

PUNJAB STATE ELECTRICITY REGULATORY COMMISSION
SCO 220-221, SECTOR-34 A CHANDIGARH

Petition No.5 of 2017

Date of order: 24.04.2017

Present: Shri D.S. Bains, Chairman
Shri S.S. Sarna, Member

In the matter of: Petition under Regulations 22 of the PSERC (Terms and Conditions for Determination of Tariff), Regulations 2005 as amended by PSERC (Terms and Conditions for Determination of Tariff), Second Amendment Regulation, 2012 notified vide Notification 17th September, 2012 – Approval of allocation of additional funds for segregation of mixed load feeders/metering of AP consumers in Kandi area of State of Punjab under DDUGJY and Capital Expenditure for Distribution Scheme to be executed by PSPCL for T&D Loss Reduction and System Improvement.

AND

In the matter of: Punjab State Power Corporation Ltd., The Mall,
Patiala-147001.

-----Petitioner

Order:

1.0 The instant petition has been submitted by Punjab State Power Corporation Ltd. (PSPCL) under regulations 22(6)(iii) of the Tariff Regulations, 2012, for the approval of the Commission to execute various schemes for segregation of mixed load feeders/metering of

AP consumers in Kandi area under DDUGJY Scheme and to incur Capital Expenditure for Distribution Scheme for T&D Loss Reduction and System Improvement.

The gist of the submissions is as under:

- 1.1 The DDUGJY scheme has been launched by the Ministry of Power, Government of India for rural electrification with the objective of improving rural electrification and implementing capital works to ensure supply of electricity to all citizens of the country.
- 1.2 PSPCL prepared the Need Assessment Document (NAD), covering the entire state and submitted the same to Rural Electrification Corporation (REC). The NAD was prepared for a total amount of ₹1175.23 crore covering all 5 distribution zones in the State. In the NAD, the work of segregating 123 feeders for an amount of ₹103.66 crore in Kandi areas and further works amounting to ₹126.97 crore for erection of new/augmentation of 66 kV lines/substations were proposed.
- 1.3 However, REC had indicated to the PSPCL that funds to the tune of only ₹850.00 Crore was expected to be allocated to the PSPCL under the scheme and the funds so proposed need to be evenly distributed in each of the distribution zones.
- 1.4 Accordingly, the NAD was revised by PSPCL based on priorities of works in equal level in all 5 distribution zones.

The primary focus on the part of the PSPCL was to utilize the available funds under the scheme for provision of works pertaining to system strengthening in rural areas including metering facilities. In the circumstances, the PSPCL initially prepared another NAD covering all 5 distribution zones for total funds of ₹860.68 Crore. Thereafter, after technical validation and discussions with REC, revised NAD was submitted to REC on 14.05.2015 for a total amount of ₹981.13 Crore.

- 1.5 By communication dated 15.05.2015, REC intimated to the PSPCL that the NAD has been in principle agreed to and further requested PSPCL to upload the Detailed Project Reports (DPRs) as per the guidelines of DDUGJY. These DPRs would then be sanctioned by the monitoring committee subject to the availability of funds
- 1.6 The district wise DPRs for all the 20 districts were prepared and the total requirement of ₹900.60 crore was submitted on behalf of State of Punjab. REC vide letter dated 18.08.2015 conveyed the sanction of ₹252.06 crore for the State.
- 1.7 Considering the very low allocation of funds, the matter was taken up at the highest levels. The Hon'ble Deputy Chief Minister of Punjab took up the matter with the Hon'ble Minister for State of Power, Government of India. The Chairman cum Managing Director of the PSPCL also took up the matter with the Additional Secretary, Ministry of Power, Government of India.

- 1.8 As per funding mechanism for DDUGJY scheme for Punjab, PSPCL is eligible for 60% grant from Gol, 10% is the contribution of PSPCL from its own funds and 30% is loan from FIs/Banks. There is a provision of further additional grant of 15% from Gol on achievement of prescribed milestones by converting 50% of the total loan component of 30% i.e. 15% to grant. Thus, the maximum limit of grant by Gol is 75% including additional grant.
- 1.9 Upon the allocation of funds by the Ministry of Power, Government of India, PSPCL filed the Petition No.39 of 2016 before the Commission seeking investment approval in terms of the DPRs approved under the DDUGJY scheme. The Commission vide order dated 05.12.2016 held that PSPCL has not followed the directions of the Commission regarding segregation of kandi area feeders under DDUGJY and directed PSPCL to prepare revised DPRs with first priority to segregation of kandi area feeders. In case where segregation is not possible, 100% metering of AP consumers should be ensured. The Commission further directed PSPCL to take up the matter with Gol for re-allocation of un-spent funds under RGGVY.
- 1.10 PSPCL submitted that it has no intention to violate any directions of the Commission. PSPCL has acted in the best interest of the distribution system and to derive the maximum benefit under the DDUGJY Scheme, considering the already reduced allocation as against the requirement.

- 1.11 The segregation of the Kandi areas was not considered as essential at that stage as huge capital investment was required for such segregation, which was not commensurate with the benefits that could be derived on account of such segregation. In Kandi area, the population is scattered over a large geographical areas with most of people residing in clusters comprising of 15-20 houses in fields having AP motors adjacent to houses which makes feeders segregation unviable in Kandi Area.
- 1.12 There are 276 mixed load feeders for the Kandi areas as compared to 5696 number AP feeders in the State. The 5696 agricultural feeders have been fully segregated and the power supply is regulated considering the requirements and the directions of the Commission from time to time. The consumption on kandi area feeders is very low as compared to AP & UPS feeders.
- 1.13 Pursuant to the directions of the Commission in the Order dated 04.10.2016, PSPCL by communication dated 07.09.2016 requested REC for additional allocation of funds for segregating the mixed load feeders/metering of the AP consumers in the Kandi areas of the State of Punjab under the DDUGJY scheme. PSPCL also requested for diversion of the unspent funds amounting to ₹149 crore out of ₹183.91 crore allocated under RGGVY in the Xth and XIth Plan projects for the State of Punjab for this purpose.

- 1.14 In response, REC vide communication dated 05.10.2016 intimated to the PSPCL that the request of the PSPCL would be submitted in the forthcoming meeting of the Monitoring Committee for consideration.
- 1.15 PSPCL vide letter dated 15.11.2016 forwarded the Detail Project Reports for “Load Segregation/AP consumer Metering of 276 numbers mixed load Kandi Area 11 kV feeders” amounting to ₹190.61 crore. PSPCL also intimated to REC that the process of getting the consent of the DPRs from the District Electricity Committee of the concerned districts is being taken up separately and the minutes of the said meetings shall be forwarded to REC shortly.
- 1.16 The projects to be undertaken under the DDUGJY Scheme are time bound and the final approvals for the implementation of the projects need to be made in time to ensure that the amounts allocated are secured.
- 1.17 As it not possible to use the fund allocation of ₹252 crore already made under DDUGJY only or primarily for the Kandi areas for which ₹190 crore are required, so the additional funding has been sought by the PSPCL under the DDUGJY Scheme from the Government of India.
- 1.18 In the 8th Meeting held on 20.12.2016, the Monitoring Committee on DDUGJY Scheme, accorded approval to utilize the unutilized fund of ₹149.01 crore out of ₹183.91 crore allocated under RGGVY in the earlier XIth plan for segregation of feeders in Kandi area under DDUGJY Scheme.

1.19 REC Panchkula, vide letter dated 03.01.2017 has provided the allocation of additional funds of Rs. 149.01 Crores for Kandi area works.

Accordingly, PSPCL has filed the present petition seeking approval of the investments to be made under the DDUGJY Scheme of the Government of India, which include the Schemes originally proposed for ₹252 crore along with the scheme for segregation of the Kandi areas for which an additional amount of ₹149.01 crore have been allocated by the Government of India under the DDUGJY Scheme.

2.0 The matter came up for admission on 07.03.2017 and during hearing, the Commission observed that out of the total 21 DPRs submitted for approval under Regulation 22 of PSERC (Terms & Conditions for Determination of Tariff) Regulations 2005, as amended from time to time, the DPR-1 covers the segregation and metering of all the 276 numbers of Kandi area feeders amounting to a total project cost of ₹190.61 crore out of which ₹185.97 crore is for segregation of 140 numbers Kandi area feeders and ₹4.64 crore is for 100% metering of balance 136 numbers of Kandi area feeders. The remaining 20 DPRs amounting to ₹252.06 crore are the same as submitted earlier against petition No.39 of 2016 which was decided by the Commission vide Order dated 05.12.2016.

The Commission further observed that in the 8th meeting of the Monitoring Committee on DDUGJY scheme held on 21.12.2016, approval to use unutilized fund of ₹149.01 crore out of total of ₹183.91 crore allocated under RGGVY in the XIth plan projects for the State of Punjab for segregation and metering of Kandi area

feeders has been accorded. REC Panchkula, vide letter dated 03.01.2017, has provided allocation of additional funds of ₹149.01 crore for Kandi area works under DDUGJY.

The Commission while reiterating the Order dated 05.12.2016 in petition No.39 of 2016, directed PSPCL to submit an affidavit that out of total funds allocated under DDUGJY, the funds required to complete segregation and metering of all Kandi area feeders shall be utilized first and remaining funds shall be utilized for carrying out other works under DDUGJY. PSPCL was directed to submit the said affidavit by 31.03.2017. The petition was fixed for further hearing on 11.04.2017.

3.0 In compliance to the Order of the Commission dated 16.03.2017, PSPCL vide Chief Engineer/ARR & TR Memo No.5428 dated 31.03.2017 filed an affidavit and stated as under:

3.1 The Commission vide Order dated 05.12.2016 directed PSPCL to take up the matter with the Government of India for sanction of the funds under the DDUGJY Scheme for the Kandi areas segregation/metering and only after the re-allocation of the amounts for the said scheme could PSPCL take up other capital expenditure scheme under the DDUGJY Scheme of the Government of India.

3.2 In compliance with the above directions of the Commission, PSPCL had approached the Government of India with additional Detailed Project Reports for the Kandi areas. Pursuant to the request made by PSPCL, additional funds of ₹149.01 Cr have been granted under the DDUGJY Scheme

for Kandi area works. The following is proposed to the undertaken:

- a) Kandi area feeders where the number of AP Tubewell connections is more than 200, the AP and non-AP load is to be segregated.
- b) Kandi area feeders where the number of AP Tubewell connections is less than 200 but the voltage regulation is more than 9%, the AP and non-AP load is to be segregated.
- c) Kandi area feeders where the number of AP Tube well connections is less than 200 and the voltage regulation is not more than 9%, full metering of the AP connections is to be done.

3.3 PSPCL will take up the matter with the Government of India for additional funds for the Kandi area works. Irrespective of additional funding by the Government of India to meet the gap of ₹149.01 crore presently allocated and the amount of ₹190.61 crore required, PSPCL will proceed to implement the said Kandi area works in full. Even in case the funding is not available from the Government of India under the DDUGJY Scheme, the entire deficit funding will be arranged for by PSPCL either through equity or through loan, to ensure that the Kandi area works as proposed are implemented in full.

3.4 PSPCL will implement the entire Kandi area works and also the other capital expenditure schemes for rural electrification under the DDUGJY Scheme without any delay on account of

unavailability of funds. While the physical implementation of the capital works will have to be as per the schedule under the DDUGJY scheme for both the Kandi area and other capital expenditure, PSPCL shall ensure that the entire funding for the Kandi area works is fully tied up and allocated before undertaking any such capital expenditure so that there is no deficit in funding at any stage.

3.5 The implementation of projects under DDUGJY scheme for 20 no. of DPRs sanctioned by MoP/GoI is at advanced stage as EMD and techno - commercial Bids against tender enquiry no. 46 floated for execution of project on full turnkey mode were opened on 13.10.2016. The said process is in abeyance at present as per the directions of the Commission. REC, vide its letter dated 15.02.2017 addressed to the Secretary (Power), GoP has informed that the new DDUGJY projects are regularly being reviewed by MoP/GoI and have to be awarded by 31st March 2017. Accordingly it has been insisted to award these 20 projects without any further delay.

3.6 During the RPM meeting of MoP/GoI held on 07.03.2017 following decisions have been conveyed:

(a) All concerned states which have not yet submitted revised DPRs based on their sanction are permitted to upload revised DPR up-to 31.03.2017. The on-line DPR portal shall be closed on 01.04.2017. In case of delay in submission of revised DPR, validity of sanction of projects shall be re-examined.

- (b) Bids are to be invited by 31.03.2017 in all those cases where no tender action is initiated up to 07.03.2017. In case of no action, validity of sanctions of projects shall be re-examined.
 - (c) All those projects whose bids are received and are under evaluation are to be awarded by April, 2017. For projects which remain un-awarded as on 30.04.2017, validity of schemes shall be re-examined.
- 3.7 Thus, timely sanction and execution of the works under the DDUGJY Scheme is of utmost importance to take the benefit of the scheme including the substantial subsidy which will benefit the consumers at large. Accordingly, PSPCL requested that investment approval of capital works to be undertaken under the DDUGJY of 20 no. DPRs already sanctioned by the MoP and 1 no. DPR of Kandi Area Project for Segregation of mixed load feeders/Metering of AP consumers under DDUGJY scheme may be accorded in time so that in compliance to the directions of MoP/Gol, the work against already floated tender enquiry under process may be awarded by April, 2017. For rest of the un-awarded work of 20 no. DPRs, if any, and for Kandi area works, the process of floating new tender enquiry shall be initiated on urgent basis to avoid any lapse of sanctioned funds on account of delay in implementation of the projects.
- 3.8 The additional funds to the tune of ₹149.01 crore allocated for Kandi area work shall be kept reserved exclusively for Kandi area works. If the cost of Kandi area project exceeds

this amount, it will be ensured that the entire Kandi area works as proposed will be completed by PSPCL from own funds/by availing loan/by requesting GoI/MoP for additional funds for the deficit amount.

- 3.9 The payback period of the project as per cost benefit analysis is submitted in the main petition. Presently 24 hour supply is being given to all tube well connections along with all the DS/NRS consumers from the mixed load feeders in such Kandi areas, which are now to be segregated. In view of the change in the number of hours of supply to the agricultural feeders, the Commission may give appropriate directions in regard to the nature of supply to be made for such Kandi areas in a progressive manner.

PSPCL prayed that the Commission may approve the schemes as proposed by the licensee.

- 4.0 The matter came up for hearing on 20.04.2017 and the Commission noted that in compliance to the directions of the Commission, an affidavit has been filed by Er.B.S.Sidhu CE/RE&APDRP, PSPCL stating that PSPCL will take up the matter with the Government of India for additional funds for the Kandi area works. Irrespective of additional funding by the Government of India to meet the gap of ₹149.01 crore presently allocated and the amount of ₹190.61 crore required, PSPCL will proceed to implement the said Kandi area works in full. Even in case the funding is not available from the Government of India under the DDUGJY Scheme, the entire deficit funding will be arranged for by PSPCL either through equity or through loan, to

ensure that the Kandi area works as proposed are implemented in full. The matter was heard and the order was reserved.

5.0 Commission's findings and Order

The Commission has gone through the submissions of PSPCL and in view of the undertaking submitted on an affidavit by CE/RE&APDRP, PSPCL, the Commission accords approval in terms of Regulation 22(6)(iii) of the PSERC (Terms & Conditions for Determination of Tariff) Regulations, 2005 as amended from time to time, to incur expenditure of ₹252.06 crore for execution of works contained in 20 number DPRs and ₹183.91 crore for segregation/metering of kandi area feeders under DDUGJY scheme subject to the condition that completion of the works relating to kandi area feeders shall be completed as brought out in the affidavit in a time bound manner along with works contained in 20 number DPRs approved by REC. PSPCL shall ensure that grant component available under DDUGJY scheme is availed in full. While executing the works, all applicable laws, rules and regulations shall be observed. The expenditure shall be incurred in a judicious manner. PSPCL shall submit quarterly status report of the works to the Commission.

The petition is disposed of accordingly.

Sd/-

(S.S.Sarna)
Member

Chandigarh

Dated: 24.04.2017

Sd/-

(D.S.Bains)
Chairman.