

BEFORE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

Filing No: 147/2019

Petition No-.../2019

IN THE MATTER OF:

FILING OF MYT PETITION FOR APPROVAL OF CAPITAL COST AND DETERMINATION OF
TARIFF FOR THE PERIOD STARTING FROM COD (05.06.2016) TO FY 2023-24 FOR
33/220KV, 80/100 MVA GIS SUBSTATION AT PHOJAL ALONG WITH 220KV D/C LILO
TRANSMISSION LINE

AND IN THE MATTER OF:

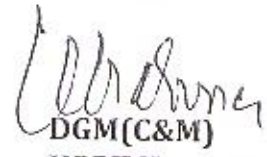
HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LTD. HIMFED BHAWAN,
PANJARI, SHIMLA - 5.

.....PETITIONER

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DATED: 31th January, 2020

FILED BY


DGM(C&M)
HPPTCL, SHIMLA-5

BEFORE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

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AND IN THE MATTER OF:

HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LTD. HIMFED BHAWAN, PANJARI, SHIMLA - 5.

.....PETITIONER

Reply on behalf on the Petitioner to the Data gaps raised by the Hon'ble Commission vide letter dated 13.01.2020

Respectfully Showeth:

- I. That the Petitioner has filed the above titled Petition for approval of capital cost and determination of tariff for the period starting from COD (05.06.2016) to FY 2023-24 FOR 33/220KV, 80/100 MVA GIS substation at Phojal along with 220KV D/C LILO transmission line.
- II. That the Petitioner vide its letter dated 07.09.2019 had submitted detailed replies to the queries sought by the Hon'ble Commission vide its letter dated 31.08.2019.
- III. That the Petitioner vide its letter dated 14.11.2019 had submitted detailed replies to the additional data gaps sought by the Hon'ble Commission vide its letter dated 05.10.2019.
- IV. That vide letter dated 13.01.2020 the Hon'ble Commission has raised certain additional data gaps to be replied by the Petitioner.
- V. That the Petitioner do hereby humbly submit the point wise reply to the data gaps raised by the Hon'ble Commission as under:

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**POINT WISE REPLY ON DEFICIENCIES RAISED BY HPERC ON PHOZAL
PETITION FILED BY HPPTCL**

- 1) Capitalization of Rs. 5.30 Crore in FY 2019-20 has been proposed. It is required to provide details of actual capitalization in FY 2019-20 till December 2019 along with break-up.

Reply: It is submitted that the Petitioner in the Petition had projected the additional capital expenditure of Rs. 5.30 Crore in FY 2019-20 towards the restoration works on account of damage caused by the flash floods on 23rd and 24th September 2018, which was beyond the control of the Petitioner. It is submitted that the actual capital expenditure against the same is Rs. 1.53 in FY 2019-20 (upto December, 2019), which is yet to be capitalized. The detail of actual capital expenditure upto December 2019 is as follows:

Particulars	Amount (Rs.)
Construction of counterfort, construction of road curve etc.	10946718
Repair of special Tower No. 1	4379550
Total	15326268

- 2) The board approval dated 30.06.2018 for project cost of Rs. 93.63 Cr has been provided. However, it is observed that Rs. 99.90 Cr. of total project cost including additional capitalization has been proposed. This issue needs detailed clarification and justification regarding variation in approval of project cost of Phojal line and substation.

Reply: It is submitted that the break up of the revised estimated project cost of Rs. 93.63 Crore and actual cost as on COD is as follows:

Particulars	Revised Estimate Amount (Rs. Crore)	Actual Capital Cost as on COD (Rs. Crore)	Reason for deviations
Substation Hard Cost	69.28	63.95	Variation is on account of provision of land of Rs. 2.55 Crore considered under the revised estimate for accommodation of staff, price variation and taxes
IEDC	7.54	2.35	Actual Departmental Charges decreased as compared to provision made in revised estimate
IDC	0.00	5.24	Provision was not made in revised estimate for IDC
Sub-total	76.82	71.54	
Transmission Line Hard Cost	15.17	14.49	

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RANJAN K. HANU
Advocate cum Public
Notary at Phojal
Bilateral Legal Services

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Particulars	Revised Estimate Amount (Rs. Crore)	Actual Capital Cost as on COD (Rs. Crore)	Reason for deviations
IEDC	1.65	0.53	Actual Departmental Charges reduced as compared to provision made in revised estimate
IDC	0.00	1.19	Provision was not made in revised estimate for IDC
Sub-total	16.81	16.21	
Grand Total	93.63	87.75	

Further, it is submitted that the total project cost of Rs. 99.90 Crore as projected in the Petition also includes the projected additional capital expenditure of Rs. 2.85 Crore in FY 2018-19 and Rs. 5.30 Crore in FY 2019-20 towards the restoration works on account of damage caused by the flash floods on 23rd and 24th September 2018, which was beyond the control of the Petitioner. Further, the Petitioner has also projected additional capital expenditure of Rs. 4.00 Crore towards cost of land and civil works for staff accommodation (of which Rs. 2.55 Crore provisioning was made in revised estimate for cost of land). Therefore, it is requested to the Hon'ble Commission to approve the project cost of Rs. 99.90 Crore as claimed by the Petitioner in the Petition.

- 3) Certificate of Commissioning from competent agency for 33/220kV, 80/100 MVA GIS Sub Station Phojal along with 220kV D/C LILO Transmission line is required to be provided.

Reply: It is submitted that as per the HPERC Tariff Regulations, COD of a transmission element is defined as the date declared by transmission licensee from which the transmission asset is in regular operation after successful charging and trial operation. Accordingly, the Commercial Operation Date (COD) of instant assets is 05.06.2016. As a proof of COD, the petitioner hereby submits the approval for shut down as conveyed by Northern Regional Load Dispatch Center (NRLDC) for LILO of 220kV Phojal to Patlikul Transmission Line of HPPTCL to AD Hydro (ADHPL) and detail of code received from NRLDC and RTAMC for charging and shut down of line is attached as Annexure-1.

- 4) 72% of equity in overall debt equity mix for funding the capital scheme with equity amounting to Rs.63.23 Cr has been claimed. It is required to provide the following details:

- a. Source of equity funding.

ATTESTED Reply: It is submitted that the equity has been infused by GoHP in HPPTCL.

RADHAKRISHNAN
Advocate
New Barrage
Bilaspur, Jharkhand

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b. Whether any grant has been provided by the Government.

Reply: It is submitted that the HPPTCL has not received any grant from the Government.

c. Documentary evidences of equity disbursed to HPPTCL.

Reply: It is submitted that the equity in HPPTCL is infused by GoHP. It is further submitted that equity disbursement by GoHP is not scheme wise and whatever equity is received is allocated to ongoing projects. Accordingly, Documentary evidence of the equity disbursed by GoHP to HPPTCL during FY 2013-14 to FY 2016-17 is attached as **Annexure-2**. Further, allocation of the same to the Phojal transmission system is as follows:

Financial Year	Date	Letter Reference No.	Amount (Rs. Crore)	Equity allocation to Phojal Substation and Line (Rs. Crore)
2010-11	22.07.2010	SJE-B-C(10)11/2010	15.00	2.24
	24.08.2010	MPP-C(7)2/2008	20.00	
	10.02.2011	MPP-C(7)2/2008	25.00	
		Total (A)	60.00	
2011-12	15.12.2011	No. SJE-SCSP(D.32-San/MPP)2-18-2009	7.75	2.14
	22.02.2012	MPP-C(5)3/2012	42.25	
		Total (B)	50.00	
2012-13	07.01.2013	MPP-C-(16)4/2010	5.78	0.13
		Total (C)	5.78	
2013-14	15.01.2014	MPP-C(7)2/2008	8.00	11.94
		Total (D)	8.00	
2014-15	01.08.2014	MPP-C(7)2/2008	8.03	32.89
	13.03.2015	MPP-C-(7)2/2008	17.93	
		Total(F)	25.96	
2015-16	14.10.2015	MPP-C(7)2/2008	11.03	2.61
	14.03.2016	MPP-C(7)2/2008	12.72	
	25.03.2015	MPP-C(16)3/2012	9.04	
		Total(G)	32.79	
2016-17	06.09.2016	MPP-C-(7)2/2008	12.89	11.24
	25.03.2017	MPP-C-(7)2/2008	6.62	
	Total Equity Received During the Financial Year 2016-17 is Rs. 19.51 out of which Rs. 9.51Crore Pending (Share not Issued Less:		9.62	
		Total (I)	29.13	
Grand Total (A+B+C+D+E+F+G+I)			211.66	63.22

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RAJESH K. SHARMA
 Adm. Officer, Public
 Nov. 2017
 Bldg. 10, State
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- 5) It is observed that loan amount availed is Rs 23.5 Cr. only against the proposed Phojal system. Loan Agreement signed with REC along with its amendments and disbursement letter(s) specific to this scheme is required to be furnished.

Reply: The Loan agreement with REC is attached as Annexure 3. Further, it is submitted that the HPPTCL has received common loan facility from REC for scheme of Phojal and Karian Substation. Accordingly, allocation of loan between the projects is based on the requirement of each scheme. The statement showing year wise total loan disbursed to pool account of Phojal and Karian is attached as Annexure-4, whereas the amount allocated to Phojal Substation is attached is as follows:

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Total
Loan (Rs. Crore)	1.28	22.24	0	0	23.52

- 6) In reply to first query, details of charges recovered from various beneficiaries against the power evacuated through Phojal line and Substation has been provided. It is further required to provide following details:

a. Certificate from Auditor substantiating the above recovered charges

Reply: The year wise charges recovered from various beneficiaries against the power evacuated through Phojal line and Substation is as follows:

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Charges recovered (Rs. Lakh)	107.69	169.92	155.76

It is further submitted that the said amount is booked under the head of Transmission charges for Phojal in each year's audited account respectively.

b. Methodology for accounting the above charges in the proposed ARR

Reply: It is submitted that the year wise charges recovered from the beneficiaries shall be adjusted against the bill amount based on the tariff approved by the Commission along with the carrying cost.

c. Actual capacity handled during FY 2016-17 to FY 2019-20

Reply: Actual capacity handled by Substation during FY 2016-17 to FY 2019-20 is as follows:

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Advocate General
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[Signature]

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Actual handled Capacity (MW)	42.33	53.43	54.83	56.14

It is to be noted that since it's a LILO system, for Phojal Patlikul transmission line, the design and parameter of the original transmission line of the AD Hydro has to be followed along with the consideration of n-1 contingency. Further, the actual load flow through Phojal Patlikul transmission line may also vary based on the injection of power from AD hydro and Everest Power.

- 7) It is observed that cost of Phojal substation as per revised approved DPR dated 30.06.2018 and letter sent to REC dated 19.06.2019 is Rs 66.51 Crore. However, cost of substation as per Audited Accounts of HPPTCL for FY 2016-17 is Rs 67.62 Cr. This issue needs detailed clarification and justification regarding variation in project cost of Phojal Substation.

Reply: It is humbly submitted that in revised approval dated 30.06.2018 and letter sent to REC dated 19.06.2019, the estimated cost for substation has been mentioned as Rs. 76.82 Crore. It is submitted that the figure of Rs. 66.51 Crore to which the Hon'ble Commission is referring, is the substation cost excluding IDC, Departmental charges, taxes and contingency after including which it comes to Rs. 76.82 Crore(excluding IDC).

- 8) In reply to the previous queries, the details of cost escalation and also reference of REC letter for cost overrun has been provided. It is required to provide component wise details of original cost envisaged at the time of DPR and actual cost incurred as on COD in the format provided below:

Reply: HPPTCL submits that the Capital Cost of the instant project was originally envisaged as Rs. 70.40 Crore (excluding IDC and Departmental Charges) based on the scope of work defined in original DPR. However, due to change in scope of civil works and requirement of 2 No. of special tower which was not a part of original scope of work and on account of inclusion of other capital expenses as stated in reply to Query 7 the Cost of the scheme was further revised to Rs. 93.63 Crore as per the revised approval dated 30.06.2018. The actual cost of the project as on COD is Rs. 87.75 Crore including IDC and Departmental charges. As required, a comparison has been shown below for each head of the capital cost in the prescribed format of the Hon'ble Commission which is attached as

Annexure-5.

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Nov. 2018
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- 9) In reply to query-1&2 regarding submission of Auditor's Certificate, reference of Audited Accounts of HPPTCL for FY 2016-17 has only been provided, where the mentioned project cost is Rs. 83.07 Cr. It is required to submit the Auditor's certificate with respect to the cost of each element of the project as on date of commissioning.

Reply: It is submitted that the mentioned cost of Substation and transmission line in the CWIP statement is excluding the cost of land, which is booked separately. Accordingly, the reconciliation of the actual cost as on COD with the audited accounts is as follows:

Sr. No.	Particulars	Amount (Rs. Crore)
1	Actual Cost of Substation as on COD as per Note 7.3 of the audited account of FY 2016-17: CWIP Statement	67.62
2	Less: CWIP Adjustment towards Land Expense	0.25
3	Net Cost of Substation as on COD	67.37
4	Actual Cost of Transmission as on COD as per Note 7.3 of the audited account of FY 2016-17: CWIP Statement	15.45
5	Actual Cost on Land booked under the head of Land for Sub-station and transmission line in Note 7.1 (Tangible Assets)	4.92
6	Total (1-2+3+4)	87.75

Further, the Auditor Certificate with respect to Capital cost as on COD of the project is attached as Annexure-6.

- 10) IEDC charges of Rs. 2.88 Cr. for Phojal substation and line has been claimed. A detailed year wise break-up of above IEDC cost is required to be provided.

Reply: Year wise break up of Break up of IEDC is as follows:

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	Total
IEDC (Rs. Crore)	0.81	1.00	1.07	2.88

- 11) It is required to provide detailed working of IDC for Phojal substation and line.

Reply: IDC working for Phojal transmission system is attached as Annexure-7

- 12) The employee and A&G cost for FY 2016-17 to FY 2018-19 based on actual expenditure has been submitted. It is required to furnish Auditor's Certificate

ATTESTED In support of the above claims.

RANI CHAKRABORTY
Additional Commissioner, Public
Noida, Greater Noida Estate
Bihar, Bihar, Bihar

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Reply: It is submitted that the actual employee expense is Rs. 24.35 lakh, Rs. 61.45 lakh and Rs. 63.82 lakh for FY 2016-17, FY 2017-18 and FY 2018-19 respectively booked under the head of Employee Benefit expense for PIU Phojal in the respective audited accounts.

Further, with regards to A&G Expense, it is submitted that the Petitioner is in the process of preparation of Auditor Certificate and the same shall be submitted shortly.

- 13) The R&M expenses claimed for 3rd and 4th Control Period have been computed using the GFA amount of Rs. 87.75 Crore. It is required to provide actual R&M expenses for the period FY 2016-17 to FY 2018-19 along with Auditor's Certificate.

Reply: The actual Repair & Maintenance Expense for FY 2016-17 to FY 2018-19 is as follows:

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Actual R&M Expense (Rs. In Lakh)	29.12	14.78*	50.64

*It is submitted that the amount of Rs. 10.37 lakh has been adjusted against the LD received.

It is further submitted that the Petitioner is in the process of preparation of Auditor Certificate with respect to R&M Expense and shall submit the same shortly. Further, it is submitted that in the initial years of operation of transmission assets, the repair and maintenance expense is very less. Therefore, it is requested to this Hon'ble Commission to approve the R&M expense considering the k Factor as submitted in the Petition.

- 14) In reply to the query-1, the methodology for cost recovery from long-term beneficiaries has been submitted. Also, during TVS, the HPPTCL has informed that LTA has not been signed with any beneficiaries with regard to the Phojal substation and line. In absence of any long-term beneficiary, it is required to clarify from whom the long-term charges determined by the Commission against this petition shall be recovered.

Reply: It is submitted that the Petitioner has entered into Interim Power Transmission Agreement with Kanchanjunga Power Company Ltd. for evacuation of 24 MW power from Baragaon SHEP and with HPSEBL for 11.4 MW (subsequently which is to be revised to 27 MW). However, in absence of tariff approved by the Hon'ble Commission, aforesaid agreement was executed with the beneficiaries for payment of interim charges of Rs. 40,000 per MW to HPPTCL, which shall be

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RAM CHANDRA

Assistant Secretary
Public
Notary
Bardhaman

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subject to adjustment based on the tariff approved by the Hon'ble Commission for the said asset. The relevant clause of the agreement is as follows:

"3.4 In addition to the payment of Transmission charges to ADHPL M/s Kanchanjunga shall be required to pay the transmission charge for the usages of the system owned by HPPTCL i.e. Phojal Sub-station and Transmission line from the Sub-Station to the LILO point with AD Hydro system @ Rs. 40,000/- per MW per Month Subject to adjustment as per the tariff order to be passed by the Regulatory Commission in future."

Therefore, based on the ARR approved by the Hon'ble Commission, it is requested to the Hon'ble Commission to allow recovery as per the mechanism proposed by the Petitioner in reply to data gaps-1. Further, it is also submitted that in case if the asset is utilized by any other generator, then the transmission charges shall be shared between the existing and the new beneficiaries.

It is submitted that the HPSEBL has already through its letter dated 21.12.2019 has communicated to HPPTCL that it has been categorically directed to seek approval of Hon'ble HPERC before entering into any agreement and to get the tariff of Phojal transmission system approved by the Hon'ble Commission. Therefore, the Petitioner will shortly be filing an application or approval of draft supplementary TSA including Phojal transmission system before the Hon'ble HPERC.

- 15) As per table 10 of the Petition, the total capacity of the Phojal system sums upto 73 MW. Based on the submissions and documents furnished, the recovery of ARR is to be done using the above capacity of the Phojal substation and line. Clarity in this regard is required to be provided.

Reply: It is submitted the transmission systems is generally augmented to cater to the long term requirements posed by eligible entities, for example, for increase in power demand, generation capacity addition etc. The CEA Transmission Planning Criteria provides that the Planning of transmission system for evacuation of power from hydro projects shall be done river basin wise considering the identified generation projects and their power potential. Also, in case of highly constrained areas like congested urban / semi-urban area, very difficult terrain etc., the transmission corridor may be planned by taking long term perspective of optimizing the right-of-way and cost. With reference to same, HPPTCL has carried out planning of the transmission evacuation system considering the long-term requirement for the State of Himachal Pradesh and

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RANJANA CHAKRABORTY
Advocate, Himachal Pradesh
Nov 2019
BIO: [Signature] Shrimla

[Signature]

the hydro generation potential in Ravi basin. Further, in the special State like Himachal Pradesh owing to very difficult terrain, it is not possible to carry out phased construction of transmission system and the system has to be built in one go.

Further as per Planning Criteria, it is submitted that while planning the substation capacity, the STU has to consider the adequate redundancy in the system i.e. 10% to cater thermal loading and 20% to cater increase in short circuit levels of system growth. Further, the substation is to be designed in such a way that it does not limit the loading of the connected transmission lines.

Further, with regard to planning of the transmission line, STU has to consider the design parameter of the adjoining substation along with the n-1 contingency criteria. Accordingly, for 220 kV Phojal-Patlikul transmission, the minimum capacity that can be installed is 200 MW and after considering the n-1 contingency it is 400 MW. Accordingly, from above it can be observed that HPPTCL has taken due care of the Transmission Planning Criteria in deciding the evacuation capacity of the Substation and Transmission Line. Therefore, it is submitted that the principle of recovery of transmission charges cannot be linked to maximum transmission capacity as planners of transmission system do not envisage 100% loading of transmission system for obvious reasons of safety. In fact, the Central Commission in its Annexures to Statement of Reasons for Draft Sharing Regulations, 2019 have attached two technical committee reports which re-iterates our rationale. Further, in the said reports the utilisation of CTU network is recorded as even less than 35%. As against this as submitted in reply to query 6(c), the Petitioner has submitted the actual capacity handled by the instant transmission system is 56.14 MW, which is around 70% of the total evacuation capacity of the substation.

Therefore, in view of the above, it is requested to the Hon'ble Commission to allow the transmission charges considering the recovery mechanism submitted by the Petitioner in reply to Data Gaps-1.

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RANI HANU

Adm. Officer, Public
Notary, State
Bilaspur, Chhatis

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BEFORE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION
SHIMLA



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TRANSMISSION LINE

AND IN THE MATTER OF:

HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LTD HIMFED BHAWAN,
PANJARI, SHIMLA - 5.

.....PETITIONER

Affidavit verifying the Petition

I, Kamal Nain Sharma son of Shri Dina Nath Sharma aged 57 years, presently
working as Dy. General Manager (C&M), Himachal Pradesh Power Transmission Corporation
Limited, Shimla, do hereby solemnly affirm and declare as under:

1. That I am duly authorized to file this Compliance Report and swear in the affidavit
therein.
2. That the Reply to data gaps has been prepared and drafted at my instance and under my
instructions. The contents of the Data Gaps are true and correct to the best of my
personal knowledge based on official record and the advice received. No part of it is false
and nothing material has been concealed there from.
3. That the Petitioner further declares that this affidavit of mine is true and correct to the
best of my personal knowledge, no part of it is false and nothing material has been
concealed there from.

Verified at Shimla on this 31st day of January 2020

Certified that the above/overleaf who was
declared before me on 31st Jan 2020
at Shimla in the presence of
by Kamal Nain Sharma
Id. by Kamal Nain Sharma
who is personally known to me and
confirms the affidavit duly read and
explains the contents thereof to be true

[Signature]
Deponent
HPPTCL, Tullikandi, C

[Signature]
31/1/2020