

Comments on Draft CERC Tariff Regulation for 2019-24 by JPL

Background: Jaypee POWERGRID Limited (JPL) is a joint venture of POWERGRID and Jaypee Power Venture Limited (JPVL). The company owns, operates & maintains the following transmission assets:

- (i) KarchamWangtoo-Abdullapur400KV (D/C) quad conductor transmission line, length 219.8Km
- (ii) LILO of Baspa- Jhakari 400KV(D/C) transmission line: length 4Km.
- (iii) 2No of 400KV Line ways atAbdullapur Sub-Station of POWERGRID.
- (iv) 2 No of Line Reactors at KarchamWangtoo Power Plant owned by HBPCL (Himachal Baspa Power Company Limited)

The line passes through difficult hilly and forest terrainin Himachal Pradesh.Most of the line routeis in hilly snowbound terrain. The route has frequent road blockage due to landslide and snow fall. Further these are the only transmission assets owned by JPL.

Operation & Maintenance: The linesare maintained by JPL by its own staff. Since JPL owns only the above mentioned transmission lines which fall under difficult hilly terrain, the requirement of maintenance resources is higher in comparison to that of other transmission licences who have lines in plain terrain and also owns several transmission lines. JPL also does not have any scope of further optimisation in maintenance resources as there is no possibility of taking up any additional transmission business. The line ways and line reactors are installed in the premises of POWERGRID and HBPCL respectively.The maintenance of the same is outsourced to POWERGRID and HBPCLto avoid any coordination and security issue. Accordingly, we are bound to pay the maintenance charges to these companies as per their norms. It is pertinent to mention that maintenance of 400KV line ways and line reactors is highly specialised job, taking up the maintenance of the this small amount of work by JPL in the sub-station/power plant owned by other organisationswould further escalate the cost of maintenance to JPL and would also create the coordination problem due to safety and security issues, adversely impacting the availability of transmission lines resulting in constraints for power evacuation from hydro power plants of the area and wastage of natural resources.

Due to above factors, the actual O&M cost of JPL is considerably high. The comparison between actual O&M expenditure and expenditure admissible under current tariff regulation (2014-19) for the past three years is as follows:

Financial Year	Actual O&M Exp in Rs Lakhs(A)	Admissible as per Tariff regulation 2014-19 in Rs Lakhs(B)	Ratio of (A/B)
2017-18	739	395.09	1.87
2016-17	747	382.31	1.95
2015-16	823	370.11	2.22

As per above data the actual O&M expenditure is around **two times** of the O&M expenditure allowed in tariff regulation.

Observations on Draft Tariff Regulation for 2019-24:

As per the draft regulation 35(3) notified by Honourable Commission, the annual operation and maintenance expenses for transmission system applicable for JPL shall be as follows:

- (i) **400KV Sub-Station Bay:** Rs 30.02 Lakhs for 2019-20 with Annual of escalation of 3.2% against Rs 68.71 Lakhs for year 2018-19 as per current regulation.
- (ii) **Transmission Line:** Double Circuit (Bundled Conductor with four or more sub-conductors): Rs 1.268 Lakhs per Km for year 2019-20 with annual escalation of 3.2% against Rs 1.21 Lakhs for year 2018-19 as per current regulation.
- (iii) **400KV Transformers:** Rs 0.266 Lakhs per MVA. There is no provision of O&M Charges for Transformers in the current tariff regulation. JPL does not own any transformer.
- (iv) **Reactors:** There is no provision of O&M charges in the draft as well as in the current tariff regulation.

The transmission licensee having both transformers and transmission line would be compensated by the provision of O&M charges for transformers but the licensee having substation bay for transmission lines only would get less O&M charges. It is observed that in case the provisions of draft tariff regulation are implemented in respect of O&M charges, the admissible O&M expenditure to JPL would further go down by approximately 20% which is considerable amount.

Submission: We would like to submit as follows for the favourable consideration of Honourable Commission:

- (i) The O&M charges for the transmission lines falling in hilly area should be at least 75% more than the O&M charges proposed in the draft tariff regulation for 2019-24.
- (ii) The O&M charges for Reactors (Line/Bus) should also be given in line to that proposed for Transformers in draft regulation.
- (iii) The O&M charges for substation bays in the substations owned by other transmission licensee should be at least 25% more than the O&M charges applicable as per current regulation.
- (iv) Administrative expenses and other related miscellaneous expenditure required for functioning of Transmission licensee company having limited assets such as JPL should be recoverable as part of the O&M expenditure. We submit that 25% of total O&M charges (Transmission line + Substation bay + Reactor/Transformer) should be paid to JPL under the head "Administrative Expenses".

- (v) Due to change in climate the weather pattern is changing. The extreme conditions of snowfall and rain are being observed on regular basis. The restoration of line under such extreme conditions takes long time, therefore, we submit that 48hrs additional down time in a year should be allowed to handle such extreme conditions to licensees with limited assets in snowbound hilly terrains such as JPL.