

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO NO. 220-221, SECTOR 34-A, CHANDIGARH**

**Petition No. 22 of 2014
Date of Order: 20.06.2014**

In the matter of: Petition for approval of capital investment plan for construction of multistoried office complex with corporate culture at PSPCL land at Badungar for offices of PSPCL.

AND

In the matter of: Punjab State Power Corporation Limited, The Mall, Patiala.

Present: Smt.Romila Dubey, Chairperson
Shri Virinder Singh, Member
Shri Gurinder Jit Singh, Member

ORDER

Punjab State Power Corporation Limited (PSPCL) filed this petition under Regulation 22 (6) (iii) of Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended vide Notification dated 17th September, 2012, seeking approval for Capital Investment Plan for construction of a Multi-Storey Office Complex on available PSPCL land at Badungar, Patiala. PSPCL has submitted that it plans to construct a multi-storey office complex with corporate culture to house its offices presently located in temporary sheds at Shakti Vihar and Thermal Complexes and at 66 kV Grid Colony. The top floor of this building complex will have Management Training Institute to provide regular training to its officers and officials. PSPCL has further submitted that the Board of Directors, PSPCL, has accorded administrative approval. The estimated cost of this building will be Rs.75 crore. PSPCL annexed copy of Detailed Project Report (DPR) with the petition. While discussing the cost-benefit analysis, PSPCL has submitted that only 3 to 4 acres of already available land is likely to be used for this multi-storey building, whereas about 20 acres of land where the offices are presently

located; suitable for commercial purpose; worth Rs.200 crore, would be released. By proposing Managing Training Institute on the top floor of this building instead of earlier proposal to locate the same over 8 acres of land, would ensure utilization of this 8 acre land for alternate purposes, including its disposal to generate more revenue. The petitioner has prayed to approve the investment proposal for construction of Multi-Storey Office Complex estimated at Rs.75 crore, in terms of Regulation 22 (6) (iii) of Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005.

2. The petition was admitted vide Order dated 05.05.2014. The Commission observed from the Petition and DPR that PSPCL intends to use the spared land on which the offices of PSPCL were presently located, for some commercial use in some manner. This aspect was required to be explained in detail by PSPCL. The Commission further directed PSPCL to give detailed comments on the legal feasibility of transferring the spared land (20 acres) for commercial use specifying the clause of the Act under which such use is permitted as this aspect was integral to the viability of the proposed scheme. PSPCL was directed to file its reply by 16.05.2014. The petition was fixed for hearing on 20.05.2014.

3. PSPCL filed reply vide memo No. 5594 dated 14.05.2014 to the observations / queries of the Commission in its Order dated 05.05.2014. After hearing PSPCL on 20.05.2014, the Commission observed that estimated cost of the building for which approval for capital investment had been sought, was mentioned as Rs.75 crore approximately, but no estimate has been attached with the petition. Also no year-wise break-up of the expenditure to be incurred has been given. PSPCL was accordingly directed to submit these details by 03.06.2014. PSPCL also submitted during hearing that modalities and terms & conditions for sale of land likely to be spared was under negotiation with PUDA. PSPCL was accordingly directed to submit details of modalities and terms & conditions for sale of land through PUDA by 03.06.2014.

4. PSPCL submitted reply vide C.E./ARR & TR memo No. 5672 dated 02.06.2014 to the observations and queries of the Commission in its Order dated 20.05.2014. PSPCL submitted that cost of the building has been estimated as Rs.75 crore on the basis of approximate floor area of the proposed building. Actual estimate can be prepared on the basis of approved architectural / structural drawings which shall be prepared after appointment of architectural consultant at a later stage. PSPCL further submitted that work shall begin in Jan., 2015 and about Rs.5 crore shall be incurred during 2014-15. Thereafter, completion of building shall take time upto 2 years and expenditure of Rs.35 crore each during FY 2015-16 and FY 2016-17 shall be incurred to complete the work. PSPCL submitted that negotiations for disposal of surplus land of PSPCL through Patiala Development Authority (PDA) Patiala are being held at the level of Secretary/Power and Secretary/Housing and Urban Development. The detailed terms & conditions and modalities for sale of land have not been finalized yet. The detail of the same shall be supplied to the Commission as soon as the same are finalized. PSPCL further submitted that the land shall be spared only after the completion of proposed Multi-Storey building and shifting of all offices to this building. The details of actual sale proceeds of the spared land through PUDA can be supplied at that time only.

5. The Commission has gone through the submissions made by PSPCL in the petition and in the replies dated 14.05.2014 and 02.06.2014 in response to the observations and queries of the Commission made in its orders dated 05.05.2014 and 20.05.2014 respectively. The Commission has also examined the DPR annexed with the petition and administrative approval accorded by Board of Directors in their 23rd meeting held on 21.12.2012 at Mohali and Resolution of the Whole Time Directors in its 129th meeting held on 23.10.2013 at Patiala.

The Commission notes that the plan to build a new Multi Storey Office Complex on a smaller plot of land and thus sparing much more area of land and then subsequently dispose it of through PUDA, is economically viable for PSPCL. The Commission accordingly accords approval in terms of Regulation 22 (6) (iii) of Punjab State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2005 as amended vide

Notification dated 17th September, 2012 to incur Capital Investment of Rs.75 crore by PSPCL for construction of a Multi-Storey Office Complex with corporate culture on PSPCL land available at Badungar, Patiala, for accommodating offices of PSPCL and Management Training Institute, subject to the condition that all applicable laws, rules, regulations and formalities shall be observed and adhered to. All necessary approvals shall be obtained and intimated to the Commission. Modalities and Terms & Conditions for sale of surplus land through PUDA shall also be intimated to the Commission as soon as the same are finalized.

The petition is disposed of.

Sd/-
(Gurinder Jit Singh)
Member

Sd/-
(Virinder Singh)
Member

Sd/-
(Romila Dubey)
Chairperson

Chandigarh
Dated: 20.06.2014