

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 276/MP/2022

Coram:

**Shri I.S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member**

Date of Order: 28.04.2023

In the matter of:

Petition for in-principle approval for incurring Additional Capital Expenditures (ACE) during 2019-24 period towards reconstruction of Residential/Non-Residential Buildings under Regulation 25(2)(a) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019.

And

In the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No.2, Sector-29,
Gurgaon-122 001 (Haryana)

...Petitioner

Versus

1. Ajmer Vidyut Vitran Nigam Limited,
Corporate Office, Vidyut Bhawan,
Panchsheel Nagar, Makarwali Road,
Ajmer-305004 (Rajasthan)
2. Jaipur Vidyut Vitran Nigam Limited,
Vidyut Bhawan, Janpath, Jyoti Nagar,
Jaipur-302 005 (Rajasthan)
3. Jodhpur Vidyut Vitran Nigam Limited,
New Power House, Industrial Area,
Jodhpur – 342 003(Rajasthan)
4. Himachal Pradesh State Electricity Board Limited,
Vidyut Bhawan, Kumar House,
Shimla, Himachal Pradesh. Pin- 171004.

5. Punjab State Power Corporation Limited,
The Mall, PSEB Head Office, Patiala-147 001.
6. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana) 134 109
7. Jammu Kashmir Power Corporation Limited,
SLDC Building, 1st Floor, Gladni, Power House,
Narwal, Jammu, Jammu and Kashmir.
8. Uttar Pradesh Power Corporation Limited,
Shakti Bhawan, 14,
Ashok Marg, Lucknow - 226 001
9. BSES Yamuna Power Limited,
B-Block, Shakti Kiran, Bldg. (Near Karkadooma Court),
Karkadooma 2nd Floor,
New Delhi-110092
10. BSES Rajdhani Power Ltd,
BSES Bhawan, Nehru Place,
New Delhi
11. Tata Power Delhi Distribution Limited,
33 Kv Sub-station Building,
Hudson Lane, Kingsway Camp
North Delhi - 110009
12. Chandigarh Electricity Department,
Chandigarh Administration,
Sector -9, Chandigarh.
13. Uttarakhand Power Corporation Limited,
Urja Bhawan, Kanwali Road,
Dehradun.
14. North Central Railway,
Allahabad.
15. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110002
16. Grid Corporation of Orissa Limited,
Shahid Nagar, Bhubaneswar - 751 007
17. Bihar State Power (Holding) Company Limited,
Vidyut Bhavan, Bailey Road, Patna – 800 001

18. West Bengal State Electricity Distribution Company Limited
Bidyut Bhawan, Bidhan Nagar,
Block DJ, Sector-II, Salt Lake City, Calcutta - 700 091
19. Jharkhand Bijli Vitran Nigam Limited,
Engineering Building, H.E.C., Dhurwa
Ranchi-834004
20. Damodar Valley Corporation,
DVC Tower, Maniktala
Civic Centre, VIP Road, Calcutta - 700 054
21. Power Department,
Government of Sikkim, Gangtok - 737 101
22. Madhya Pradesh Power Management Company Limited,
Shakti Bhawan, Rampur
Jabalpur - 482 008
23. Madhya Pradesh Audyogik Kendra
Vikas Nigam (Indore) Limited,
3/54, Press Complex, Agra-Bombay Road, Indore-452 008
24. Maharashtra State Electricity Distribution Company Limited,
Hongkong Bank Building, 3rd Floor
M.G. Road, Fort, Mumbai-400 001.
25. Gujarat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara - 390 007
26. Electricity Department,
Government of Goa, Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa - 403 001
27. Electricity Department,
Administration of Daman and Diu
Daman - 396 210
28. DNH Power Distribution Corporation Limited,
Vidyut Bhawan, 66kv Road, Near Secretariat Amla,
Silvassa - 396 230
29. Chhattisgarh State Power Distribution Co. Limited,
P.O.Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013
30. Tamil Nadu Generation and Distribution Corporation Limited,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600 002

31. Kerala State Electricity Board Limited,
Vaidyuthi Bhavanam, Pattom, Thiruvananthapuram – 695 004
32. Electricity Department,
Govt of Pondicherry,
Pondicherry - 605001
33. Eastern Power Distribution Company of Andhra Pradesh Limited,(APEPDCL)
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam, Andhra Pradesh,
34. Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL),
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Tirupati-517 501, Chittoor District, Andhra Pradesh
35. Southern Power Distribution Company of Telangana Limited, (TSSPDCL)
6-1-50, Corporate Office, Mint Compound,
Hyderabad – 500 063, Telangana
36. Northern Power Distribution Company of Telangana Limited, (TSNPDCL)
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda,
Warangal – 506 001, Telangana
37. Bangalore Electricity Supply Company Limited, (BESCOM),
Corporate Office, K.R.Circle
Bangalore – 560 001, Karanataka
38. Gulbarga Electricity Supply Company Limited, (GESCOM)
Station Main Road, Gulbarga, Karnataka
39. Hubli Electricity Supply Company Limited, (HESCOM)
Navanagar, Pb Road, Hubli, Karnataka
40. Mangalore Electricity Supply Company Limited,
MESCOM Corporate Office,
Paradigm Plaza, Ab Shetty Circle
Mangalore – 575 001,Karnataka
41. Chamundeswari Electricity Supply Corporation Limited,
927,L J Avenue,Ground Floor, New Kantharaj Urs Road,
Saraswatipuram, Mysore – 570 009, Karnataka
42. Assam Electricity Grid Corporation Limited,
(Formerly Assam State Electricity Board)
Bijulee Bhawan, Paltan Bazar,
Guwahati – 781001, Assam



43. Meghalaya Energy Corporation Limited,
Short Round Road, "Lumjingshai"
Shillong – 793001, Meghalaya
44. Government of Arunachal Pradesh,
Itanagar, Arunachal Pradesh.
45. Power and Electricity Department,
Government of Mizoram,
Aizawl, Mizoram
46. Manipur State Power Distribution Corporation Limited,
Keishampat, Imphal
47. Department of Power,
Government of Nagaland,
Kohima, Nagaland
48. Tripura State Electricity Corporation Limited
Vidyut Bhawan, North Banamalipur,
Agartala, Tripura (W) – 799001, Tripura
- ...Respondents**

For Petitioner : Shri Vipin Jacob Josepa, PGCIL
Shri Amit Yadav, PGCIL
Shri B.B. Rath, PGCIL

For Respondents : Shri Vallinayagam, Advocate, WBSEDCL

ORDER

The present petition is filed by Power Grid Corporation of India Limited (PGCIL) seeking in-principle approval for incurring Additional Capital Expenditure (ACE) during 2019-24 tariff period for 'Re-construction of Residential/Non-Residential Buildings' under sub-clause (c) of clause 2 of Regulation 25 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as 'the 2019 Tariff Regulations').

2. The Petitioner has made the following prayers in the present petition:

- “a) Grant in-principle approval for incurring Additional capital expenditures (ACE) during 2019-24 block towards reconstruction of residential/non-residential buildings mentioned at SI No.1 to 11 of table at para No. 5.*
- b) Grant liberty to reconstruct residential/non-residential buildings (whose useful life is completed/hearing completion) based on third party inspection reports and approach to Hon’ble Commission at the time of true up along with actual additional capital expenditures.*
- c) Pass such other orders as Hon’ble Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”*

Submissions of the Petitioner

3. The main submissions of the Petitioner are as follows:
- a) Various tariff petitions for 2019-24 tariff period in respect of different projects were filed by the Petitioner wherein Additional Capital Expenditure (ACE) towards re-construction of residential/non-residential buildings was claimed under sub-clause (c) of clause 2 of Regulation 25 of the 2019 Tariff Regulations. The Commission in some of its orders/RoPs directed the Petitioner to obtain the approval of Regional Power Committees (RPCs) for re-construction of residential/non-residential buildings and file a separate petition for ACE towards buildings and civil works.
- b) The Commission vide order dated 18.10.2021 in Petition No. 323/TT/2020, did not allow the claim of ACE of the Petitioner under Regulation 25(2) of the 2019 Tariff Regulations and directed the Petitioner to file a separate petition for ACE towards ‘buildings and civil works’ after approval of beneficiaries/Respondents in RPCs meetings.
- c)The Petitioner in various petitions for different projects proposed demolition and re-construction of buildings and claimed the same under ACE for 2019-24 tariff period. The Commission through its various orders, namely, in Petition No. 733/TT/2020, Petition No.154/TT/2020, Petition No. 311/TT/2020, Petition

No. 323/TT/2020, Petition No. 315/TT/2020 and Petition No. 269/TT/2020 directed the Petitioner to obtain approval of RPCs and file a separate petition for ACE towards buildings and civil works. Accordingly, these cases were taken up by the Petitioner with the respective RPCs for discussions and their details are as follows:

Sl. No	Region	Name of Sub-station	Name of the Project	No. of units to be demolished	No. of units proposed for construction	Indicative Estimated Expenditure (Rs in crore)	RPC	Petition No.
1	Odisha	Rourkela	Kahalgaon TS	44	19	7.35	45th TCC & ERPC	733/TT/2020.
2	SR1	Vijayawada	CTP-I	4	9	4.35	42nd SRPC & 40th TCC	154/TT/2020
3	WR2	Itarsi	VSTPP-I	79	13	5.07	41st TCC/WRPC	311/TT/2020
4	WR2	Jabalpur	VSTPP-I	21	16	4.50	41st TCC/WRPC	311/TT/2020
5	ER1	Jamshedpur	Farakka TS	46	17	7.70	45th TCC & ERPC	323/TT/2020
6	ER1	Biharshariff	Farakka TS	Qtr-51 Admin bldg-01	Qtr-17 Admin bldg-01	9.84	45th TCC & ERPC	323/TT/2020
7	NER	Jiribam	ATGI	Qtr-14 Transit Camp-01 Admin bldg-01	Qtr-14 Transit Camp-01 Admin bldg-01	5.35	22nd NERPC	315/TT/2020
8	NER	Haflong	ATGI	Qtr-14 Transit Camp-01 Admin bldg-01	Qtr-14 Transit Camp-01 Admin bldg-01	5.21		315/TT/2020
9	NER	Kumarghat	ATGI	Qtr-14 Transit Camp-01 Admin bldg-01	Qtr-14 Transit Camp-01 Admin bldg-01	5.23		315/TT/2020
10	NER	Aizawl	ATGI	Qtr-14 Transit Camp-01 Admin bldg-01	Qtr-14 Transit Camp-01 Admin bldg-01	5.08		315/TT/2020
11	NER	Salakati	Chukkha TS	8	8	2.12		269/TT/2020

- d) A total expenditure of ₹61.80 crore is expected to be incurred as ACE for construction of the buildings as is shown in the table above.
- e) In support of ACE towards buildings and civil works, the Petitioner has relied on the observations/minutes of meetings of different RPCs, namely, (i) 42nd SRPC and 40th TCC, (ii) 41st TCC and WRPC, (iii) 22nd TCC and NERPC, and (iv) 45th TCC & ERPC.

Submissions with reference to demolition and construction of buildings in sub-station:

- f) The above residential/non-residential buildings which were proposed for re-construction during 2019-24 tariff block in various petitions are required for regular functioning of the respective sub-stations. Buildings in the locations mentioned are of load bearing type structure (non-RCC frame) and are in use for 30 years. These buildings are in dilapidated and non-usable condition which may lead to accident any time. Any accident may cause damage/loss of manpower and equipment which may affect the stability and reliability of the Grid. With the passage of time, the said constructions have suffered severe structural and non-structural damages like cracks in wall, roof slab, spalling, differential settlements, seepages, scaling, popping out etc. Any accident due to such dilapidated condition will not only cause damage to stored materials/equipment but may also cause danger to the residing personnel. Repairing of buildings at this stage will result in huge financial expenditure and will not provide any significant structural strength. Thus, repairing of these building at this stage is not viable.
- g) Health assessment studies of the buildings have been carried out through third party agencies like NITs and Government Institutes. Based on the assessment, the agencies indicated that repairing of said buildings is not feasible and recommended for demolition and re-construction of the buildings. Therefore, the Commission may grant in-principle approval for incurring ACE during 2019-24 tariff block towards re-construction of residential/non-residential buildings under clause (c) of sub-clause 2 of Regulation 25 of the 2019 Tariff Regulations as mentioned at Sl No.1 to 11 of above table. The details of actual cost incurred during 2019-24 tariff block along with estimated

expenditures (ACE and de-capitalization), if any, towards replacement of the said buildings will be submitted at the time of true up of 2019-24 tariff block in respective tariff petitions.

- h) As per Schedule-II of the Companies Act,2013, the useful life of non-RCC framed structure is 30 years. Further, as per National Building Code Volume-1 (2016), the dilapidated or the civil structures whose useful/service life is over, are required to be demolished. Safe working environment is required to be ensured for smooth operation of sub-station. Availability of residential/non-residential buildings in good condition is essential for healthy living of employees.

4. The matter was admitted on 10.1.2023, and the Respondents were directed to file their replies. West Bengal State Electricity Distribution Company Limited (WBSEDCL), Respondent No.18 and M.P. Power Management Company Limited (MPPMCL), Respondent No.22, filed their replies vide affidavits dated 9.3.2023 and 29.3.2023, respectively. The Petitioner vide affidavits dated 17.3.2023 and 31.3.2023 filed its rejoinders to the replies of WBSEDCL and MPPMCL respectively. The Petitioner vide affidavit dated 17.1.2023, has also submitted the requisite information in compliance of Record of Proceedings dated 10.1.2023, and clarified that the present petition may be treated to have been filed under sub-clause (a) of clause 2 of Regulation 25 of the 2019 Tariff Regulations instead of sub-clause (c) of clause 2 of Regulation 25 of the 2019 Tariff Regulations. In view of the submissions of the Petitioner, we treat the present under sub-clause (a) of clause 2 of Regulation 25 of the 2019 Tariff Regulations.

Reply by Respondents and rejoinder by the Petitioner

5. WBSEDCL in its reply has mainly made the following submissions:

a) The present petition filed for ACE towards re-construction of residential/non-residential buildings under Regulation 25(2) of the 2019 Tariff Regulations is not maintainable as no test reports with respect to health of the buildings and civil structures are submitted by the Petitioner.

b) The present petition is filed by the Petitioner pursuant to the order of the Commission dated 18.10.2021 in Petition No.323/TT/2020 whereby the Commission directed the Petitioner to claim ACE towards buildings and civil works under Regulation 25(2) of the 2019 Tariff Regulations after obtaining prior approval of the beneficiaries in the RPC meetings.

c) In the 45th ERPC meeting held at Rajgir, the matter of obtaining approval from the beneficiaries was raised by the Petitioner vide Agenda No. B1.4 and B1.5 wherein WBSEDCL, Bihar, GRIDCO and Jharkhand objected to the proposal.

d) The Petitioner again approached WBSEDCL to give its consent for ACE to construct buildings and civil works. However, WBSEDCL did not agree for the same as the matter had already been discussed in the 45th ERPC meeting.

e) In response to the direction of the Commission vide Record of Proceedings dated 10.1.2023 in the present case, the Petitioner furnished Resolution of 23rd NERPC in support of its claim of obtaining approval from RPC. The Petitioner, however, did not file copy of 45th ERPC meeting. WBSEDCL averred that the present petition is liable to be dismissed.

6. In response, the Petitioner vide affidavit dated 17.3.2023 has placed on record the 45th Meeting of ERPC dated 26.3.2022, and submitted that the matter was discussed in CCM which finds mention in the ERPC minutes. The buildings need repair and renovation works, and that it was noted that the same may be carried out without any financial burden on the beneficiaries.

7. MPPMCL in its reply has mainly submitted that the Petitioner neither submitted any test reports in respect of health of the buildings and civil structures nor any structural audit report been filed with the petition.

8. In response, the Petitioner has submitted that it has placed the extracts of the Minutes of 41st meeting of WRPC dated 23.2.2022, wherein it was noted that to ascertain structural strength of these residential and non-residential buildings at Jabalpur and Itarsi Sub-station, structural audit has been carried out at both the sub-stations. The Petitioner has further submitted that Maulana Azad National Institute of Technology (MANIT), Bhopal has carried out structural audit of residential and non-residential buildings and boundary wall at Itarsi Sub-station whereas Jabalpur Engineering College, Jabalpur has carried out structural audit of residential buildings at Jabalpur Sub-station. The Petitioner has submitted that both the structural audit reports have been attached wherein it is observed that structures are under severe distressed and unserviceable condition and have suggested that repairs shall not be economical and permanent solution. The Petitioner has further submitted that both the structural audit reports have advised for dismantling/remedial measures to avoid any incident/accident. The Petitioner has also submitted that the Commission in orders dated 20.6.2022 in Petition No.733/TT/2020 and dated 11.7.2022 in Petition No. 154/TT/2020 directed the Petitioner to discuss the proposal for construction of

buildings and civil structures in the RPC and thereafter approach it for replacements of buildings and civil structures.

9. The final arguments in the matter took place on 7.3.2023. After hearing the representative of the Petitioner and learned counsel for WBSEDCL, order was reserved in the matter.

10. The Petitioner has contended various tariff petitions were filed by it before the Commission relating to different Projects with proposal for demolition and re-construction of buildings and claimed the same under ACE for 2019-24 tariff period. The Commission through its various orders including in Petition No. 733/TT/2020 and Petition No. 154/TT/2020, directed the Petitioner to obtain approval of RPCs and file a separate petition for ACE towards buildings and civil works. The Petitioner has further contended that a total expenditure of ₹61.80 crore is expected to be incurred as ACE for re-construction of the buildings, the details of the which have been given in the petition. The Petitioner has also contended that RPCs, except for ERPC, have agreed to the proposal of the Petitioner for demolition of old structures and re-construction of the buildings and the Petitioner has also taken an independent opinion in this regard from a third party.

11. Per contra, Respondents WBSEDCL and MPPMCL have contended that the Petitioner neither filed any test reports regarding the health of the buildings and civil structures nor the structural audit report has been filed with the petition.

Analysis and Decision

12. We have considered the contentions of the Petitioner and Respondents and have also perused the record. On perusal of order dated 18.10.2021 in Petition No.

323/TT/2020, we find that the Commission did not allow ACE under Regulation 25(2) of the 2019 Tariff Regulations and observed that the Petitioner may file a separate petition for ACE claimed towards buildings and civil works for consideration after obtaining approval of beneficiaries/Respondents in the RPC meetings. We further note that the Commission vide orders dated 20.5.2022 in Petition No. 733/TT/2020, dated 11.7.2022 in Petition No. 154/TT/2020, dated 26.8.2021 in Petition No. 315/TT/2020 and dated 9.8.2021 in Petition No. 269/TT/2020, did not allow ACE claimed by the Petitioner for buildings and civil works. On perusal of record, we find that before filing the present petition, the Petitioner had taken up the matter with the concerned Regional Power Committees (RPCs) wherein ACE in terms of Regulation 25(2) of the 2019 Tariff Regulations was required to be claimed. The Petitioner has contended that except for the beneficiaries of NER, all other beneficiaries have consented for ACE in terms of Regulation 25(2) of the 2019 Tariff Regulations. Therefore, we are now required to examine whether the Petitioner discussed the matter of ACE in terms of Regulation 25(2) of the 2019 Tariff Regulations for the buildings and civil works with the concerned RPCs and whether the concerned RPCs have consented for the same. We are also required to opine as to whether in-principle approval, in the facts and circumstances of the case, can be granted to the Petitioner for re-construction of buildings and civil works.

13. To examine the case of the Petitioner for in-principle approval for re-construction of buildings and civil works, it is imperative for us to refer to the excerpts of (i) TCC dated 3.6.2022 and 42nd Meeting of SRPC dated 4.6.2022, (ii) Minutes of 41st Meeting of TCC/WRPC dated 21.2.2022 and dated 23.2.2022, (iii) Note on Discussions of 22nd TCC Meeting and 22nd NERPC Meeting dated 26.3.2022 and dated 28.3.2022 at Guwahati, (iv) 23rd TCC Meeting and 23rd NERPC Meeting dated

18.11.2022 and dated 19.11.2022 at Goa, and (v) Minutes of 45th Meeting of Eastern Regional Power Committee dated 26.3.2022 at Rajgir. Accordingly, we deal with the conclusions of the RPC meetings in seriatim and they are as follows:

(i) Minutes of 40th Meeting of TCC dated 3.6.2022 and 42nd Meeting of SRPC dated 4.6.2022:

In the 40th Meeting of TCC dated 3.6.2022 and 42nd Meeting of SRPC dated 4.6.2022, the Petitioner raised the matter of re-construction of dilapidated township of Vijayawada Sub-station under ACE for 2019-24 tariff period.

After discussions, SRPC approved the dismantling of old quarters and approved re-construction of 9 nos. of quarters at PGCIL Vijayawada township at estimated cost of ₹4.50 crore. PGCIL was informed to furnish the necessary details in this regard.

(ii) Minutes of 41st Meeting of TCC/WRPC dated 21.2.2022 and dated 23.2.2022

Powergrid informed that 400/220 kV Jabalpur and Itarsi Sub-station under VSTPP-I Project and have completed 31 years of service life. For smooth running of these stations, residential/ non-residential buildings like quarters, TLM store were also constructed along with the project. Due to ageing, these buildings have developed cracks and deteriorated and not are in livable condition.

In the 41st TCC/WRPC, it was informed that the said buildings/assets were part of Vindhyachal-I (VSTPP-I) project in WR and MS WRPC suggested that the same can be done as it has already been agreed to in OCC & CCM Meetings.

(iii) Note on discussions of 22nd TCC Meeting and 22nd NERPC Meeting dated 26.3.2022 and 28.3.2022 at Guwahati

In the 22nd TCC meeting and 22nd NERPC meeting dated 26.3.2022 and 28.3.2022 at Guwahati, the matter of demolition and re-construction of residential/non-residential buildings in the sub-station premises at Haflong, Jiribam, Aizawl and Kumarghat under ATGI project for ₹23.14 crore was discussed. In the said meeting, TCC forum opined that the item may be first discussed in Sub-committee meetings of NERPC.

(iv) 23rd TCC Meeting and 23rd NERPC Meeting dated 18.11.2022 and 19.11.2022 at Goa

In the 23rd TCC meeting and 23rd NERPC meeting dated 18.11.2022 and 19.11.2022, the matter of re-construction of residential and non-residential buildings at Haflong, Jiribam, Aizawl, Kumarghat, Salakati, Misa, Dimapur & Imphal under Additional Transmission for Gohpur Itanagar (ATGI), Chukha project, Transmission System associated with Doyang HEP (Combined



Element) and Transmission System associated with Loktak HEP respectively was discussed. These buildings have completed approximately 28-39 years.

After deliberations, the RPC forum agreed to the proposal of Powergrid for taking up the above re-construction of buildings under ACE for 2019- 24 tariff period.

(v) **Minutes of 45th Meeting of Eastern Regional Power Committee dated 26.3.2022, Rajgir**

In the 45th meeting of ERPC dated 26.3.2022, the matter of demolition and re-construction of residential quarters at Rourkela Sub-station under O&M additional capitalization for 2019-24 tariff block under Kahalgaon Transmission System (KHTL), Rourkela Sub-station in Odisha was discussed. These residential buildings have already completed more than 28 years of life. Tentative estimated cost for the said work comes to ₹8 crores.

Bihar, GRIDCO, WBSEDCL & Jharkhand representatives submitted that the residential quarters may be constructed by Powergrid considering the safety aspects and necessary regulatory provisions. However, the cost of reconstruction should not be burdened on the beneficiaries.

B1.5. Demolition and Re-construction of Residential/Non-residential Buildings under O&M ADD-CAP 2019-24 block for Farakka Transmission System at Biharsharif & Jamshedpur S/S and Chukha project at Purnea S/s

In the 45th ERPC dated 26.3.2022, matter of demolition and re-construction of residential/non-residential buildings under O&M ACE for 2019-24 tariff block for Farakka Transmission System at Biharsharif and Jamshedpur Sub-stations and Chukha Project at Purnea Sub-station was discussed. Farakka Transmission System, Biharsharif and Jamshedpur Sub-stations have completed more than 32 years of service while Chukha Transmission System has already completed more than 36 years of service. As part of above projects at Biharsharif, Jamshedpur and Purnea, in addition to sub-station, residential buildings were also constructed for accommodation of employees to look after O&M of sub-station. The tentative estimated cost for demolition and construction of new residential/non-residential buildings at all 04 locations is approximately ₹19.0 crore.

In 45th CCM, Committee members agreed that the buildings need repair and renovation works. The Committee observed that since these buildings have already completed 32 years of life, the capital expenditure on account of these buildings have already been recovered in tariff through the depreciation component.

GRIDCO representative submitted that the cost of reconstruction should not be burdened on beneficiary.



14. We have carefully perused the above referred minutes of the meetings. On perusal of 40th Meeting of TCC dated 3.6.2022, we find that the Petitioner has proposed to build 9 number of quarters including dismantling at an estimated cost ₹4.50 crore. We also note that APTRANSCO, KPTCL and KSEBL have agreed to the proposal of the Petitioner for re-construction of 9 number of quarters under ACE as per 2019 Tariff Regulations. The said minutes show that the Chairperson, SRPC, on being satisfied about the life of the existing buildings at Vijaywada Sub-station to be 30 years, approved the dismantling of old quarters as well as re-construction of 9 nos. quarters at PGCIL Vijaywada Township for estimated cost of ₹4.50 crore.

15. Perusal of Minutes of 41st Meeting of TCC/WRPC held on 21.2.2022 and 23.2.2022, reveals that agenda at Item No. 29 with reference to 'Construction of buildings at Jabalpur and Itarsi under Vindhyachal-I (VSTPP-I)' was discussed wherein it was informed that both stations have already completed 31 years of life. The said minutes further show that the buildings/assets were part of VSTPP-I project in WR, therefore, WRPC suggested that the same can be done as it has already been agreed to in the OCC and CCM meetings.

16. From the record, it is apparent that structural audit in respect of these residential and non-residential buildings as well as boundary wall at Itarsi Sub-station was done by Maulana Azad National Institute of Technology, Bhopal (MANIT) vide its letter dated 6.8.2021. The said audit report by MANIT reveals that due to highly deteriorated condition of quarters, it was not possible to get access in some of the quarters. The said audit report further states that large structural cracks are found in most of the walls of quarters and the main cause of deterioration is due to differential settlement beneath black cotton soil. It is also stated in the report that all the

building structures under investigations reveal that these structures are under severe distressed condition.

17. On perusal of letter dated 30.7.2021 of Jabalpur Engineering College, Jabalpur, we note that on the request of the Petitioner, inspection and assessment of structural stability of 21 number of Type 'B' quarters at Powergrid, Jabalpur was done by Dr. Rajeev Chandak and Prof. A.B. Jain, Professors in the Department of Civil Engineering by visiting the site on 10.7.2021, who observed that the condition of Type 'B' quarters was not good, major sign of distress was observed in primary structural members i.e. walls, slabs and beams. It is opined by them that in view of poor condition of quarters and life already elapsed, dismantling of Type 'B' quarters i.e. B-21 to B-42 at Powergrid, Jabalpur is suggested.

18. Perusal of Minutes of 22nd TCC and 22nd NERPC Meeting dated 26.3.2022 and 28.3.2022 at Guwahati shows that as per present requirement, demolition and re-construction of 16 number of quarters each at Haflong, Jiribam, Aizawl and Kumarghat Sub-station and 8 number of quarters at Salakati Sub-station under additional capitalization were proposed. The estimated cost for demolition/re-construction for residential and non-residential buildings under ATGI Project is ₹23.14 crore while estimated cost for demolition/re-construction for residential buildings under Chukka TS is ₹2.12 crore. The deliberation of TCC opined that the items need to be first discussed in sub-Committee meetings of NERPC for detailed study and, therefore, it was referred back to the Sub-Committee(s) of NERPC.

19. Minutes of 23rd TCC Meeting and 23rd NERPC meeting dated 18.11.2022 and 19.11.2022 show that residential and non-residential buildings were constructed at Haflong, Jiribam, Aizawl, Kumarghat, Salakati, Misa, Dimapur and Imphal under

Additional Transmission for Gohpur, Itanagar (ATGI), Chukkha Project, Transmission System associated with Doyang HEP (Combined Element) and Transmission System associated with Loktak HEP respectively. These buildings were constructed in the beginning of 1983 and have completed around 28-39 years and for demolition and re-construction of these buildings ₹44.43 crore was claimed as ACE for 2019-24 period. It is also recorded in the said minutes that RPC agreed to the proposal of the Petitioner for taking up the re-construction of buildings under additional capitalization in 2019-24 tariff period.

20. Minutes of 45th Meeting of ERPC dated 26.3.2022 at Rajgir shows that the matter of demolition and re-construction of residential of residential quarters at Rourkela Sub-station under O&M Additional Capitalization for 2019-24 period in respect of KHTL was discussed wherein it was informed that Rourkela Sub-station has completed 28 years of life. As per the said minutes, the tentative cost for the said works is ₹8 crore. The said minutes also show that Bihar, GRIDCO, WBSEDCL and Jharkhand representatives informed in the meeting that the cost of re-construction should not be burdened on beneficiaries and the quarters may be constructed by the Petitioner keeping in mind safety aspects and regulatory provisions.

21. Record of 45 Meeting of ERPC dated 26.3.2022, shows that demolition and re-construction of residential/non-residential buildings under O&M additional capitalization for 2019-24 block for Farakka Transmission System at Biharsharif and Jamshedpur Sub-station and Chukha Project Purnea Sub-station was discussed wherein it was informed that Farakka Transmission System, Biharsharif and Jamshedpur Sub-stations have completed more than 32 years of service while

Chukha Transmission System, 220/132 kV Purnea Sub-station has completed more than 36 years of service. It is recorded in the said minutes that as part of the above said Projects at Biharsharif, Jamshedpur and Purnea, residential buildings were also constructed for employees to look after O&M of Sub-station and these residential buildings have completed more than 32 years of service. These buildings are now in dilapidated condition and are of non-RCC framed structure. The estimated cost of residential/non-residential buildings at all 4 locations is ₹19 crore. The said minutes show that in the 45th TCC deliberations, representatives of Bihar, GRIDCO, WBSEDCL and Jharkhand submitted that quarters may be constructed by the Petitioner keeping in mind safety aspects and necessary regulatory provision and the beneficiaries should not be burdened with cost of re-construction. ERPC stated that if there is a need of demolition and reconstruction, the same may be done without any financial burden on the beneficiaries.

22. In view of above discussions, we note that in respect of re-construction of dilapidated quarters in Vijaywada Sub-station under ACE for 2019-24 tariff period, APTRANSCO, KPTCL and KSEBL have already agreed to the proposal of the Petitioner for re-construction of 9 number of quarters to be claimed as ACE as per the 2019 Tariff Regulations. Further, we note that 42nd SRPC meeting held on 4.6.2022 has approved the dismantling of old quarters and re-construction of 9 numbers quartets at Vijayawada Sub-station township whose estimated cost is ₹4.50 crore.

23. As per 41st Meeting of TCC/WRPC, the proposal of the Petitioner for construction/demolition of buildings under Vindhyachal-I (VSTPP-I) Project can be executed as it has already been agreed to in the OCC and CCM meetings. Besides

this, the Petitioner has submitted the reports of structural audit of residential and non-residential buildings and boundary walls at Itarsi Sub-station by MANIT, Bhopal and structural audit of residential buildings at Jabalpur Sub-station by Jabalpur Engineering College, Jabalpur which have espoused demolition of old structures and buildings.

24. As per record of discussions of 22nd TCC meeting and 22nd NERPC meeting dated 26.3.2022 and 28.3.2022 at Guwahati in respect of residential and non-residential buildings at Haflong, Jiribam, Aizawl and Kumarghat under Additional Transmission for Gohpur Itanagar (ATGI) and buildings at Salakati constructed under Chukkha Project with estimated cost of demolition/re-construction of buildings under ATGI Project as ₹23.14 crore and estimated cost of demolition/re-construction of buildings under Chukkha Transmission System as ₹2.12 crore was put up for consent of NERPC and discussion of sub-Committee meetings of NERPC. Perusal of the said 22nd TCC meeting and 22nd NERPC meeting, shows that the Petitioner carried out structural assessment of residential and non-residential buildings at Salakati and Haflong by Bineswar Brahma Engineering College, Kokrajhar.

25. Minutes of 23rd TCC meeting and 23rd NERPC meeting dated 18.11.2022 and 19.11.2022 at Goa shows that RPC forum agreed to the proposal of the Petitioner for taking up the matter of re-construction of buildings under ACE in 2019-24 tariff period, and that the expenditure will be booked under PoC and it would be shared by all the DICs based on the usage of the system as per the PoC regulations.

26. Minutes of 45th Meeting of ERPC dated 26.3.2022 at Rajgir shows that with respect to the matter of demolition and re-construction of residential quarters at Rourkela Sub-station for KHTL, the representatives of Bihar, GRIDCO, WBSEDCL



and Jharkhand informed that the cost of re-construction should not be burdened on the beneficiaries and the quarters may be constructed by the Petitioner keeping in mind safety aspects and regulatory provisions. It is relevant to mention here that the tentative cost of the said work is ₹8 crore and due to ageing, these residential buildings are in dilapidated condition and are beyond repair and rehabilitation.

27. Record of 45 Meeting of ERPC dated 26.3.2022, further shows that demolition and re-construction of residential/non-residential buildings under ACE for 2019-24 tariff block for Farakka Transmission System at Biharsharif and Jamshedpur Sub-station and Chukha Project Purnea Sub-station as part of the project was discussed as the residential buildings constructed for employees to look after O&M of Sub-station have completed more than 32 years of service and are in dilapidated condition. The estimated cost of residential-non-residential buildings at all 4 locations is said to be ₹19 crore for which representatives of Bihar, GRIDCO, WBSEDCL and Jharkhand have submitted that these quarters may be constructed by the Petitioner with due safety measures and necessary regulatory provision, and that the beneficiaries should not be burdened with cost of re-construction.

28. We have given careful consideration to the above submissions of the Petitioner Respondents, WBSEDCL and MPPMCL. The Respondents, WBSEDCL and MPPMCL have mainly submitted that no test reports regarding the health of the buildings and structures have been submitted by the Petitioner. We have also noted the contention of Bihar, GRIDCO, WBSEDCL and Jharkhand that they should not be burdened with the cost of re-construction of buildings in question. From the ERPCminutes of the meeting, we note that the residential budlings constructed at Rourkela Sub-station for employees have completed more than 28 years of life and

as per 45th TCC deliberations the said staff quarters were unsafe to live in. Bihar, GRIDCO, WBSEDCL and Jharkhand do not have any grievance over the transmission services being received by them from the Petitioner at Rourkela Sub-station under Kahalgaon Transmission System and similarly they have no issues with regard to the transmission services being received by them from the Petitioner at Biharsharif and Jamshedpur Sub-stations (in service for more than 32 years) under Farakka Transmission System for and for 220/132 kV at Purnea Sub-station (in service for more than 36 years) under the Chukha Transmission System. No objection is raised by Bihar, GRIDCO, WBSEDCL and Jharkhand on the issue that these residential buildings whose demolition and re-construction is now proposed by the Petitioner under ACE were neither part of the original projects nor were they constructed for the accommodation of the Petitioner's employees to look after O&M of the sub-stations. The minutes of 45th ERPC meeting mentions that the structural condition assessment of the building has been done through NIT, Rourkela which has reported that these buildings have exceeded the desired strength and serviceability limit.

29. We do not find any justifiable reason in the stand of Bihar, GRIDCO, WBSEDCL and Jharkhand who on the one hand have no issues with the transmission facilities of the Petitioner and also want to continue the same and on the other hand, they do not wish to pay for the same especially when such facilities are being created by the Petitioner in the interests and for the beneficiaries of the region. Keeping in mind the plea of the Petitioner that the buildings in question are in dilapidated and non-usable condition that may lead to accident and loss of manpower and equipment as well as the fact that the Petitioner has carried out the structural assessment of these buildings through independent third party who have

opined the same to be beyond repair and unfit to live in. Accordingly, we consider it appropriate to allow the prayer of the Petitioner for grant of in-principle approval for ACE under Regulation 25(2)(a) of the 2019 Tariff Regulations.

30. For the reasons mentioned in detail above, we accordingly grant in-principle approval to the Petitioner for incurring ACE during 2019-24 tariff period under Regulation 25(2)(a) of the 2019 Tariff Regulations towards re-construction of residential/non-residential buildings mentioned at Sl. No. 1 to 11 of table at paragraph no.5 of the petition. The Petitioner is directed to approach the Commission with third party inspection reports, wherever not submitted, at the time of truing up alongwith actual ACE and the same shall be considered on the basis of the information submitted and prudence check.

31. The Petition No. 276/MP/2022 is disposed of in terms of above discussions and findings.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member