



**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. OA-236/16-17**

IN REGARD TO THE PETITION SUBMITTED BY WEST BENGAL STATE ELECTRICITY TRANSMISSION COMPANY LIMITED (WBSETCL) FOR APPROVAL OF CAPITAL EXPENDITURE OF RS. 422.65 CRORE FOR IMPLEMENTATION OF 4 NOS. OF TRANSMISSION SCHEMES IN TERMS OF REGULATION 2.8.2.3 AND PARAGRAPH 4.1 (VI) OF SCHEDULE-2 OF THE WEST BENGAL ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS OF TARIFF) REGULATIONS, 2011, AS AMENDED FROM TIME TO TIME.

**PRESENT:
SRI DURGADAS GOSWAMI, MEMBER**

DATE: 05.03.2019



Approval of capital expenditure of Rs. 422.65 Crore of West Bengal State Electricity Transmission Company Limited for implementation of 4 nos. of Transmission schemes in terms of regulation 2.8.2.3 and paragraph 4.1 (vi) of Schedule - 2 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time.



Facts in brief:

1.0 West Bengal State Electricity Transmission Company Limited (in short 'WBSETCL') submitted a petition on 04.10.2016 for approval of capital expenditure of an estimated cost of Rs. 422.65 Crore for implementation of four (4) numbers of different transmission schemes covered under paragraph 2.0 below in terms of regulation 2.8.2.3 and paragraph 4.1 (vi) of Schedule – 2 of the West Bengal Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2011, as amended from time to time (in short 'Tariff Regulations').

2.0 In their petition WBSETCL submitted DPR for each of the four (4) schemes. Brief descriptions of the schemes are as follows:

A) Construction of Rejinagar 220/132/33 kV Sub-station and associated transmission system (ATS):

WBSETCL has proposed for establishment of new 220/132/ 33 kV sub-station at Rejinagar with 2x160 MVA 220/132 kV power transformers, 2x50 MVA 132/33 kV power transformers, four (4) numbers of 220 kV Line Bays, eight (8) numbers of 132 kV Line Bays, eight (8) numbers of 33 kV feeders (with Indoor VCB), 2x10 MVar 33 kV Shunt Capacitors along with construction of D/c LILO of 220 kV Gokarna – Krishnanagar D/c line and D/c LILO of 132 kV Amtala – Berhampur D/c line at proposed Rejinagar sub-station. LILO of 132 kV Amtala – Debogram D/c line at Rejinagar sub-station has also been considered and the same is included under the scheme for construction of Salar 132 kV GIS with associated transmission system.

The proposed sub-station will be located at Rejinagar Industrial Estate developed by WBSIDC in Murshidabad district of West Bengal. The proposed new 220/132/33 kV sub-station at Rejinagar will solve the low voltage problem, increase system reliability



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and provide second source to Berhampur 132 kV and Debogram 132 kV substations. The proposed sub-station at Rejinagar will also improve the operational flexibility and facilitate supply of reliable and quality power in and around Beldanga, Rejinagar, Palassy, Shaktipur & Rejinagar (WBIDC) 33/11 kV sub-stations of WBSEDCL. In rolling plan of WBSETCL up to 2018-19, construction of 220 kV sub-station at Amtala was contemplated and the scheme was approved by the Board of Directors of WBSETCL in its 35th meeting held on 16.11.2013. Subsequently, in 48th meeting of Board of Directors held on 17.07.2015 construction of Rejinagar 220 kV sub-station has been approved in place of Amtala 220 kV SS, considering lesser route length of 220 kV and 132 kV transmission line to be constructed, non-availability of suitable land near Amtala and higher load concentration in and around Rejinagar. Establishment of the proposed sub-station was primarily considered for strengthening of transmission system & to solve the source constraint i.r.o Amtala SS, Najirpur GIS and upcoming Domkal GIS of WBSETCL.

It was submitted that, for establishment of 220/132/33 kV sub-station at Rejinagar 12.48 acre of land was allotted in Rejinagar Industrial Estate on long term lease basis and possession of the land has already been taken over by WBSETCL.

- B) Construction of Gazol 220/132/33/11 kV Gas Insulated Sub-station (GIS) and associated transmission system (ATS):

WBSETCL has proposed for establishment of new 220/132/33/11 kV GIS at Gazol with 2x160 MVA 220/132 kV power transformers, 2x50 MVA 132/33 kV power transformers, four (4) numbers of 220 kV Line Bays, eight (8) numbers of 132 kV Line Bays, eight (8) numbers of 33 kV feeders (with Indoor VCB), 2x10 MVA 33 kV Shunt Capacitors, 2x10 MVA 33/11 power transformers and 11 kV Indoor System along with construction of D/c LILO of 220 kV Malda (PG) – Dalkhola (PG) D/c line and D/c LILO of 132 kV Malda – Samsi – Raiganj D/c line at proposed Gazol



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substation. WBSETCL also proposed drawal of 3 km 132 kV D/c Line to terminate Malda – Balurghat 132 kV Line at Gazol and stringing of 2nd circuit of existing line along with construction of one (1) number of 132 kV feeder bay at Balurghat 132 kV sub-station and drawal of 2 km 132 kV D/c line to establish Gazol – Samsi D/c line.

The proposed sub-station will be located at Gazol in the Malda district of West Bengal. The present maximum aggregated demand in the command area of existing 132 kV sub-stations at Malda, Samsi, Balurghat, Gangarampur in the districts of Malda and Dakshin Dinajpur is around 350 MVA which are met from Malda (PG) 400 kV sub-station via Malda 132 kV sub-station and Dalkhola 220 kV sub-station via Raigunj 132 kV sub-station. To meet the load, conductor of Malda (PG) – Malda 132 kV D/c line has been changed with HTLS conductor. But the peak loading of this line has reached almost its full capacity. The establishment of the proposed sub-station at Gazol was contemplated to improve the low voltage problem and reliable power supply and to meet the growing load demand due to massive rural electrification programme in the command area. Earlier in the perspective plan of WBSETCL up to 2016-17, establishment of Gazol 132 kV sub-station with 132 kV D/c connectivity from Malda (PGCIL) was approved by the Board of Directors, WBSETCL. Investment approval for implementation of Perspective plan up to 2016-17 has been accorded by WBERC on 25.05.2012. During review it was observed that construction of only 132 kV sub-station at Gazol is not sufficient for improvement of power scenario of Malda District, creation of a 220 kV source is required. Accordingly, construction of Gazol 220 kV sub-station was included in rolling plan of WBSETCL up to 2018-19 which was approved by the Board of Directors, WBSETCL in its 35th meeting held on 16.11.2013.

It was submitted that, for establishment of proposed Gazol 220/132/33/11 kV GIS, 8.22 Acres of land on Salami and annual rent basis has been acquired and possession of which was already taken by WBSETCL.



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- C) Construction of Debra 132/33 kV Gas Insulated Sub-station (GIS) and associated transmission system (ATS):

WBSETCL has proposed for establishment of new 132/33 kV GIS at Debra with 2x50 MVA 132/33 kV power transformers, two (2) numbers of 132 kV Line bays, eight (8) numbers of 33 kV Feeder bays with 33 kV Indoor System (VCB), 2x10 MVAr 33kV shunt capacitor banks along with construction of 132 kV D/c transmission line from TL. No. T-21 of Midnapur – Kharagpur WBIDC 132 kV D/c line at Sobhanipur to proposed Debra 132 kV GIS to establish Midnapur – Debra 132 kV D/c connectivity.

The proposed sub-station will be located at Debra in the Paschim Midnapur district of West Bengal. The present demand in the command area of existing 33 kV sub-stations of WBSEDCL at Debra, Madpur, Karanda & Kalua Brindavan are mostly met from Pingla 132 kV sub-station. The present transformation capacity of Pingla 132/33 kV substation is 131.5 MVA (2x50 + 1x31.5 MVA) and the maximum demand reached about 130 MVA in last January, 2015. Augmentation of Transformer capacity to 3x50 MVA has already been considered to meet the demand, but it is not sufficient to cater the growing load demand of this area satisfying N-1 condition. Establishment of new 132/33 kV sub-station at Debra was contemplated to off-load the critically loaded Pingla 132/33 kV sub-station, to supply adequate power to agriculture sector and to meet the growing load demand due to massive rural electrification programme in the command area. Earlier in the perspective plan of WBSETCL up to 2016-17, establishment of Panskura 132 kV sub-station with LILO of Midnapur – Pingla 132 kV D/c at Panskura was approved by the Board of Directors, WBSETCL on 10.02.2011. Investment approval for implementation of perspective plan up to 2016-17 has been accorded by WBERC on 25.05.2012. Considering higher load concentration in and around Debra and availability of vacant land within Debra 33 kV sub-station of WBSEDCL, construction of Debra 132 kV GIS



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has been considered in place of Panskura and approved by the Board of Directors, WBSETCL in its 35th meeting held on 16.11.2013.

It was submitted that, for establishment of 132/33 kV GIS at Debra, no land is required to be acquired as it will be constructed at the available space within Debra 33/11 kV sub-station of WBSEDCL. Permissive possession of 1.70 Acres of land has already been obtained from WBSEDCL.

- D) Construction of Salar 132/ 33 kV Gas Insulated Sub-station (GIS) and associated transmission system (ATS):

WBSETCL has proposed establishment of new 132/33 kV GIS at Salar with 2x50 MVA 132/33 kV power transformers, four (4) numbers of 132 kV Line bays, six (6) numbers of 33 kV feeder bays with 33 kV Indoor system (VCB), 2x10 MVAr 33 kV shunt capacitor banks along with construction of LILO of Katwa – Gokarna 132 kV D/c line at proposed Salar sub-station. LILO of Amtola – Debogram 132 kV D/c line at Rejinagar is also considered in this scheme.

The proposed sub-station will be located at Salar in the Murshidabad District of West Bengal. Establishment of new 132/33 kV sub-station at Salar was contemplated to improve the acute low voltage problem in the command area of existing 33/11 kV sub-stations of WBSEDCL at Salar, Shaktipur, Kandra, Pachundi and to supply adequate power to industrial, commercial and domestic sectors in the area. At present, Salar 33/11 kV sub-station of WBSEDCL, is getting power from Kuli 132 kV sub-station through a 33 kV S/c line of route length around 39 Kms. Pachundi, Kandra 33/11 kV sub-stations also receive power from Katwa 132 kV sub-station through 33 kV S/c line of route length around 20 Kms each. Establishment of the proposed sub-station at Salar was contemplated to improve the acute low voltage problem in the command area of existing 33/11 kV substations which would be fed from Salar sub-station with shorter 33 kV lines. The proposed sub-station will also



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improve quality and reliability of power supply and will cater to system demand commensurate with increase in demand due to load growth in Domestic, Industrial, Commercial and Agriculture sector in the vicinity. In addition, the proposed sub-station will also take care of the demand arising out of Rural Electrification programme. Establishment of 132 kV sub-station at Salar was included in the rolling plan of WBSETCL up to 2018-19 which was approved by the Board of Directors, WBSETCL in its 35th meeting held on 16.11.2013. The same scheme was also considered in the Perspective plan of WBSETCL which was approved by the Board of Directors, WBSETCL in its 53rd meeting held on 28.07.2016.

It was submitted that, for establishment of 132/33 kV GIS at Salar, no land is required to be acquired as it will be constructed at the available space with Salar 33/11 kV sub-station. Permissive possession of land has already been obtained from WBSEDCL.

3.0 It is stated by WBSETCL that the above schemes have been approved in its different meetings, the details of which are as follows:

- i) Rejinagar 220/132/33 kV Sub-station & ATS in 48th meeting of Board of Directors held on 17.07.2015.
- ii) Gazol 220/132/33/11 kV GIS & ATS in 52nd meeting of Board of Directors held on 12.05.2016.
- iii) Debra 132/33 kV GIS & ATS in 48th meeting of Board of Directors held on 17.07.2015.
- iv) Salar 132/33 kV GIS & ATS in 52nd meeting of Board of Directors held on 12.05.2016.



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- 4.0 The project cost, as submitted by WBSETCL, for each of the schemes, covered under paragraph 2.0 above are tabulated as under:

(Rs. In Lakh)

SL No	Description	Total Project Cost
1	Construction of Rejinagar 220/132/ 33 kV Substation and associated Transmission Systems	12724.63
2	Construction of Gazol 220/132/33 kV Gas Insulated Substation and associated Transmission Systems	16553.83
3	Construction of Debra 132/33 kV Gas Insulated Substation and associated Transmission Systems	7254.08
4	Construction of Salar 132/33 kV Gas Insulated Substation and associated Transmission Systems	5732.41
TOTAL		42264.95

It was also submitted that the projects are proposed to be funded through WBSETCL's Internal Resources (IR) and through domestic borrowings. The equity component (30%) is proposed to be met through Internal Resources (IR) and the loan component (70%) through domestic borrowings from any Financial Institute and the equity component being released simultaneously with the loan component. The target beneficiary of the projects is WBSEDCL.

Observations of the Commission:

- 5.0 After scrutiny of the DPRs for all the above four (4) numbers of transmission schemes submitted along with the petition and the subsequent submissions, the Commission sought for additional information/ clarifications/ documents from WBSETCL regarding the following issues:
- SLD (Single Line Diagram) of all sub-stations.
 - Confirmation whether requirement of Regulation 5.11.3 of West Bengal Electricity Regulatory Commission (Licensing and Condition of License) Regulations, 2013 for



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transfer of lands for Salar 132 kV GIS and Debra 132 kV GIS from WBSEDCL to WBSETCL has been complied.

- c) The net import and export to Debra 132 kV bus is not matching with the load flow study submitted against Debra 132 kV sub-station.
- d) In the DPR of Rejinagar 220 kV sub-station, it is claimed that establishment of the sub-station will address the low voltage problem at Debogram 132 kV sub-station, Amtala 132 kV sub-station and adjoining areas, accordingly 132 kV Amtala – Debogram D/c line is made LILO at Rejinagar sub-station whereas the cost of LILO of 132 kV Amtala – Debogram D/c line is considered along with Salar 132 kV GIS scheme instead of Rejinagar 220 kV scheme.
- e) Transmission Planning is generally done considering certain margin and reliability. However the system study provided with DPR of Salar 132 kV scheme reveals that 132 kV Gokarna – Salar D/c is loaded at 108.84 MW and DPR of Debra 132 kV scheme shows that 132 kV Debra GIS is fed through a single source of Midnapur – Debra 132 kV D/c Line.
- f) Implementation schedule regarding metering and real-time data display facilities to SLDC against each project.
- g) Interest on borrowing has been considered as 11% by WBSETCL which is at higher side and therefore requested WBSETCL to procure loan at a cheaper rate of interest on the current favorable money market and credit rating of the Company.

The Commission further requested WBSETCL to submit their confirmation regarding compliance of relevant provisions of CEA (Technical Standards for Construction of Electrical Plants and Lines) Regulations, 2010 and West Bengal Electricity Regulatory Commission (State Electricity Grid Code) Regulations, 2007 as amended during construction and operation of the sub-stations.



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6.0 WBSETCL submitted their reply to the queries raised by Commission as mentioned in paragraph 5.0 above, vide letter No. CE/CPD/WBERC/1963 dated 01.12.2017 enclosing all relevant documents in support of their clarifications. In their reply WBSETCL, inter alia, submitted the following:

- a) Detailed SLD (Single Line Diagram) of all the sub-stations.
- b) WBSETCL has obtained permissive possession certificate for transfer of lands i.r.o. Debra 132 kV GIS and Salar 132 kV GIS from WBSEDCL.

For valuation of land local ADSR has been approached jointly by WBSEDCL and WBSETCL. Formal land transfer procedure will be complied after availing all necessary documents from the site offices.

- c) WBSETCL submitted a revised power flow study for Debra 132 kV GIS.
- d) It was submitted by WBSETCL that as per the initial plan the proposed Salar 132/33 kV GIS would have been connected radially with the Rejinagar 220/132/33 kV sub-stations. Later on, the scheme was reviewed and connectivity of Salar 132/33 kV GIS was modified which necessitated the LILO of exiting 132 kV Amtala-Debogam D/c line at Rejinagar sub-station.
- e) Proposed New Katwa 400/220 kV sub-station with D/c LILO of ongoing Gokarna-New Chanditala 400 kV D/c line and D/c LILO of Satgachia-Krishnanagar 220 kV D/c will reduce the loading of Gokarna-Salar 132 kV D/c line to 84.46 MW.

Debra 132 kV sub-station will be connected with Vidyasagar Park 220/132/33 kV sub-station via 33 kV network. The referred 33 kV networks will be utilized in the exigency of D/c outage of proposed Midnapur-Debra 132 kV line.



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They further stated that for further reliability another 132 kV D/c connectivity from Birsingha 132 kV sub-station will be considered in future.

- f) Commissioning schedule of line with OPGW was planned to match with the commissioning schedule of sub-station. They further stated that the metering system will be commissioned along with the control and relay panels and data will be available at SLDC immediately after the commissioning of line with OPGW.
- g) Loan tie-up for Salar, Debra, Gazol and Rejinagar has been made with Rural Electrification Corporation Limited (REC). Concession from applicable card rate (i.e. 10.75%) was offered by REC. The present rate of interest is 9.55% which is variable.

They further stated that during calculation of IDC, annual discount rate was considered as 11% for observing financial viability only.

WBSETCL further confirmed that during construction of sub-station and associated transmission system relevant provision of CEA (Technical Standards for Construction of Electrical Plants and Lines) Regulations, 2010 and West Bengal Electricity Regulatory Commission (State Electricity Grid Code) Regulations, 2007 as amended is complied.

- 7.0 On analyzing the clarifications/ documents submitted by WBSETCL, the Commission felt that the reliability of Debra sub-station in case of outage of Midnapur-Debra 132 kV D/c line is not adequate and directed WBSETCL to submit revised arrangement so that reliability of Debra sub-station is covered properly.
- 8.0 WBSETCL vide letter no. CE/CPD/WBERC/2121 dated 02.04.2018 proposed an additional connectivity of 132 kV S/c to Debra with Midnapur 220 kV sub-station and Pingla 132 kV sub-station via Ballichak TSS and accordingly submitted a map showing the revised scheme.



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They further stated that petition for approval of additional work for reliability of Debra sub-station would be submitted separately for investment approval. They also requested for approval of the original petition.

- 9.0 The Commission considering the additional information/ clarifications/ documents submitted by WBSETCL admitted the petition and directed WBSETCL to publish the gist of their petition as approved by the Commission in the newspapers as per requirement of regulation 2.8.2.3 of the Tariff Regulations and Suo-motu Order dated 31.05.2017 in Case No SM-16/17-18. WBSETCL accordingly published the gist of the petition in (i) Bartaman (ii) Aajkal (iii) Times of India and (iv) Asian Age on 06.06.2018 inviting suggestions and objections on their petition latest by 20.06.2018. No suggestion and objection have been received by the Commission within the stipulated time-period.
- 10.0 The Commission further requested WBSETCL to submit their views regarding possibilities of reducing the Project cost by infusing the Capitals available with WBSETCL, in terms of Fixed Deposit in banks, along with the following documents:
- Audited Annual Accounts of WBSETCL for 2017-18 ;
 - Details of Fixed Deposits held with banks indicating Bank wise Amount, rates of Interest, Date of Investment, Tenure and Maturity Schedule;
 - Loan repayment schedule for the next three years starting from 2018-19;
 - Quarterly phasing of total Capex of WBSETCL for next three years starting from 2018-19 alongwith corresponding financing of Capex through Equity/ Debt and furnishing the same for the projects under consideration
 - Summary of equity investment plan in different capital project during 2018-19 vis-à-vis cash surplus during the Financial Year and whether the loan amount in capital projects can be reduced/ replaced by utilizing cash surplus



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11.0 WBSETCL vide letter no. CE/CPD/WBERC/2508 dated 11.12.2018 submitted the relevant documents to the Commission. WBSETCL also mentioned that the fixed deposits appearing in the Financial Statements of the Company as on 31st March, 2018 have been invested as per the mandatory requirements under Statute and are entirely earmarked for the said purpose. WBSETCL further stated that they do not have free Cash Surplus to the extent of reducing the loan requirement of the Project. WBSETCL also stated that, they have been making Capital Investments as allowed by the Commission within the framework of Regulations prescribed for such investments and have also swapped the high interest loan with a Bond issued in 2009-10, the details of which have been submitted through APR of FY 2009-10. WBSETCL also stated that they have always endeavored for reducing the interest on Capital Loans with constant negotiations with the lending institutions which has resulted in the present cheaper rates of finance being availed by the Company for its Capital Projects.

12.0 From the Audited Accounts, detailed Bank statements, statutory requirement of investments and quarterly phasing of total Capex vis-à-vis their loan repayment schedule of WBSEDCL it is observed that WBSETCL has no free liquid fund available for further investment in equity under these projects.

Order:

13.0 The Commission after considering all the facts and the project report submitted by WBSETCL along with subsequent submissions and clarifications approves the investment proposal in terms of regulation 2.8.2.3 of the Tariff Regulations with the details as given below:

(Rs. In Lakh)

SL No	Description	Project Cost	Supervision Charge	IDC	BOCWW Cess	Total Project Cost
1	Construction of Rejinagar 220/132/ 33 kV Substation and associated Transmission Systems	9891.94	1329.83	1469.28	33.58	12724.63



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2	Construction of Gazol 220/132/33/11 kV Gas Insulated Substation and associated Transmission Systems	12881.00	1932.15	1711.00	29.68	16553.83
3	Construction of Debra 132/33 kV Gas Insulated Substation and associated Transmission Systems	5646.39	846.96	742.15	18.58	7254.08
4	Construction of Salar 132/33 kV Gas Insulated Substation and associated Transmission Systems	4369.34	655.40	696.43	11.24	5732.41
TOTAL						42264.95

14.0 The Commission also gives the following directions:

- (i) For the purpose of capitalization, actual project cost is to be got approved by the Commission along with actual interest during construction and all actual expenditure incurred or apportioned to the project cost on account of spares, transportation, insurance, tax, establishment charges, tools and plants, audit and accounts, maintenance and losses during construction and consultancy charges and also any actual expenditure met out of contingency. WBSETCL is to provide the cost break-up of each scheme showing the actual vis-à-vis estimation included in the total project cost as above.
- (ii) WBSETCL shall ensure proper metering arrangement in line with Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended from time to time and arrangement for real time data display at SLDC control room before energization of the sub-station and associated Transmission Systems.
- (iii) WBSETCL shall settle the issue of transfer of Land from WBSEDCL in line with Regulation 5.11 of West Bengal Electricity Regulatory Commission (Licensing and Condition of License) Regulations, 2013, before capitalization of the projects.



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- (iv) On completion of each project WBSETCL shall submit the COD and a benefit analysis of the project separately before the Commission.
- (v) In case of escalation in project cost in any scheme, WBSETCL shall take due approval from the Commission before capitalization of assets.
- (vi) In case of escalation in project cost of any scheme due to time overrun with reference to the period mentioned in the contract agreement, WBSETCL shall justify such time overrun and indicate the action taken as required under contractual agreement against such time overrun.

15.0 The petition is thus disposed of. Let a copy of the order be served upon WBSETCL.

sd/-
(DURGADAS GOSWAMI)
MEMBER

Dated: 05.03.2019

sd/-
(TK Mukherjee)
Secretary