

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN  
PLOT NO.-4, CHUNOKOLI, SHAILASHREE VIHAR  
BHUBANESWAR - 751 021**

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**Present:**      **Shri U. N. Behera, Chairperson**  
                  **Shri A. K. Das, Member**  
                  **Shri S. K. Parhi, Member**

**Case No. 65/2017**

CESU	.....	Petitioner
Vrs.		
DoE, GoO & Others	.....	Respondents

**In the matter of:**      **An application under Clause 11 of its license condition for approval of Revised Detailed Project Report (DPR) for Infrastructure Development under CAPEX programme of the State Government to be taken up during FY 2017-18.**

**For Petitioner:**      **Shri Sukanta Kumar Swain, Sr. Gm (Tech.), CESU, Shri Manoj Kumar Agarwal, Manager (CAPEX), CESU, Shri Phiroj Kumar Uttaray, AGM (CAPEX), CESU.**

**For Respondent:**      **Shri S.K.Puri, Sr. GM (RT&C), OPTCL, Shri S.K.Sahoo, DGM (Fin.), GRIDCO Ltd. and Ms. Niharika Pattnayak, ALO, DoE, GoO.**

**Order**

**Date of hearing: 07.11.2017**

**Date of order:15.05.2018**

The Commission vide order dt.06.10.2010 in Case No.134 of 2010 had given in principle approval of the phase-wise investment proposal of CESU for 1092.72 Cr.

The year-wise investment form different heads is outlined in the following table :

Financial year	2010-11	2011-12	2012-13	2013-14	Total (Rs.in Crore)
State Govt.	117.00	156.00	97.50	97.50	468.00
CESU(Matching contribution)	0.00	78.00	156.00	234.00	468.00
CESU(self financing)	87.12	18.64	21.85	29.11	156.72
Total CAPEX	204.12	252.64	275.35	360.61	1092.72

2. CESU, during the FY 2011-12 again approached the Commission with a revised estimate of Rs.406.49 Crore for the proposed projects during Fy 2010-11 and FY 2011-12 for approval. Since, no work could be executed during the FY 2010-11 due to non availability of fund & finalisation of guidelines and also few additional items have been considered in view of technological advancements, the Commission accorded in-principle approval of the revised investment proposal of CESU for Rs.406.49 Crore vide its order dt.16.09.2011 in Case No.66 of 2011. The Commission observed that the investments were necessary to remove low voltage, frequent

interruptions and avoid recurring expenditures. CESU was expected to execute the works of 2010-11 & 2011-12 in the year 2011-12. The funding mechanism for phase-I of CAPEX programme is outlined below :

State Govt. Grant in Cr.	CESU matching fund in Cr.	Total Fund in Cr.
342.22	32.5	374.72

3. As per the submission made, the phase-I of CAPEX programme was taken up in two parts, one is for procurement of major OSM materials like conductors, AB cables, power & distribution transformers, breakers, and meters etc. and other part is for execution of work in turnkey basis. CESU had placed a supply order of Rs.191.45 Crore towards procurement of various major materials and work order of Rs.192.12 Crore towards execution of work in turnkey basis. CESU has broadly divided the turnkey works into 8 activities as mentioned below:-

Sl. No.	Scope	Category	Units	DPR Target
1	33/11 KV Sub-station	New	Nos.	24
2	33/11 KV Sub-station	Up-gradn.	Nos.	122
3	33KV Line	New	Kms	132.2
4	33KV Line	Up-gradn.	Kms	978
5	11KV Line	New	Kms	218.5
6	11KV Line	Up-gradn.	Kms	1693
7	DT Sub-station	New	Nos.	643
8	AB Cables	Up-gradn.	Kms	2484

4. CESU submitted that the total quantum of works are divided into 22 Nos. of packages spread over 20 Nos. of distribution divisions and awarded to the executing agencies through a process of tendering/negotiation in line with the guideline laid by the CAPEX monitoring Committee. The details of executing agencies, work order nos. etc., are mentioned below:-

Sl. No.	CESU W.O No.	Date	Executing Agency	Package	Division	Amount (Rs. In Cr.)
1	18764	02-06-12	M/S GPIL Bhubaneswar	Package-2	BCDD-2	6.863
2	21352	27-06-12		Package-9	CDD1	8.614
3	21356	27-06-12		Package 11	CED	7.979
4	21364	27-06-12	Akhandalamani Electricals & Construction Ltd., Cuttack	Package 3	BED	6.306
5	21372	27-06-12		Package 13	Kendrapada	9.594
6	26884	18-08-12		Package 12	Athagarh	6.910
7	26894	18-08-12	M/s S.K. Mohapatra	Package 15	Paradeep	9.800
8	26888	18-08-12	M/s OSIC Ltd	Package 20	Chainpal	9.980
9	18760	02-06-12	M/S Enzen Global Solution	UG Cabling Airport	BCDD-I	0.993

10	36485	24-11-12	M/s TAVRIDA ELECTRIC INIDIA (P) Ltd.	Package 21	Compact S/S	4.613
11	37284	12-04-2012	M/s OSIC Ltd	Pkg-18	Dkl-2	7.227
12	37288	12-04-2012		Pkg-19	Angul	7.849
13	37297	12-04-2012		Pkg-22	Dkl-3	8.404
14	38676	20.12.12		Pkg-8	Nayagarh	8.163
15	38845	21.12.12		Pkg-14	Marshaghai	9.351
16	39172	26.12.12	M/s Gayatri Agency	Pkg-17	Dkl-1	7.392
17	39158	26.12.12	M/s Pioneer Power Engineers Ltd., Lucknow	Pkg-7	Balugaon	10.818
18	39163	26.12.12		Pkg-10	CDD-II	10.026
19	39168	26.12.12	M/s Eastern Piling & Cinstruction Pvt. Ltd.	Pkg-16	Jagatsinghpur	10.128
20	39444	29.12.12	M/s OSIC Ltd, Madhupatana, OSIC Tower,Cuttack- 10, Odisha,Fax- 0671-2341875 / 2342561	Pkg-6	Puri	10.751
21	39448	29.12.12		Pkg-5	Khordha	10.814
22	39434	29.12.12		Pkg-4	Nimapara	8.664
23	39438	29.12.12		Pkg-1	BCDD-1	10.872

5. As per the submission made by CESU, the CAPEX was delayed due to various factors and finally monitoring Committee of CAPEX in its meeting held on 03.09.2016 had decided to close the programme by 31<sup>st</sup> December, 2016. As per the decision, except the works at new primary substation at Sarpeswar under AED, Athagarh and RCMS under AED, Angul, CESU has stopped the works related to all packages. The package-wise achievement of works are mentioned below:-

Sl.No.	Scope	Category	Units	DPR Target	Completed	Balance
1	33/11 KV Sub-station	New	Nos.	24	22	2
2	33/11 KV Sub-station	Up-gradn.	Nos.	122	122	0
3	33KV Line	New	Kms	132.2	125.511	6.689
4	33KV Line	Up-gradn.	Kms	978	719.6	258.36
5	11KV Line	New	Kms	218.5	129.44	89.06
6	11KV Line	Up-gradn.	Kms	1693	1001.98	691.02
7	DT Sub-station	New	Nos.	643	626	17
8	AB Cables	Up-gradn.	Kms	2484	2144.87	339.13

6. CESU has submitted that some OSM materials already procured are left unutilised due to closure of CAPEX programme. The major reason of failure of utilisation of

materials is due to non-execution of works by one agency namely M/s OSIC. In order to further strengthen the system with the balance materials, CESU had approached the monitoring Committee to allow them for taking up the works departmentally; which was subsequently allowed by the Committee on 19.06.2017. While allowing the proposal of CESU, the monitoring Committee directed DISCOMs to prepare DPR and file it before OERC for approval. Further, as per the license condition 11.1 read with condition 32, unless otherwise directed by the Commission, the licensee shall obtain prior approval of the Commission for making investment in the licensed business, if such investment is above Rs.5 Crore. In the above backdrop, CESU has filed this petition along with the revised DPR and cost benefit analysis for approval of DPR & execution of the works departmentally to utilise the balance left out materials procured under CAPEX scheme.

7. CESU, for this purpose, as per the available cost data has prepared an estimate amounting to Rs.17.58 Crore (Rs.10.46 Cr. as cost for supply of materials and Rs.7.12 Cr. as cost for erection). The tentative expenditure of all the 22 packages for such pre-closure is Rs.132.900 Crore, considering the amendment of work order for package No.1,4,9,17 &21. The break-up of such information is placed in the table below:

Sl. No.	Pkg. No.	Name of the Division	Original Work Order value in Cr.	Revised WO values of completed Pkgs. In Cr.	Projected Work Order value of Balance Pkgs. in Cr.
1	1	BCDD-I, Bhubaneswar	10.872		8.300
2	2	BCDD-II, Bhubaneswar	7.86	4.763	
3	3	BED, Bhubaneswar	6.306		3.285
4	4	NED, Nimapada	8.664	6.831	
5	5	KED, Khurda	10.814		7.500
6	6	PED, Puri	10.751		6.700
7	7	BED, Balugaon	10.818		8.200
8	8	NED, Nayagarh	8.163		5.200
9	9	CDD-I, Cuttack	8.614	5.532	
10	10	CDD-II /CDD-I/CED, Cuttack	10.026		7.500
11	11	CED, Cuttack	7.979		5.600
12	12	AED, Athagarh	6.91		6.500
13	13	SED, Salipur / KED-I, Kendrapada	9.594		7.376
14	14	KED-I,KED-II Kendrapada / SED, Salipur	9.351		7.194
15	15	PED, Paradeep	9.8		5.700
16	16	JED,Jagatsingpur	10.128		8.400
17	17	DED, Dhenkanal	7.392	7.665	
18	18	DED,Dhenkanal	7.227		3.807
19	19	AED, Angul	7.849		4.047
20	20	TED,Chainpal	9.98		5.281
21	21	CDD-I/PED, Puri	4.613	4.548	

22	22	DED, Dhenkanal / AED, Angul	8.404		2.971
<b>Total Turn Key</b>			<b>192.115</b>	<b>29.339</b>	<b>103.561</b>

Hence, CESU submission shows that the total expenditure of CESU on account of CAPEX will be Rs.324.35 Cr. i.e. Rs.191.45 Crore for supply of OSM materials and Rs.132.900 Cr. for works executed on turnkey basis.

8. As submitted, GoO has released Rs.877.49 Cr. for CAPEX which includes an amount of Rs.121.66 Crore released to GRIDCO. The details of funds available with DISCOMs are mentioned below:-

DISCOMS	Share (%)	Fund Received from FY 2010-11 to 2014-15 from GoO	Fund Received in FY 2016-17	Total Funds allocation in Crore
WESCO	19.50	147.39	23.72	171.11
NESCO	21.00	158.72	25.55	184.27
SOUTHCO	20.50	154.95	24.94	179.89
<b>CESU</b>	<b>39.00</b>	<b>294.77</b>	<b>47.45</b>	<b>342.22</b>
<b>TOTAL</b>	<b>100</b>	<b>755.83</b>	<b>121.66</b>	<b>877.49</b>

9. CESU has submitted that an amount of Rs.17.87 Cr. is available (Rs.342.22 – Rs.324.35 Cr.) for departmental execution of pending works. CESU has framed a Detailed Project Report (DPR) with an amount of Rs.17.58 Cr. for the purpose, considering the major heads of work activities as stipulated in the Business Plan of CESU i.e. capacity addition in primary/secondary s/s with maintenance of breaker, technical loss reduction by replacement of OH conductor and commercial loss reduction by provision of AB cable. CESU has made an estimate of the post project implementation performance scenario according to which the Internal Rate of Return (IRR) is estimated at 48.30%. The total benefit out of this project is estimated as Rs.23.32 Crore per year which would be accrued in the 2<sup>nd</sup> year of the project execution.
10. GRIDCO has no objection to the proposal of CESU to carry out the works required for development of electricity distribution network as per the revised DPR but the total expenditure of CESU should be within the overall CAPEX ceiling of Rs.342.22 crore.
11. The Commission has gone through the petition of CESU and also heard the petitioner for approval of investment proposal to execute the work departmentally in order to utilise balance left out material, procured under CAPEX scheme. The Commission analysed the proposal along with the revised DPR submitted with the petition. Moreover, the Commission is concerned about the utilisation of balance materials for

strengthening of distribution system in order to remove low voltage, frequent interruptions and extend quality power to the consumers. Therefore, the investment proposal in our opinion merits consideration and we accord in-principle approval of the revised DPR for investment of Rs.17.58 Cr. for execution of works departmentally, however the total expenditure should be within the overall CAPEX ceiling of Rs.342.22 crore. The other stipulations /observations and directions in our order dt.06.10.2010 in Case No.134 of 2010 and order dt.16.09.2011 in Case No.66 of 2011 would mutasis mutandis continue to apply.

12. Accordingly, the Case is disposed of.

Sd/-  
**(S.K.Parhi)**  
**Member**

Sd/-  
**(A. K. Das)**  
**Member**

Sd/-  
**(U. N. Behera)**  
**Chairperson**