



HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION
Vidyut Aayog Bhawan, Block No, 37, SDA Complex, Kasumpti, Shimla-171009

Tel No.0177-2627263,2627907,2627908 Fax.No.0177-2627162

E-mail: hperc@rediffmail.com Website:www.hperc.org

No. HPERC-F(1)-11/2019-2765-66

Dated:13.01.2020

To

The Dy. General Manager (C&M),
HPPTCL, Himfed Building,
Tutikandi, Shimla-05.

Subject: - Petition for approval of capital cost and determination of tariff for 3rd and 4th Control Period from COD to FY2023-24 for 33/220kV, 80/100MVA GIS Sub-Station Phojal along with 220kV D/C LILO Transmission Line.

Sir,

This has a reference to the subject cited petition filed by the HPPTCL. During the Technical Validation Session (TVS) held on 04.12.2019, some queries were raised and some additional documents were sought. The details are hereunder:-

1. Capitalization of Rs. 5.30 Cr. 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.
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.
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.
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.
 - b) Whether any grant has been provided by the Government.
 - c) Documentary evidences of equity disbursed to HPPTCL.
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.
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
 - b) Methodology for accounting the above charges in the proposed ARR

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

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 Cr. 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.
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:

Cost Heads	Cost as per DPR (Rs. Cr.)	Revised Cost (Rs. Cr.)	Reason for cost revision
Phojal Substation			
Cost of Pvt. Land Acquisition			
Cost of Tree Cutting, afforestation and forest land diversion			
Preliminary Works			
Cost of Supply			
Cost of Civil Works and erection of equipment			
Cost Head.....			
Cost Head.....			
IDC			
IEDC			
Total cost			
Phojal Transmission line			
Compensation for Pvt. Land, tree, crop			
Cost of Supply			
Cost of Erection			
Cost head....			
Cost head....			
IDC			
IEDC			
Total cost			

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.
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.
11. It is required to provide detailed working of IDC for Phojal substation and line.
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 in support of the above claims.

13. The R&M expenses claimed for 3rd and 4th Control Period have been computed using the GFA amount of Rs. 87.75. It is required to provide actual R&M expenses for the period FY 2016-17 to FY 2018-19 along with Auditor's Certificate.
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 Phojar 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.
15. As per table 10 of the Petition, the total capacity of the Phojar 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 Phojar substation and line. Clarity in this regard is required to be provided.

It is, therefore, requested to submit the data/reply to above deficiencies before **27th January, 2020** positively so that further action can be taken by the Commission accordingly.

Yours sincerely,

Sd/-

Executive Director (Tariff)

Copy to the Managing Director, HPPTCL, Himfed Building, Tutikandi for information and necessary action, please.

Sd/-

Executive Director (Tariff)