

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY
COMMISSION, SHIMLA

Filling No- 167/2019
Petition No-

IN THE MATTER OF

FILLING OF MYT PETITION FOR APPROVAL OF CAPITAL COST AND DETERMINATION OF
TARIFF FOR FY 2016-17 TO FY 2023-24 OF 220KV D/C KASHANG BHABA TRANSMISSION
LINE OF HIMANCHAL PRADESH TRANSMISSION CORPORATION LTD. (HPPTCL) UNDER
THE HIMANCHAL PRADESH ELECTRICITY REGULATORY COMMISSION (MULTI YEAR
TARIFF) REGULATIONS AND ITS AMENDMENTS THEREOF AND UNDER SECTION 62 READ
WITH SECTION 86 OF THE ELECTRICITY ACT 2003

AND IN THE MATTER OF

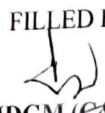
HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED, HIMFED
BHAWAN, PANJARI, SHIMLA-171005.

.....PETITIONER

INDEX

Sr. No.	PARTUCULARS	PAGE No.
1	Reply to the queries raised Hon'ble Commission vide letter dated 4-11-2019	1-8
2	Affidavit	9

DATED: 14th November 2019
SHIMLA

FILLED BY

{DGM (C&M)}
HPPTCL, Shimla-171005.

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

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HIMACHAL PRADESH POWER TRANSMISSION CORPORATION LIMITED, HIMFED
BHAWAN, PANJARI, BELOW OLD MLA QUARTER, SHIMLA -171005

PETITIONER

Reply on behalf on the Petitioner to the Data gaps raised by the Hon'ble Commission vide
letter dated 04/11/2019

Respectfully Showeth:

- I. That the Petitioner has filed the above titled Petition for approval of Capital Cost and
determination of tariff for the period from COD to FY 2023-24 for 220 kV D/C
Kashang Bhabha Transmission line.
- II. That vide letter dated 04/11/2019 the Hon'ble Commission has raised certain data
gaps to be replied by the Petitioner.
- III. 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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Buleauganj Shimla



Reply to query-1:

It is humbly submitted that HPPTCL was notified State Transmission Utility (STU) vide notification no. MPP-A (3)-1/2001-iv dated June 10, 2010 by the Government of Himachal Pradesh. Thereafter, Hon'ble Himachal Pradesh Electricity Regulatory Commission (HPERC) recognized HPPTCL as deemed "Transmission Licensee" under Section 14 and 15 of the Electricity Act, 2003 through its order dated 31.07.2010 in Petition No. 32 of 2010 filed by HPPTCL.

Prior to HPPTCL, HPSEB (now HPSEBL) was responsible to discharge function of STU of planning and co-ordination relating to intra-State transmission system along with Generation and Distribution of electricity. Accordingly, HPSEB had planned an integrated scheme for Kashang HEP along with the transmission line. However, after unbundling, responsibility for development of the generation projects were transferred to HPPCL and development and operation of transmission line to HPPTCL.

Subsequently, an MoU 06.04.2009 was signed between the HPPCL and HPPTCL, wherein, it was agreed that HPPTCL will get transmission charges for wheeling of electricity through the instant asset approved by the Hon'ble HPERC, which will be payable by HPPCL. Further, it was also agreed that the in case if the asset is utilized by any other generator for evacuation of power in the State/regional grid, then the wheeling charges shall be shared between, the generator and HPPCL. Relevant extract of the MoU is as follows:

"WHEREAS the first party is constructing Integrated Kashang Hydro Electric Project (243 MW) in District Kinnaur of Himachal Pradesh; and

WHEREAS the second party is to construct 220 kV Kashang-Bhabha double circuit transmission line for evacuation of power from integrated Kashang into the State Grid; and

....

9. The first party shall pay the wheeling / transmission charges to the second party for the evacuation of power of Integrated Kashang HEP through 220 kV kashang-Bhabha double circuit transmission line. The wheeling charges shall be calculated as per the provisions/regulations notified by the Himachal Pradesh Electricity Regulatory Commission (HPERC) and it would be mandatory for the second party to get the wheeling charges approved from HPERC. However, in case any other project(s)/developer(s) use the transmission line for evacuation of their power in the State/regional grid, the wheeling charges shall be shared proportionately between the developer(s) of new project and the First

Party provided the first right shall always be of the First Party. A transmission

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agreement between the First Party and Second Party shall be signed separately for wheeling of power of Integrated Kashang HEP into the State grid through said transmission system."

[Emphasis Added]

It is submitted that the Petitioner has reiterated the same arrangement in its Petition also. Further, the Copy of the MoU is also attached as **Annexure-1**.

Reply to query-2 (a), 2 (e):

As per the definition of "Inter-State transmission system" under Section 2 (36), of the Electricity Act 2003, reproduced as under

"2(36) inter-State transmission system includes-

- (i) Any system for the conveyance of electricity by means of main transmission line from the territory of one State to another state;
- (ii) the conveyance of electricity across the territory of any intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity;
- (iii) the transmission of electricity within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility;"

The Hon'ble CERC in order dated 14.3.2012 in Petition No. 15/SM/2012, directed the 35 owners of inter-State transmission lines connecting two states to file appropriate petition by 20.4.2012 in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009. Accordingly, Petition No. 119/TT/2014 was filed before Hon'ble CERC on 16.12.2014 for the three existing Inter-State line i.e. 220 kV S/C Jessore-Ranjitsagar, 220 kV D/C Majri- Khodri, 220 kV D/C Kunihar-Panchkula. The Hon'ble CERC approved the tariff for the said lines and included the same in PoC mechanism after verifying that the Regional Power Committee has certified these lines as Inter-State.

Subsequently, the Petitioner had also filed Petition No. 550/TT/2014 in the matter of approval of tariff for 220/33 kV Karian substation and transmission line from Karian to Chamera-II. In the said Petition, HPPTCL had submitted that the instant line is incidental to inter-State transmission network and it is covered under the definition of inter-State transmission system as provided in Section 2(36) of the inter-State transmission lines. Also, STU lines carrying inter-State power or lines incidental to ISTS can be considered for inclusion in the computation of PoC charges if it is certified by

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Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (2010 Sharing Regulations).

However, the Hon'ble CERC in order dated 23.09.2015 in Petition No. 550/TT/2014 in the matter of determination of transmission tariff for FY 2014-15 to FY 2018-19 for 220/33 kV sub-station at Karian and 220 kV Transmission Line from Karian to Chamera-II associated with 220 kV system for Northern Grid, in Northern Region had observed as follows and directed the Petitioner to approach Hon'ble HPERC for determination of ARR and thereafter approach Hon'ble CERC for inclusion of line for PoC computation:

"7. The petition has been filed in response to the Commission's directions for determination of tariff of transmission lines owned or controlled by the STU which carry power inter-state power. This line is not an ISTS line as Karian as well as Chamera-II are in the State of Himachal Pradesh. However, Section 2(36) of the Act defines the ISTS as under:-

"2(36) inter-State transmission system includes-

- (i) Any system for the conveyance of electricity by means of main transmission line from the territory of one State to another state;
- (ii) The conveyance of electricity across the territory of any intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity;
- (iii) The transmission of electricity within the territory of a State on a system built, owned, operated, maintained or controlled by a Central Transmission Utility"

8. The petitioner has submitted that the instant line is incidental to inter-State transmission network and it is covered under the definition of inter-State transmission system as provided in Section 2(36) of the inter-State transmission lines. STU lines carrying inter-State power or lines incidental to ISTS can be considered for inclusion in the computation of PoC charges if it is certified by RPC as carrying inter-state power in terms of para 2.1.3 of the Annexure-I to the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (2010 Sharing Regulations) which is extracted overleaf:-

"xxx

xxx

(g) Overall charges to be allocated among nodes shall be computed by adopting the YTC of transmission assets of the ISTS licensees, deemed ISTS licensees and owners of the

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(RPC) for carrying inter-State power. The Yearly Transmission Charge, computed for assets at each voltage level and conductor configuration in accordance with the provisions of these regulations shall be calculated for each ISTS transmission licensee based on indicative cost level provided by the Central Transmission Utility for different voltage levels and conductor configuration. The YTC for the RPC certified non-ISTS lines which carry inter-State power shall be approved by the Appropriate Commission."

9. These assets can be considered for inclusion in the PoC only if they are certified by NRPC that these lines are used for evacuation of inter-state power. The tariff of such lines is determined by respective State Commissions by way of ARR. The Commission has worked out a methodology for the purpose of calculation of PoC charges and apportionment of transmission lines and charges to the transmission system of different configurations of the STU and this methodology has adopted in case of all the natural inter-state transmission lines. Similar procedure will be adopted in the instant case. The Commission in its order dated 18.3.2015 in Petition No. 213/TT/2015 has observed as follows:-

"17. We have not carried out any due diligence of the tariff of these lines (for consideration of PoC calculations) as the jurisdiction to determine the tariff of the lines owned by STU rests with the State Regulatory Commission. We have considered the ARR of the STU as approved by the State Regulatory Commission and have adopted the methodology as discussed in paras 15 and 16 of this order for the purpose of calculation of PoC charges and apportionment of transmission lines and charges to the transmission system of different configurations of the STU. This methodology shall be adopted uniformly for the lines owned by other STUs used for inter-State transmission of power duly certified by respective RPCs for the purpose of inclusion in the PoC mechanism."

10. We have considered the submissions of the petitioner. As the instant assets are likely to be commissioned only after December, 2015, the instant petition is disposed of with a liberty to the petitioner to file fresh petition for inclusion of line in PoC computation after the commercial operation of the lines and approval of the tariff of the instant asset by the State Commission. The petitioner is further directed to obtain the necessary certificate from the NRPC to the effect that the instant assets are being used for inter-state transmission of power. The petition filing fees deposited along with this petition will be adjusted towards the fees to be deposited by the petitioner in future petitions."

As, clarified by Hon'ble CERC, when a transmission asset owned by STU originates and ends in the same State, the jurisdiction for determination of tariff is only with the State Commission and STU post determination of the transmission tariff and obtaining the

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...CERC for inclusion of the same in POC. In this regard it is submitted that the Petitioner is in the process of obtaining NRPC certificate for the same and shall approach Central Commission or the State Commission depending upon the Certificate issued for recovery of transmission charges. It is therefore, requested that the Hon'ble Commission may kindly determine the tariff for the instant assets.

Further, with regard to Long term transmission agreement, it is submitted that the Kashang HEP has already been granted LTA for 65 MW and it has also requested HPPTCL for booking corridor for 130 MW from FY 2023-24. Copy of communication made by HPPCL is attached as **Annexure-2**.

Reply to query-2(b)

The Petitioner submits that the HPPCL has entered into a connectivity agreement with HPPTCL for granting connectivity to Kashang HEP for 195 MW on 23.09.2013. Further, HPPCL has also been granted LTOA on 18.06.2019 for 65 MW based on its application. Further, it has also filed an application for approval of LTOA for 130 MW. Copy of application for LTOA is attached as **Annexure-2**. Further, prior to the grant of LTOA the Generator was supplying power to HPSEB and had executed interim IPTA for supplying power to HPSEB. It is submitted that the Petitioner has charged a nominal amount as transmission charges in view of absence of any tariff approved till the same is approved by the Hon'ble Commission.

Accordingly, it is requested to the Hon'ble Commission to approve the tariff to be recovered from HPPCL for wheeling of the electricity through the instant asset from COD.

Reply to query-2(c)

It is submitted that the Petitioner has initiated the process for certification of instant transmission line from NRPC in terms of para 2.1.3 of Annexure-I to Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010. It is submitted that if the asset is declared as Inter State by NRPC, then based on the tariff approved by the Hon'ble HPERC, the Petitioner shall approach Hon'ble CERC for inclusion of the instant asset in the PoC mechanism else shall bill the transmission charges directly to the Beneficiary in case the same is declared as Intra-State Transmission Line.

Reply to query-2(d)

It is reiterated that as per the MoU signed between HPPTCL and HPPCL and as submitted in the Petition, the transmission charges shall be paid by Kashang HEP.

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Further, in case if the asset is utilized by any other generator for evacuation of power in the State/regional grid, then the wheeling charges shall be shared between, the generator and HPPCL.

Reply to Query-3:

It is submitted that the Petitioner has approved LTOA of 65 MW for Kashang HEP. It is further submitted that the HPPCL has also filed an application for approval of LTOA for 130 MW for Unit-II and Unit-III of Kashang HEP.

It is submitted that initially, HPPCL was selling its power from Kashang HEP Unit-I to HPSEBL. Subsequently, the Power Purchase Agreement between HPPCL and HPSEBL ended and HPPCL signed an agreement with PTC for sale of power in IEX from 07.05.2018.

Reply to Query-4:

As submitted in reply to Query-2(a), 2(e), for non-natural inter-State line (i.e. the asset incidental to only one State), jurisdiction for determination of tariff lies with the State Commission only. Further, it is submitted that as per CERC (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010, the Petitioner have to submit the RPC certificate certifying it to be Inter-State line for inclusion in PoC mechanism post determination of tariff from the State Commission. Accordingly, the Petitioner has initiated the process for the certification of the same from the RPC. However, it is prayed that the Hon'ble Commission may please determine the tariff for the instant assets.

Reply to Query-5:

The Petitioner would like to submit that as per original DPR of the Scheme the project cost was estimated to be Rs 23.94 Crore and contract was awarded on 06.06.2005 and the firm started the work on 30.08.2007. Subsequently the agreement was signed between HPPTCL and HPPCL on 06.04.2009, wherein 220 kV Kashang Bhaba D/C transmission line including terminal equipment's was handed over from HPSEBL to HPPTCL for completion of remaining work. At that time HPSEBL had already incurred Rs. 66.08 Cr including IDC of 10.35 Crore on the said transmission line.

Thereafter, a meeting was held in the office chamber of MD, HPPTCL during the month of August, 2012 between the representative of EPC Contractor and HPPTCL officers as the line has suffered damage due to heavy rainfall and snowfall in the area. A committee was constituted and visited the site in April, 2013. Based on the visit the

ATTESTED
The revised project cost was work out to be Rs. 87.78 Crore which was approved by the

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Board of Directors vide agenda number 22.13 attached as **Annexure-3**. Whereas, the actual capital cost as on COD comes to be Rs. 86.99 Crore. The copy of EPC contract is attached as **Annexure-4** along with the correspondence made with the contractor.

Reply to Query-6:

It is submitted that as per the approved revised scheme, the projected capital cost of Rs. 87.78 Crore was conceptualized to be funded by debt:equity of 90:10, which was approved by the BoD on 14.01.2014. The revised project cost also included the expenditure of Rs. 66.08 Crore made by HPSEBL. HPPTCL was not able to obtain any loan for the funding of the expenses projected under the revised scheme, therefore, HPPTCL funded the same through equity. However, subsequently, in meeting with HPSEBL dated 16.12.2017, it was mutually decided that HPPTCL shall not be required to pay any interest on expenditure made by HPSEBL and it shall be adjusted against the transmission charges payable by HPSEBL. Accordingly, the Petitioner has considered Rs. 66.08 Crore as interest free loan and remaining amount as part of equity.

Reply to Query-7:

The revenue recovered through Interim Power transmission Agreements with various generator is attached as **Annexure-5**.

Reply to Query-8:

It is submitted that as the instant project has been originally conceptualized and initiated by HPSEBL, the original DPR of the project is not available with HPPTCL despite numerous communications with HPSEBL seeking the DPR.

TESTED
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BEFORE HIMACHAL PRADESH ELECTRICITY REGULATORY
COMMISSION, SHIMLA

Filing No: 167/2019
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IN THE MATTER OF:

FILLING OF MYT PETITION FOR APPROVAL OF CAPITAL COST AND
DETERMINATION OF TARIFF FOR FY 2016-17 TO FY 2023-24 OF 220KV D/C
KASHANG BHABA TRANSMISSION LINE OF HIMANCHAL PRADESH TRANSMISSION
CORPORATION LTD. (HPPTCL) UNDER THE HIMANCHAL PRADESH ELECTRICITY
REGULATORY COMMISSION (MULTI YEAR TARIFF) REGULATIONS AND ITS
AMENDMENTS THEREOF AND UNDER SECTION 62 READ WITH SECTION 86 OF
THE ELECTRICITY ACT 2003

AND IN THE MATTER OF:

Himachal Pradesh Power Transmission Corporation Limited,
Represented through its Managing Director,
H.P. Power Transmission Corporation Limited,
Himfed Bhawan, Panjari, Shimla-5.

.....PETITIONER

Affidavit verifying the Petition

I, Rakesh Kumar Dhiman, son of Shri Bachan Singh aged 55 years, presently working as a 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 14th day of November, 2019

Subscribed and sworn to before me on solemn affirmation
this 14th day of Nov 2019
at Shimla in the District of Shimla
Sh. Rakesh Kumar Dhiman
Identified by Sh. Akshay
who is personally known to me the above
contents of the affidavit are duly read and
plain and the deponent in vernacular who
submits the contents thereof to be true

Deponent

14/11/19