

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SITE NO. 3, BLOCK B, SECTOR 18-A MADHYA MARG, CHANDIGARH

Petition No. 02 of 2020
Date of Order: 18.09.2020

Petition for Business Plan including Capital investment plan for control period from FY 2020-21 to FY 2022-23 under Regulation 9 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Generation, Transmission, Wheeling & Retail Supply Tariff) Regulations, 2019.

In the matter of: M/s Everest Power Private Ltd.

Petitioner

VERSUS

1. Punjab State Power Corporation Ltd., The Mall, Patiala.
2. M/s PTC India Ltd.

Respondents

Present: Ms. Kusumjit Sidhu, Chairperson
Sh. S.S. Sarna, Member
Ms. Anjuli Chandra, Member

ORDER

M/s Everest Power Private Limited (EPPL) has filed this petition for approval of Business Plan including Capital Investment Plan for control period from FY 2020-21 to FY 2022-23 as per Regulation 9 of PSERC (Terms and Condition for Determination of Generation, Transmission, Wheeling and Retail Supply Tariff) Regulations, 2019.

2. After hearing the counsel for EPPL the petition was admitted vide order dated 26.02.2020 and directions were issued to EPPL for publishing a public notice inviting suggestions from

the stakeholders as required under Regulation 67 of PSERC (Conduct of Business) Regulations, 2005. Incompliance thereof Public Notice was published in “The Tribune”, “Dainik Tribune” and “Punjabi Tribune.” Public Hearing was held on 01.07.2020 however, none from the public has attending the hearing. Thereafter, both the parties were heard on various date(s) of hearing and reply(s) / additional submissions / documents submitted by the parties were taken on record. On 09.09.2020 final arguments rendered by both the parties has been heard and order was reserved.

3. Business Plan

3.1 The Business Plan for the MYT Control Period has been prepared considering the provisions of the Electricity Act 2003 and the Policies issued by the Government of India namely the National Electricity Policy & Tariff Policy and also the PSERC MYT Regulations 2019.

As per Regulation 9 of the PSERC MYT Regulations, 2019, the Applicant shall file for approval of the Commission, a Business plan for its Generation, Transmission or Distribution businesses, as the case may be, on or before 1st April of the year preceding the first year of the control period, for a duration covering at least the entire control period. The business plan shall cover details for each year of the control period.

Regulation 9 of the PSERC MYT Regulations, 2019 is as follows

“9. BUSINESS PLAN INCLUDING CAPITAL INVESTMENT PLAN

9.1. *The Applicant shall file the Business Plan including the Capital Investment plan for its Generation, Transmission, SLDC and/or Distribution businesses, as the case may be for approval of the Commission on or before 20th August of the year preceding the first year of the Control Period for a duration covering the entire Control Period*

9.2.

9.3. *The Business Plan for Generation Business shall contain among other things the following:*

(a) Capacity addition / reduction;

(b) Availability forecasts;

(c) Future performance targets;

(d) Proposed efficiency improvement measures;

(e) R&M of existing generation units/projects and any other new measures to be initiated for the Generation Business, e.g.; automation, IT initiatives etc.;

(f) Capital Investment Plan based on the above;

(g) Man Power Plan

.....

9.7 *The Capital Investment Plan covering the entire MYT Control Period will be submitted in the following two parts:*

a) Ongoing schemes of the previous MYT Control Period (i.e. works / schemes which are under construction or where full payments have not yet been made). All spill overworks will be included in this;

b) Schemes to be taken up in the order of priority giving the schedule over the full MYT Control Period. In case it is likely to take more than 3 years, the likely date of completion should

also be given. This will also include such schemes which were part of the Capital Investment Plan of the previous MYT Control Period but could not be started and which the Applicant considers necessary to take up during the present Control Period.”

.....

3.2 EPPL has submitted its Business Plan for the second Control Period which includes the following components:

a. Capacity addition/reduction

EPPL has stated that the installed Capacity of the Project is 100MW and with 15% overload it can generate 115MW but there is no immediate plan to increase its capacity.

b. Availability forecast

EPPL has committed that the plant will achieve 100% Plant Availability Factor during MYT Control period 2020-21 to 2022-23.

c. Future Performance targets

EPPL has revised its Actual Gross Generation from 403.27 MU to 360.74 MU during MYT Control period 2020-21 to 2022-23 claiming low discharge. It has appointed a consultant to review the actually observed discharge data at the Project site to arrive at the optimum design energy as per the provisions of the applicable CERC Regulations. PSPCL has opposed this move of EPPL. PSPCL submitted that EPPL has reduced the net saleable energy substantially by presenting a convoluted formula from para 16.3.1 to 16.3.2 of the petition. The design energy approved by the Commission is 403.27 MUs per annum after accounting for the auxiliary consumption and 12%

free power to GoHP, the net saleable energy worked out to 350.26 MUs. PSPCL stated that EPPL has replaced the design energy with the average of the actual generation being achieved by EPPL for FY 2015-16 to FY 2018-19. The design energy can not be varied unilaterally by EPPL without the approval of the Commission.

It was noted that on one hand EPPL has indicated that there have been cloud bursts with damage to the roads due to excess water. Further, EPPL has indicated that a chute spillover is also required for dispersing excess flood water. On the other hand there is a claim of low discharge necessitating a change in design energy. The Commission is of the view that a change in design energy should be examined as a separate petition as the process would involve different agencies and take some time.

d. Proposed efficiency improvement measures

EPPL has mentioned the replacement of its runners and the training of its staff as efficiency measures.

The first issue is dealt within the Capital Investment. No funds have been sought in the Petition for training.

e. R&M of existing generation units/project and any other new measures to be initiated for the Generation Business, e.g; automation, IT initiatives etc.

EPPL has detailed the same in the Capital Investment Plan which has been dealt with separately in this Order.

4. Capital Investment Plan

EPPL has submitted its Capital Investment Plan for the MYT

Control Period FY2020-21 to FY 2022-23 for 100 MW Malana-II Hydro Electric Project as follows:

- A) Ongoing schemes of the previous MYT Control Period i.e. FY 2017-18 to FY 2019-20:

(Rs. crore)

| S. No. | Additional Capital Expenditure | | | | |
|--------|---|------------|------------|------------|-------|
| | Head | FY 2020-21 | FY 2021-22 | FY 2022-23 | Total |
| 1. | Purchase of Runners & Nozzle Assembly | 5.50 | - | - | 5.50 |
| 2. | Left Abutment Slope Stabilization Measures | 1.00 | - | - | 1.00 |
| 3. | Upgradation of SCADA Systems in Power House and Chhaur Substation | 0.70 | - | - | 0.70 |
| | Total | 7.20 | - | - | 7.20 |

- B) Schemes/Works to be taken up over the new MYT Control Period i.e. FY 2020-21 to FY 2022-23

(Rs. crore)

| S.No. | Additional Capital Expenditure | | | | |
|-------|---|------------|------------|------------|-------|
| | Head | FY 2020-21 | FY 2021-22 | FY 2022-23 | Total |
| 1. | Towards Construction of Chute Spillway | - | 15.00 | - | 15.00 |
| 2. | Construction of New Bridge | 0.65 | 0.20 | 0.20 | 1.05 |
| 3. | Procurement of Material due to Change in the Power Evacuation System | - | 3.05 | - | 3.05 |
| 4. | Miscellaneous Expenses [towards procurement of computers/ laptops, CCTV cameras, curtains, fire retardant door, tipper fork lifter (tools & tackles)] | 0.62 | 0.07 | 0.32 | 1.01 |
| | Total | 1.27 | 18.32 | 0.52 | 20.11 |

The analysis and decision of the Commission against each scheme/work is as under:

i) Purchase of Runners & Nozzle Assembly

The Commission in its Order dated 30.07.2018 in petition no. 24 of 2017 filed by EPPL for its capital investment plan and business plan for the MYT control period from FY 2017-18 to FY 2019-20 on the issue of runners & nozzle assembly held as under:

“.....The Commission notes that EPPL has not given any cogent reasons in its submissions justifying the same. The EPPL shall first get it examined from IIT Roorkee as to whether new design runners or old design runners are required. If IIT Roorkee approves that new design runners are required, it should get the design vetted from them and submit a comprehensive report.

Therefore, the Commission shall consider the additional capital investment of Rs. 12.00 crore towards the proposed procurement of one set of new designed runner along with new designed nozzle assemblies in FY 2019-20 after the report from IIT, Roorkee is received.”

Further the Commission in Order dated 03.09.2019 in petition no. 23 of 2017 filed by EPPL for Multi Year Tariff (MYT) Control Period from FY 2017-18 to FY 2019-20 held as under:

“The Commission notes that the material viz. Civil & Hydro mechanical, Electromechanical (Plant & Machinery), Step-up Sub-Station of 132/220 kV ‘Chaur’ (location: 220/132 kV Chaur sub-station, V.P.O. Chaur, Tehsil & Distt. Kullu-175125, HP and 132 kV Double Circuit Transmission Line and associated Equipments of EPPL are insured for a sum of Rs. 988 crore and premium is being paid. The insurance policy provides as under:

“i. As regards buildings, plants and machinery, furniture, fixture, fittings etc. the cost of replacement or reinstatement on the date of replacement or reinstatement subject to the maximum liability being restricted to the sum insured in

respect of that category of the item under the policy.”

The Commission observes that IIT Roorkee in its report mentioned that even with silt concentration less than the permissible limit, the runners and nozzles have suffered extensive damage. Thus, damage to plant and machinery is covered in the Insurance Policy. EPPL stated in the court that no claim has been raised with the insurance company to either get the insured value or to replace the runners. EPPL is directed to take up the matter with the Insurance Company and come back to the Commission on this issue during true up. Hence this issue is not being adjudicated at this time.”

As there was no confirmation by EPPL in this petition with regard to the aforementioned directions of the Commission, the Commission in its interim Order dated 16.07.2020 asked EPPL to confirm if the matter had been taken up with the Insurer.

EPPL in its response stated that it had not earlier raised any insurance claim towards damage to the old runners. EPPL submitted that the same are not claimable expenses as wear and tear is a standard exclusion under IAR Policy, as discussed by EPPL with their insurance advisors M/s India Insure. However, on 14.07.2020, EPPL has preferred a insurance claim to The New India Assurance Co. Ltd. The insurance company has asked for the photographs of the damaged equipments which have been furnished by EPPL on 24.07.2020. It is the case of EPPL that if any amount is reimbursed by the insurance company, the same will be adjusted against the expenditure incurred on replacement of the runners.

PSPCL has stated that EPPL has failed to contact the insurance company in time. PSPCL further submitted that there is no justification for not lodging the claim and that for proper

investigation of the claim, timely actions with regard to filing of the claim, site inspection by Surveyor etc. is vital. PSPCL suggested that the issue can be decided after the insurance proceedings are complete.

Considering the above, the Commission holds that only provisioning of Rs.5.50 crore for FY 2020-21 as per submissions of EPPL for runners and nozzle assembly can be allowed in the capital investment plan, subject to the adjustment of the insurance claim. The amount net of insurance claim shall be considered on merits after prudence check by the Commission in the True up petition when claimed by EPPL, with full justification alongwith the vouchers /bills and audited accounts.

ii) Left Abutment Slope Stabilization Measures

As per the submissions of EPPL, failure of the Left Abutment of the dam complex occurred on 04.04.2019 between RD 25 m to RD 90 m of the dam from EL 2580 m, due to melting of the thick snow layer, gradually leading to dislodging of large trees in the affected area. This in turn, led to the overturning / toppling of the RCC wall from RD 25m to RD 35m at EL 2545m and the masonry retaining structures provided at the dam from RD 35m to RD 90m and in between EL 2545mand EL 2565m. The team of EPPL Consultants M/s Aquagreen Engineering Management Pvt. Ltd. (AEMPL) inspected the site on10.04.2019 and as per the recommendations of AEMPL, EPPL undertook various slope stability measures, viz., reinforced retaining walls anchored with SDA's (Self Drilling Anchors), grouting through SDA's drainage holes fitted with perforated PVC pipes with

inverted filters, catch drains at different elevations along left abutment slopes above dam top (EL 2545m). Additionally, vertical SDA's are stated to have been provided along a 2-3 m wide bench at EL 2545m. Considering the time constraint, in the first stage, quotations were invited to provide slope stability measures as recommended by AEMPL for RD 25m to RD 57.50m from the prospective agencies available near the project site, who had the experience of providing slope stability measures, and who were ready to mobilize within a week's time. EPPL has submitted that due to remoteness of the place, it is extremely difficult to get contractors at short notice. A limited competitive bidding was conducted and three contractors submitted their quotations. Being the lowest bidder and having all required equipment and manpower at site, the work order was issued to M/s Balaji Operation and Maintenance Services Pvt. Ltd. (BOMSPL) on 20.05.2019 to execute the 5 m high RCC wall from RD 25m to RD 58m along with all support measures suggested by AEMPL with a contract price of Rs. 0.40 crore. EPPL submitted that a total of 32.50 m RCC wall anchored with 12-15 m long SDA's was constructed and 5-6 m long drainage holes at 3 m c/c spacing in staggered pattern fitted with perforated PVC pipes with inverted filters were provided. Along the 3 m concrete slab provided at EL 2545 m and 12-15 m long vertical SDA's at 3 m c/c spacing in staggered pattern were provided during FY 2019-20. However, the work was suspended during monsoon (July,2019 – 15th Sept.,2019) and winter (Dec. 2019 – 15th April 2020). EPPL further submitted that after successful implementation of all the suggested measures from RD 25m to RD 56.50m, no distress

has been noticed till date and regular physical inspection of the dam structure and its abutment is being carried to avert and mitigate the risk of any unforeseen incident. The remaining work of construction of 5 m high RCC wall from RD 58 m to RD 90 m and execution of slope stabilization works above EL 2545m with Geo-Jute have spilled over to FY 2020-21. EPPL has submitted that it intimated the insurance agency regarding the slope failure on 29.05.2019.

PSPCL has submitted that this work is not an ongoing scheme and cannot be permitted at this belated stage. At no time between the occurrence of the damage and now has EPPL brought this to the notice of PSPCL or the Commission. If the excessive snowfall caused the damage in the winter of 2018 and EPPL has been successfully operating the plant for the last three years, this work is not necessary for the successful and efficient operation of the plant. The repairs undertaken are in the nature of maintenance works and cannot be approved as a Capital Investment scheme at this stage. PSPCL has further submitted that insurance claims are not considered based on the photographs, but by actual site visits and examining the damage and requested the Commission to reject the said claim of EPPL.

The Commission notes that EPPL neither informed PSPCL nor the insurance company about the incident at the time of occurrence on 04.04.2019 and the insurance company was only informed on 29.05.2019 to the insurance company i.e. after a period of almost two months, which is not justifiable. EPPL is directed to pursue its claim with the

insurance company. As far as including the amount in the capital investment plan for the control period FY 2020-21 to 2022-23 is concerned, since some portion (Rs.0.40 crore) has been already spent in the previous MYT control period FY 2019-20 without informing the Commission or PSPCL, this expenditure cannot be considered as a part of this capital investment plan. Accordingly, the expenditure of Rs. 1 crore on this account would be considered after insurance claim has been settled and EPPL claims the expenditure in the true-up petition along with full justification, vouchers /bills and audited accounts on merit.

iii) Up-gradation of the SCADA system

EPPL has submitted that as per the directives of the Ministry of Power vide Notification dated 09.10.2018, all power stations are to be cyber security compliant and cyber security audit has to be carried out by the empanelled agency. As per the suggestions given in the cyber security audit report prepared by M/s CyberQ Consulting Pvt. Ltd, upgradation of existing SCADA system including design, engineering and supply of compatible hardware, software and upgradation of operating system for 132/220 kV Chhaur substation and Malana II power house were required to declare the power plant cyber security compliant. Based on the recommendations of the Consultant, a proposal for the upgradation works were requested from both M/s Andritz India Ltd. & M/s ABB. Inviting other agencies for upgradation of SCADA systems was not considered as it would have led to higher cost, problems in synchronization of software with old hardware and longer shut down of the power plant. Based on

lower bid, EPPL awarded the works to M/s Andritz Hydro Pvt. Ltd. It was also considered that if at both locations, software of same company are installed, it will lead to smooth telemetric communication to NRLDC, HPSLC through 220/400kV substation of Power Grid.

EPPL submitted that it issued purchase order to Andritz Hydro Pvt. Ltd. for upgradation of existing SCADA system including design, engineering & supply of compatible hardware & software & upgradation of the Operating System (Windows 10) for power house & Chhaur Substation and the upgraded SCADA systems has been commissioned at power house & Chhaur Substation in the month of Nov., 2019. EPPL further submitted that various equipments in the power station are subjected to very high stresses during the operation and their basic design have lesser life than what is considered for the plant as a whole. The replacement of equipments is needed at appropriate intervals to ensure smooth and safe operation of the plant. The original panels and appurtenant components of the SCADA system installed at Power House & Substation supplied by OEM are still functional and only upgraded software and compatible computers to operate windows program have been replaced. The SCADA system installed at the power house before up gradation comprised of control board panels for each unit separately, common control panel, switchyard control panel and XP windows operating system loaded with software. Similarly the SCADA system installed at Chhaur substation before upgradation comprised of SCADA panel XP windows operating system loaded with software. EPPL

submitted that during upgradation of the SCADA systems installed at Malana II power house and 132 kV/220kV Chhaur substation, only software associated Windows 10 operating systems and a few operating cards and cables have been upgraded. No other major components of the systems supplied by the OEMs during the commissioning of the plant have been replaced and continue to be a part of the existing SCADA system. The SCADA systems at the power house and 132/220kv Chhaur substation of Malana II power plant were supplied and installed by M/s Andritz Hydro and M/s ABB respectively.

PSPCL has submitted that the expenditure proposed to be incurred by EPPL on the upgradation of SCADA systems is not an existing work. No such work was ever proposed by EPPL at the time of filing petition no. 24 of 2017, which was the business plan and additional capitalization expenditure for the previous control period. The Commission passed the Order dated 30.07.2018 in the said petition and this cost is not included in the said Order. EPPL claiming this expenditure as an ongoing scheme is not tenable. PSPCL further submitted that on the merits, the upgradation of the SCADA system cannot be considered as a capital expenditure as only a software needs to be installed. Instead of opting for a competitive bidding, EPPL has chosen the same contractor who was involved in the upgradation of SCADA system at 132/220kV Chhaur substation.

Considering the submissions of EPPL and PSPCL above, the Commission is of the view that the work for

upgradation of SCADA systems has been carried out on the directives of Ministry of Power. There is justification in the submissions of EPPL that offers were invited from M/s Andritz Hydro Pvt. Ltd. and M/s ABB who have originally installed the SCADA systems at power house and Chhaur substation respectively to have compatibility with the existing systems. Otherwise it could have led to replacement of the entire existing SCADA systems with additional costs and synchronization issues. Since this expenditure of Rs. 0.70 crore has already been incurred in the previous MYT control period FY 2017-18 to FY 2019-20, it cannot be approved as part of the CIP for the MYT control period FY 2020-21 to FY 2022-23. Accordingly, the expenditure on this account shall be considered on merits after prudence check by the Commission in the True up petition when claimed by EPPL with full justification alongwith vouchers/bills and audited accounts.

iv) Chute Spillway

The Commission in its Order dated 30.07.2018 in petition No. 24 of 2017 filed by EPPL for approval of the Capital Investment Plan and Business Plan for the MYT Control Period FY 2017-18 to FY 2019-20 had allowed expenditure of Rs.15 crore for construction of chute spillway to be incurred in FY 2018-19. In petition no. 23 of 2017 for approval of AFC for MYT Control Period for FY 2017-18 to FY 2019-20, EPPL submitted that the expenditure of Rs.15 crore was to be incurred in FY 2018-19 and FY 2019-20 and capitalized in FY 2019-20. EPPL had submitted that however, due to climatic conditions in the region,

the expenditure is likely to spill over to FY 2020-21. In this petition, EPPL has submitted that DPR for the construction of the additional un-gated spillway was approved by Dept. of Energy, Govt. of Himachal Pradesh on 02.02.2018. The approval from Forest Dept. district Kullu was received on 31.10.2018 and subsequently an online application was filed in Ministry of Environment and Forest & Climate Change (MoEF & CC), New Delhi. The MoEF & CC granted the clearance on 05.08.2019 to commence the work. EPPL has further submitted that in view of the monsoon period and ensuing winter season, the work could not be initiated in FY 2019-20 and the work of construction of chute spillway is now expected to spillover to FY 2020-21 and FY 2021-22.

PSPCL submitted that EPPL is postponing the construction of the chute spillway and requested the Commission to withdraw the approval granted earlier.

Considering the submissions above, the Commission allows provisioning of Rs.15 crore for FY 2020-21 and FY 2021-22 as per submissions of EPPL for un-gated surface spillway in the capital investment plan. The amount shall be allowed on merits after prudence check by the Commission in the True-up petition when it is claimed by EPPL, with full justification alongwith vouchers /bills and audited accounts.

- v) Construction of culvert on ADIT-I and bridge on ADIT-II nullahs
EPPL has submitted that an expenditure of Rs.1.05 crore would need to be incurred in FY 2020-21 towards construction of a new bridge at ADIT-II and culvert at ADIT-I Nullahs on the approach road from the project towards the dam complex where

box culverts were provided earlier. The details of proposed expenses to be incurred towards construction of new bridge at ADIT-II and culvert at ADIT-I is as under:

(Rs. crore)

| S.No. | Particulars | FY 2020-21 | FY 2021-22 | FY 2022-23 | Total |
|-------|---------------------------------------|------------|------------|------------|-------|
| 1 | Bridge construction on Adit-II Nullah | 0.65 | - | - | 0.65 |
| 2 | Box Culvert at Adit-I Nullah | | 0.20 | - | 0.20 |
| 3 | Box Culvert near DAM | | - | 0.20 | 0.20 |
| | Total | 0.65 | 0.20 | 0.20 | 1.05 |

EPPL submitted that this approach road to the dam is used by the villagers of the adjoining villages and is maintained by the project authorities. On 24.08.2016, an unprecedented flood of more than 10 cumecs peak discharge due to cloud burst in the catchment area of ADIT-II Nullah hit the box culvert and a large mass of boulders and debris flowed down and choked the box culvert resulting in a large volume of water spilling over along the approach road causing deep erosion and washing out many culverts and the black topped road. As a result, the approach to the dam complex and traffic to local villages was disrupted. Thereafter spikes in the flood peaks have been recorded in ADIT-II Nullah on 25.05.2017, 26.08.2018 and 26.09.2018. These large discharges of water last for not more than one hour which then reduce to less than 1 cumec. The frequency of these cloud bursts in the project area and its surroundings has increased considerably during the last 4-5 years. EPPL has submitted that in the last 2 consecutive years of FY 2017-18 & FY 2018-19, Rs. 0.11 crore and Rs. 0.41 crore were incurred for rectification works. AEMPL, EPPL's consultant has suggested the construction of RCC bridge of

longer span of 12m as compared to the 3m span culvert provided earlier with a higher deck level to cater to higher flood discharge along ADIT-II Nullah.

PSPCL has submitted that EPPL has not indicated that under which provision of Regulation 18.2 of the MYT Regulations it is proposing to claim the cost of construction of a bridge and culvert on Adit-II and Adit-I Nullahs as an additional capital expenditure. A bridge proposed to be constructed for the benefit of the villagers residing in the adjoining villages should not be burdened on the consumers of the State of Punjab as an additional capital expenditure of the project.

Considering the submissions above, the Commission observes that construction of a new bridge at ADIT-II and culvert at ADIT-I Nullahs on the approach road from the project towards dam complex is required for the operation of the plant. As such, the said expenditure of Rs.1.05 crore is allowed which shall be considered on merits after prudence check by the Commission in the True-up petition when claimed by EPPL with full justification alongwith vouchers/bills and audited accounts.

- vi) Change in the power evacuation system from ADHPL transmission line to HPPTCL Chhaur-Banala 220 kV transmission line

EPPL has requested for provisioning of an amount of Rs.3.05 crore in the Capital Investment Plan for FY 2020-21 to FY 2022-23 towards the change in power evacuation system from ADHPL 220 kV DC transmission line to the newly constructed 220 kV Chhaur-Banala DC transmission line of HPPTCL.

The proposed expenses to be incurred towards procurement of material due to change in the power evacuation system provided by EPPL is as under:

(Rs. crore)

| S. No. | Particulars | FY 2020-21 | FY 2021-22 | FY 2022-23 | Total |
|--------|---|------------|------------|------------|-------|
| 1 | Optical Fiber Communication to make it compatible with HPPTCL | - | 2.00 | - | 2.00 |
| 2 | HPPTCL SS Interconnecting equipment | - | 1.00 | - | 1.00 |
| 3 | Equipment Spares | - | 0.05 | - | 0.05 |
| | Total | - | 3.05 | - | 3.05 |

EPPL has submitted that the power generated at Malana-II power house is being evacuated through 132kV, DC transmission line up to Chhaur Substation, and after stepping up to 220 kV was evacuated to Nalagarh pooling station through AD Hydro 220 kV DC transmission line till 03.12.2019. Malana-II power evacuation was switched over to Chhaur-Banala 220 kV DC transmission line of HPPTCL on 05.12.2019. EPPL has further submitted that HPPTCL is constructing a GIS adjacent to 132 kV Chhaur Sub-station, therefore the conductors of Chhaur-Banala 220 kV DC transmission line were connected to the 220 kV bays owned by EPPL at present. After the commissioning of 220 kV GIS of HPPTCL, interconnection between EPPL substation and GIS will be established. For interconnection, conductor, breakers, optic fiber cables and other equipment will be required which

may cost approximately Rs. 3.05 crore. The work will be executed by HPPTCL and payment is to be made by EPPL.

PSPCL has submitted that EPPL is proceeding on surmises and conjectures and is expecting to incur certain expenditure as and when the Chhaur sub-station of EPPL gets connected with the proposed substation of HPPTCL. Since there is no timeline committed by HPPTCL, no amount should be allowed to EPPL at this stage. The expenditure of Rs. 3.05 crore is not connected with the generating station and could be for establishing a communication link with the substation of HPPTCL. Therefore this expenditure cannot be permitted as an additional capital expenditure of the generating company.

The Commission notes that the EPPL has not provided the requisite details of the sanctioned estimates duly approved by HPPTCL authorities and other details. The amount of Rs. 3.05 crore is only an estimation of expenses. As such, considering the above, the Commission holds that only provisioning of Rs. 3.05 crore for change in evacuation system can be allowed in the capital investment plan. The expenditure shall be considered on merits after prudence check by the Commission in the True-up petition when it is claimed by EPPL, with full justification alongwith vouchers /bills and audited accounts.

- vii) Miscellaneous [towards procurement of computers/ laptops, CCTV cameras, curtains, fire retardant door, tipper, fork lifter (tools and tackles)]

EPPL has submitted that it proposes to procure computers/laptops and replace CCTV cameras at project site at various places i.e. dam, power house complex, substation to further enhance the security. EPPL has submitted that an expenditure of Rs. 1.01crore is proposed to be incurred during FY 2020-21 to FY 2022-23 as detailed below:

(Rs. Crore)

| Head | FY 2020-21 | FY 2021-22 | FY 2022-23 | Total |
|--|------------|------------|------------|-------|
| Miscellaneous [towards procurement of computers/laptops, CCTV cameras, curtains, fire retardant door, tipper, fork lifter (tools and tackles)] | 0.62 | 0.07 | 0.32 | 1.01 |

During the safety audit of the underground powerhouse carried out by M/s AEMPL, it was recommended to provide smoke curtains and fire retardant doors at various locations to channelize the smoke in more effective manner in the event of any fire accident which will ensure the safety of the staff working inside the power house. EPPL also included the requirement of tipper for transportation of material to different locations of the project and fork lifter for transporting heavy equipment to and fro from store and power house.

PSPCL has submitted that the miscellaneous claims sought by EPPL are without any basis and are specifically barred by the proviso to Regulation 18.2 of the MYT Regulations.

The Commission notes that Regulation 18.2(e) of the MYT Regulations, 2019 provides as under:

“(e) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the Generating Company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation:

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalisation for determination of tariff w.e.f. the date of the start of first year of the Control Period.”

Considering the above, the Commission is of the opinion that such miscellaneous expenditure on computers/laptops, tipper and fork lifter (tools & tackles) are not allowable as per the Regulations. As regards the fire safety measures, it has not been brought out as to how the existing measures were inadequate since the previously installed fire safety equipment could not have outlived its life as the project was commissioned only 8 years ago. The fire safety audit should have been carried out at the time of commissioning by an agency duly approved for the purpose. Under the circumstances, the Commission does not approve the inclusion of the said amount in the capital investment plan.

viii) Land lease claimed by Govt. of Himachal Pradesh

EPPL in this petition has mentioned that the expenditure for land lease has been the dropped. As such, the said expenditure of Rs. 4.10 crore is not being considered in this capital investment plan for MYT control period FY 2020-

2021 to FY 2022-23 having been dropped by EPPL itself.

A Summary of the expenditure provisioned/allowed by the Commission for the schemes/works to be carried out/capitalized in the MYT control period FY 2020-21 to FY 2022-23 are as under:

(Rs. crore)

| S. No. | Head | Claimed by EPPL | Provisioned/Allowed by the Commission | | | Total |
|--------|---|-----------------|---------------------------------------|------------|------------|-------|
| | | | FY 2020-21 | FY 2021-22 | FY 2022-23 | |
| 1. | Purchase of Runners & Nozzle Assembly | 5.50 | 5.50 | - | - | 5.50 |
| 2. | Left Abutment Slope Stabilization Measures | 1.00 | - | - | - | - |
| 3. | Upgradation of SCADA Systems in Power House and Chhaur Substation | 0.70 | - | - | - | - |
| 4. | Towards Construction of Chute Spillway | 15.00 | - | 15.00 | - | 15.00 |
| 5. | Construction of New Bridge | 1.05 | 0.65 | 0.20 | 0.20 | 1.05 |
| 6. | Procurement of Material due to change in the | 3.05 | - | 3.05 | - | 3.05 |

| S. No. | Head | Claimed by EPPL | Provisioned/Allowed by the Commission | | | Total |
|--------|--|-----------------|---------------------------------------|--------------|-------------|--------------|
| | | | FY 2020-21 | FY 2021-22 | FY 2022-23 | |
| | Power Evacuation System | | | | | |
| 7. | Miscellaneous Expenses [towards procurement of computers/ laptops, CCTV cameras, curtains, fire retardant door, tipper & fork lifter(tools and tackles)] | 1.01 | - | - | - | - |
| | Total | 27.31 | 6.15 | 18.25 | 0.20 | 24.60 |

Petition disposed of accordingly.

Sd/-
(Anjuli Chandra)
Member

Sd/-
(S.S. Sarna)
Member

Sd/-
(Kusumjit Sidhu)
Chairperson

Chandigarh
Dated: 18.09.2020