

BEFORE THE HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION,  
SHIMLA

M/S Kapil Mohan and Associates Hydro Power (P) Ltd,  
SCO-140-141, Sector-34 A, Chandigarh.

...Petitioner

V/s

The H.P. State Electricity Board  
Vidyut Bhawan, Shimla-4.

...Respondent

Petition No. 200 of 2008

(Decided on 23.1.2009)

**CORAM**  
**YOGESH KHANNA,**  
**CHAIRMAN**

Petitioner represented by

Sh. Pushpinder Singh  
(Consultant)

Respondents represented by

Sh. Narinder Singh Thakur,  
Advocate.

**ORDER**

(Last heard on 20.12.2008 and orders reserved)

The brief facts involved in this case are that M/S Kapil Mohan and Associates Hydro Power (P) Ltd, SCO-140-141, Sector-34-A, Chandigarh, which is a Pvt. Ltd; Company incorporated under the Companies Act, 1956 (hereinafter referred as “the petitioner”), through Sh. Pushpinder Singh its Consultant and authorised representative, has stated that the petitioner is in the process of establishing hydro generating station, with an installed capacity of 5 MW, known as the Beas Kund HEP at village Palchan in Kullu District in the State of Himachal Pradesh. The TEC for the said project granted by the Himachal Pradesh Electricity Board (hereinafter referred as “the Board”), provides that the power from this project is to be evacuated at 33 kV transmission line at Palchan Sub-station. The capital expenditure for erection of transmission line upto Palchan Sub-station is included in the DPR and is

reflected in the TEC. No expense provisions were included for augmentation of transmission network beyond the interconnection point. The petitioner has started construction of the project on 14.4.2008 and the project is likely to be commissioned by Oct., 2009. The power from the said project cannot be evacuated until Palchan Sub-station, Naggar Sub-station and transmission line from Palchan to Naggar Sub-station and from Naggar Sub-station to Bijaura Sub-station is augmented. The petitioner informed the Board on 1<sup>st</sup> May, 2008 that the said project is likely to be commissioned by October, 2009 and requested the Board to ensure augmentation of the related transmission system for the effective evacuation of power from this project. The petitioner apprehends that the augmentation of the said transmission system may not be carried out by the Board. In the absence of augmentation of transmission system in synchronization with the commissioning of the said project, the power from the project will not be evacuated and resultantly the petitioner shall face lot of problems as well as heavy financial loss. Hence the petitioner has approached this Commission for suitable directions to the Board/STU to ensure timely completion of the system with effective flow of power/energy generated in the proposed project and also to grant the benefit of deemed generation.

2. The petitioner, in support of its prayer, has stated that-

- (a) The HPERC (Power Procurement from Renewable Source and Co-generation by Distribution Licensee) Regulations, 2007, (hereinafter referred as “ the Power Procurement from Renewable Sources Regulations”) provide that the generator (power producer) shall bear the expenditure incurred for connectivity upto interconnection point and the transmission licensee shall, in consultation with HIMURJA or any other person, prepare a comprehensive plan for augmenting and establishing the transmission/sub-transmission system corresponding to the commissioning of the projects indicated therein, the yearwise time lines to match the commissioning of the project with the establishing of the related evacuation system;

- (b) clause (b) of sub-section (3) of section 10 of the Electricity Act, 2003 (hereinafter referred as “the Act”) provides that every generating company shall co-ordinate with the CTU or the STU, as the case may be, for transmission of electricity generated by it;
- (c) sub-section (2) of section 39 of the Act, provides that it is the function of the STU to ensure development of an efficient, co-ordinated and economical system of the intra-State transmission lines for smooth flow of electricity from a generating station to the load centres. The STU is also to provide non-discriminately open access to its transmission system for use by any licensee or generating company on payment of transmission charges;
- (d) the National Electricity Policy (in para 5.3.2) stipulates that-  
“Network expansion should be planned and implemented keeping in view the anticipated transmission needs that would be incident on the system in the open access regime. Prior agreement with the beneficiaries would not be a pre-condition for network expansion. The CTU/STU should undertake network expansion after identifying the requirements in consultation with stakeholders and taking up the execution after due regulatory approvals.”

3. During the admission hearing of this petition, Sh. Pushpinder Singh representing the petitioner informed this Commission that the matter was also taken up with the Empowered Committee, constituted by the Commission under the Power Procurement from Renewable Sources Regulations. On the direction of the said Committee, the Chief Engineer (Operation) South and the Chief Engineer (SP) of the respondent Board have, by reason of various other hydro projects being set up in the area, suggested to up-grade the evacuation system from 33 kV level to 132 kV level. The Chief Engineer (System Planning) has stated before the Empowered Committee that in case the project of the petitioner is commissioned earlier than the erection of 132/33 kV sub-station network at Palchan, suitable alternative arrangement will be made. The Commission, therefore, directed the Board to file the reply to the petition,

indicating, inter alia, the permanent solution in the corridor and planned temporary arrangements likely to be put in place. Apart from this the Member (Tech.) of the respondent Board and the Managing Director of H.P. Transmission Corporation were also directed to be present before this Commission alongwith the detailed proposals in relation to the transmission evacuation plan for the evacuation of power from the Small Hydro Projects in the area in general and specific proposals (including interim arrangements) in relation to the project of the petitioner and their impact on similarly situated Small Hydro Electric Projects set up/ being set up by the other IPPs.

4. The respondent Board, in its response to the petition, has stated that the provisions as already made by HPSEB in the Master Plan and approved by the Commission i.e. 33 kV additional lines between Palchan to Prini and Prini to Naggar can evacuate the power of the Beas Kund HEP. The time lines mentioned in the transmission plan finalised by the Board and duly approved by the Commission during the year 2007 are based upon the projected commissioning schedules of various Small HEPs, which in-turn were based upon the status of progress reports, intimated by the HIMURJA and concerned offices of the Board, mainly in the shape of IA, PPA etc. signed by the IPPs. In case of 33 kV control point at Palchan, where the IPP has been allowed interfacing of the Beas Kund HEP at 33 kV level, the provisions in the approved transmission plan include construction of 33 kV additional transmission line between Palchan and Prini and between Prini and Naggar. In addition, to wheel the power up to major pooling station at Bajaura, a 33/132 kV Sub-station at Naggar with 132 kV connectivity with Bajaura Sub-station is also included. However, in the approved transmission plan, all the above mentioned transmission works are targeted for commissioning by the March, 2010. The scheme for transmission works to be undertaken in Kullu and Chamba areas (including the 33kV additional lines between Palchan to Prini and Prini to Naggar) has already been posed to the REC for funding during August, 2008 and as intimated by the REC officers, bridge loan of Rs. 423 crore is expected to be sanctioned within the month of December, 2008 and till such time funds for the entire transmission plan are available through grant from EAP scheme of the GoI.

5. The respondent Board has also made it clear that the petitioner has neither signed PPA with the Board nor has indicated the name of the third party to whom power is to be supplied, if the power is not to be sold to the Board. It is only through petitioner's letter dated 1.5.2008 (apart from this petition filed before the Commission), the Board has come to know about the commissioning of the Beas Kund HEP by October, 2009.

6. Under the Open Access Regulations, 2005, system studies are required to be undertaken in case of long term Open Access application for assessing the system strengthening for which inputs viz. commissioning date and point of delivery of power have to be submitted by the applicants on the prescribed format to the transmission licensee. The petitioner has indicated only the commissioning schedule of its project and now on 11.10.2008 it has indicated that capacity of its project is being enhanced to 9 MW, where as DPR of the enhanced capacity is yet to be received. On receipt of the DPR fresh studies are required to be made to ensure whether already allowed interfacing point for 5 MW holds good for 9 MW capacity or not. According to the Board, the interim arrangements for interfacing with existing transmission line can be allowed to the petitioner by way of interfacing the Beas Kund HEP with 33 kV line Lahaul feeder feeding power in to Palchan with the condition that the interim arrangement shall be valid for a period from Oct., 2009 to March, 2010 and no deemed energy charges should be allowed to the petitioner during this period.

5. The Commission observes that in the minutes of the meeting of the Empowered Committee held on 24.9.2008 it is mentioned that present 33 kV system from Palchan to Prini is inadequate to evacuate the power from the Power House and as per Chief Engineer (SP) following projects in the above vicinity, are likely to come up for execution-

- (i) Beas 2.5 MW
- (ii) Marhi 5 MW(already commissioned)
- (iii) Beas Kund 5 MW
- (iv) Bhang 5 MW
- (v) Palchan 1.5 MW

- (vi) Solang 1.5 MW
- (vii) Thiroth 4.5 MW

In the minutes of the said meeting of the Empowered Committee, it is further mentioned that due to non-availability of the adequate system as well as the corridor, it will not be possible to evacuate power from the above projects at 33 kV level. The Chief Engineer (SP), however, intimated the Committee that proposed 33/132 kV Sub-station is being set up near Palchan so that 30 MW power of the already awarded/commissioned projects could be evacuated and the scheme for upgradation is under preparation.

6. Keeping in view the submissions made by both the parties, deliberations of the Empowered Committee, provisions made in sections 10, 39 and 86 of the Electricity Act, 2003, read with HPERC (Power Procurement from Renewable Sources and Co-generation by Distribution Licensee) Regulations, 2007 and para 5.3.2 of the National Electricity Policy, the Commission directs -

- (a) that the Board is to undertake network expansion after identifying the requirements in consultation with the stakeholders and to take up the execution of the Master Plan/augmentation of the transmission system based upon the projected commissioning schedule of various Small HEPs set up/being set up in the area, and the regulatory approvals accorded, i.e. the time lines mentioned in the transmission plan finalised by the Board and duly approved by this Commission during the year 2007;
- (b) that the Board is to ensure, in case of 33 kV control point at Palchan, where the petitioner has been allowed interfacing of the Beas Kund HEP at 33 kV level, the provisions in the approved plan include construction of 33 kV additional transmission line between Palchan and Prini and between Prini and Naggar; and the Board will make interim arrangements for interfacing with the existing transmission line and allow to the petitioner by way of interfacing the Beas Kund HEP with 33

kV line Lahaul feeder feeding power into Palchan for a period from Oct, 2009 to March, 2010;

- (c) that in case the Board fails to complete the erection/ augmentation of the transmission system by 31<sup>st</sup> March, 2010 for evacuation of power from the petitioner's project, the interim arrangements referred to in sub-para (b), will continue;
- (d) in the absence of the PPA with the Board the petitioner will not be eligible, as prayed, to claim the benefit of deemed generation and shall have to tie up suitable OA agreements/ arrangements, for evacuation of power, with the Board;

It is so ordered.

(Yogesh Khanna)  
Chairman