petitioner here is acting as a contractor supposedly engaged by PTCUL who is investing its own money for upgradation of this line. Moreover, with up-gradation of 220 kV D/c Mahuakhedaganj-Kashipur line, a spare capacity shall be available in the system under various N-1/T-1 contingencies leading to overall strengthening of State transmission system. A favour that should reap gratitude is reprimanded by levying Supervision Charges appears to be an irony of highest order. We firmly believe that the line upgradation was an indispensable obligation of PTCUL, supervision of such works with or without involvement of Petitioner is its duty, such works are any way routine works of Respondent Company, counting it as an expense is a patently erred wisdom.

5.4 Therefore, considering the above, the Commission is of the view that the demand of levying Supervision Charges by PTCUL is unjustified and does not stand sound on the grounds of logic, prudence, or law. We deliver this order in favour of the Petitioner and accordingly set aside such demand of PTCUL with directions that:

- a. PTCUL should undertake the additional works i.e. (i) construction of 132 kV D/C Mahuakhedaganj-Jaspur line (ii) installation of an additional 220/132 kV 160 MVA transformer alongwith its associated bays at 400 kV Kashipur S/s (iii) installation of an additional 100 MVA transformer alongwith its associated bays at 220 kV Mahuakhedaganj without any further delay so that the generation from M/s SEPL and M/s GIPL is not bottled up under normal or N-1/T-1 contingencies.
- b. The Petitioner to carry out the necessary modification/alternation works including Bus bar, terminal equipments works etc. at 400/220 kV S/s Kashipur, 220 kV S/s Mahuakhedaganj and its own S/s consequent to upgradation of 220 kV D/C Mahuakhedaganj-Kashipur line including LILO of SEPL under the strict supervision of PTCUL.

- c. The Petitioner should provide spare HTLS conductor alongwith other hardware/accessories to PTCUL post upgradation of the line as per the provisions in the estimate.
- d. M/s SEPL shall give guarantee for all the line equipments against any defective design, material and manufacturing and workmanship.
- e. All expenses to be incurred on getting statutory and RoW clearances, including Electrical Inspector clearance shall be borne by M/s SEPL.

Ordered accordingly.

**(M.K. Jain)**  
**Member (Technical)**

**(D.P. Gairola)**  
**Member (Law) / Chairman (I/c)**