

M.A.No. 219/06, 220/06, 235/05
in
Compliance Case No.345/05

Present for: HPSEB: Sh.Jagdish Sharma, Member
(Finance) Sh.R.L.Chauhan, Member (Civil)
Sh. C.M.Walia, C.E. (Civil).

Consumer Representative: None
(under section 94(3) of
the Electricity Act, 2003)

Interim Order

18.11.2006.

M.A. No.219/06 (regarding submission of status report on implementation of directions-cum-advisories given to the HPSEB) M.A.No. 220/06 (regarding details of loans) and MA.No.233/06 (regarding approval of investment plans), filed by the HPSEB, are taken on record.

The Commission chooses to take issues one by one. Dealing with the compliance of the directions contained in tariff order for FY 2006-07 as well as other directives mentioned in earlier tariff orders, it is observed that the details of the compliance were to be submitted by 30th September, 2006, which was further extended to 31.10.2006 and till date no compliance report has been submitted, The Board vide M.A.No. 219/06 has asked for more time up to 31.12.2006. The implementation of certain directions has become over due. For example report on “declining generation of Board’s own station” and on “High Voltage Distribution System” were to be submitted within three months and report on “ the feasibility of integrating the two grids i.e. BBMB grid and Yamuna Grid” was to be submitted within six months, from the 29.6.2006 i.e. the date of on which the Tariff Order for the FY 2005-06 was issued. These reports were to be considered by the Commission by issuing the next order for the FY 2006-07. Now the next tariff petition for the FY 2007-08 is to be filed soon and the process of determination of next tariff is to start. Implementation of many directions, needs not much information from the field and can be considered in a sitting or two at the headquarters and at least progress made or steps taken could have been easily intimated to the Commission. Such delay on the part of the Board is deplorable and undermines the objectives of the Electricity Act and vitiates the reforms to be made thereunder.

On an assurance given by Sh.C.M.Walia, C.E.(Commercial) that the item wise details of steps taken for implementation of the directions given by the Commission, would be furnished to the Commission by Monday i.e. 20th November, 2006, the

Commission directs the Board to submit the status report by the 20th November, 2006 and thereafter to continue to submit monthly status reports, which will be taken upto for consideration in the court proceedings.

In compliance to the directions given in clause 8.31 of the Tariff Order for the FY 2006-07, announced on 3.7.2006, and the Commission's interim order dated 16.09.2006, the Board has prepared and submitted vide No. M.A.No. 233/06 the debt and Investment Plan for the FY 2006-07, and has submitted that the debt and investment plan for the FY 2007-08 is under preparation. Even the submitted Debt and Investment Plan for the year 2006-07, does not prima facie appear to be in the requisite shape. In relation to the submission of plans and status reports Sh.Jagdish Sharma, Member (Fin) gave the details of the steps taken for restructuring the Financial infrastructure vis-a-vis the conduct of debt sustainability studies. He informed the Commission, that Board is taking steps to adapt to a modern approach and is availing the expert services of the NTPC, as Consultants, to tune up its financial infrastructure. The process of recruitment of highly qualified and trained personnel to handle the financial matters has also been initiated. They are hoping to recruit the needed personnel through the State Public Service Commission/Board, as the case may be, within period of six months. So far as the delegation of financial powers to the field staff is concerned, he stated that the existing provisions are sufficient and require no change.

Commission observes that no efforts seem to have been made either to do away with or to reduce extravagant expenditure for construction/extension of offices and Rest Houses. However the Commission approves the investment and Debt Plan (IDP) for the year 2006-07, as annexed herewith as Annexure-A, subject to the following conditions:

- i) The approval of investment against Larji and Khauli projects is provisional, subject to the Board filing a proper tariff petitions for the two projects as per the directions contained in the tariff order issued on 3-7-2006.
- ii) Regarding the investment being made on projects being executed through SPV companies, the Board to submit the details of total equity it shall provide for each project and the total equity invested till date.
- iii) The IDP envisages repayment against REC loans as Rs. 70.46 crores whereas the repayment projected in the details of loans, submitted vide affidavit dated 18-9-2006, is Rs. 28.35 crores. The Board to clarify this.
- iv) The Board to certify that the investments proposed under REC schemes are those which were sanctioned and taken up before the RGGVY scheme was initiated.
- v) The IDP mentions Misc. Capital Receipts of Rs. 40 crores. The details of these receipts be supplied to the Commission.

vi) The Board has submitted schemes worth Rs. 459 Crores under RGGVY but till date only one scheme has been sanctioned and the total outlay under this scheme is only Rs. 8.5 crores. The Board needs to actively pursue these schemes with GOI in the interest of improving the quality of supply to the rural areas. The Board to submit the details of steps taken in this direction.

The Board to submit appropriate response to the above by 14th December 2006. In case the Commission is not satisfied with the details so submitted, it may suo motu amend the Investment and Debt Plan now being approved.

List this case on 16.12.2006. at 3.00 pm (or soon thereafter).

(Yogesh Khanna)
Chairman.