Case No.20/2008

09.06.2008: Mr. Dillip Kumar Choudhury, Sr. GM (TP & Const.), OPTCL, Mr. L.R. Dash, Manager (TP & C), OPTCL are present for the petitioner.

Heard the petitioner on question of admission.

2. Mr. Choudhury stated that OPTCL has submitted an application on 27.05.2008 for approval of investment proposal estimated at Rs.49.46 crore for construction of the following Grid Substations.

(i) Construction of new 2x12.5 MVA, 132/33 kV substation at Bhawanipatna along with associated 6.61 kms. of 132 KV D.C. LILO arrangement on existing 132 kV S.C. line from Kesinga to Junagarh substation with an estimated cost of Rs.19.59 crore with 30% funding from own resources and 70 % availing loans from suitable financial institutions like REC/PFC Ltd.

(ii) Construction of new 2x12.5 MVA, 132/33 kV S/S at Boudh along with associated 50.732 Kms. of 132 kV S.C. line on D.C. tower from existing 132/33 KV s/s at Sonepur with an estimated cost of Rs.29.87 crore.

3. As per License Condition 10 read with Condition 23.1 of OPTCL, approval of the Commission is required for any investment beyond Rs.10.00 Cr. As per the Licence Condition, the Licensee is required to satisfy to the Commission (i) about the need for such investment; (ii) that it has examined the economic, technical and environmental aspects of all alternatives.

4. The Licensee is required to furnish to the Commission (i) a DPR, (ii) project cost with cost benefit analysis, (iii) information regarding whether it is a new project or an expansion/ up-gradation, (iv) sanctions/ statutory clearance (v) phasing of investment and commissioning schedule, (vi) manner of capitalizing the investment in the revenue requirement, (vii) constraints in making investment, (viii) resource mobilization and financial plans, (ix) process of finalizing the tender through Commission’s approved transparent procedure, and (x) any other item as required by the Commission.
5. On examination of the application of OPTCL, it is found that the investments have been justified for improvement of power supply system, reducing loading on certain line section of OPTCL’s network, reducing the overall/ transmission losses and improvement of voltage profile. OPTCL has made the system study with the existing arrangement and the proposed arrangement for investment proposals.

6. As explained by the petitioner, the present supply to the Bhawanipatna and its adjoining area at 33 KV from 132/33 KV s/s, Kesinga which is at a distance of 35 Kms. The 33 KV line being very long and passing through hilly & forest area, it becomes extremely difficult to maintain as a result of which frequent interruptions occur in addition to the persisting low voltage problem. The proposed S/S is required in order to improve the quality and reliability of power supply to the district head quarters at Bhawanipatna and its adjoining areas as well to minimize losses and hence it is proposed to construct a 2 x 12.5 MVA, 132/33 KV s/s at Bhawanipatna. Connection of 33 KV feeder to existing 33/11 KV s/s at Lanjigarh, Madanpur, Rampur will improve the voltage level of respective areas. The district headquarters at Bhawanipatna and its adjoining area will have alternate power supply source at 33 KV level besides the existing 33 KV source from Kesinga, hence, proposal No. 1 has been made. It has been projected by the petitioner to complete the aforesaid project during March, 2010 at a total project cost of Rs.19.59 crore and average annual rate of return has been estimated at 10.130%.

7. The present supply to Boudh and its adjoining area is at 33 KV from 132/33 KV S/S, Phulbani which is around 70 Kms. away and on emergency getting supply from Sonepur 132/33 KV s/s, which is also at a distance of about 70 Kms. The load growth of Phulbani 132 KV s/s is increasing day by day. Further, Phulbani s/s is feeding power to Tikabali, G. Udayagiri, Raikia, Daringibadi, Firingia, Nuagaon, Baliguda, Tumudibandha, Kosagada, Chakapada & Khajuripada. In order to improve the quality and reliability of power supply to Boudh, Kantamala, Purunakatak & Charichhaka at 33 KV level as well as to minimize losses,
it is proposed to construct a 2 x 12.5 MVA, 132/33 KV s/s at Boudh. Boudh being geographically & centrally located between Phulbani and Sonepur as well as close to load centre, will be an ideal place to go for construction of 132/33 KV s/s. Further, the 132 KV S.C. Line from Sonepur grid s/s can be easily routed to the proposed s/s. Construction of 33 KV line from Boudh s/s to nearby load centre will improve the voltage level of the respective areas, hence, proposal No. 2 has been made. It has been projected by the petitioner to complete the aforesaid project during March, 2010 at a total project cost of Rs.29.87 crore and average annual rate of return has been estimated at 6.490%.

8. The petitioner has also submitted that the OPTCL has made the techno-economic analysis which is summarized as below:

(i) For Bhawanipatna 132/33KV, 2x12.5 MVA Substation, OPTCL has projected the reduction of average annual loss to the extent of 0.354 MW, which with consideration of Rs.2.06/ KWH, comes to Rs.32.455 lakh in monetary term. Expectation of full utilization of 2x12.5 MVA capacity at the proposed grid S/S and with 4.5% transmission loss shall make available additional 790.568 LU, which shall ensure OPTCL to earn additional annual revenue of Rs 166.020 lakhs at the wheeling cost of 21 paise. Thus, OPTCL expects total annual revenue from investment No. 1 to the tune of Rs.198.475 lakhs. The average rate of annual return has thus been found to be 10.130%.

(ii) For Boudh 132/33KV, 2x12.5 MVA Substation, OPTCL has projected the reduction of average annual loss to the extent of 0.304 MW, which with consideration of Rs.2.06/ KWH, comes to Rs.27.870 lakh in monetary term. Expectation of full utilization of 2x12.5 MVA capacity at the proposed grid S/S and with 4.5% transmission loss shall make available additional 790.568 LU, which shall cause OPTCL to earn additional annual revenue of Rs 166.020 lakhs at the wheeling cost of 21 paise. Thus, OPTCL expects total annual revenue from investment No. 2 to the tune of Rs. 193.890 lakhs. The average rate of annual return has thus been found to be 6.490%.
09. From the project implementation schedules submitted both for Bhawanipatna and Boudh Grid S/S in the Transmission Project Reports, the projects are expected to be completed by March, 2010.

10. The Commission further directed OPTCL to consult with the concerned DISTCOs before implementing the project.

11. Clearance of forest and environment are not required as stated by OPTCL. OPTCL has submitted the Environmental Impact Assessment (EIA) Study for two projects. OPTCL is stated to have adopted the procurement procedure through National Competitive Bidding, Single Package and Turn Key basis for the two individual proposals.

12. The case is admitted and the prayer of the petitioner is allowed. In order to expedite the implementation of these two projects in those critical areas the Commission accords in principle approval to OPTCL to go ahead with the execution following the prescribed procedure. However, the petitioner is directed to file the cost estimates in detail which should be a realistic one taking FY 2006-07 as the base year and the price escalation thereafter. The petitioner is further directed to submit the details of mode of financing such projects by 10.07.2008. Since these projects are commercially unviable but economically desirable, it is felt that the State Government should at least part finance the projects instead of OPTCL shouldering the entire project cost and passing the same to the consumers of the state in terms of tariff burden. However, there should not be any delay in implementation and completion of the projects merely on the ground that state funding in part has not been available or awaited. Projects should be completed in time with the financial arrangement suggested by OPTCL and due adjustment can be made in case state funding is partly made in due course.

Sd/-        Sd/-           Sd/-
Member (B)   Member (SK)   Chairperson