

Rajasthan Electricity Regulatory Commission

Petition No. 2027/22

In the matter of Petition for revision of threshold limit to Rs. 250 Crore for development of intra-State Transmission Projects through Tariff Based Competitive Bidding (TBCB) Process along-with criteria & exemptions.

Coram:

Dr. B.N. Sharma, Chairman

Sh. Hemant Kumar Jain, Member

Dr. Rajesh Sharma, Member

Petitioner: Rajasthan Rajya Vidyut Prasaran Nigam Ltd.

Respondents:

1. Jaipur Vidyut Vitran Nigam Ltd.
2. Jodhpur Vidyut Vitran Nigam Ltd.
3. Ajmer Vidyut Vitran Nigam Ltd.

Date of Hearing: 27.07.2022, 25.08.2022 and 31.08.2022.

Present:

1. Sh. Rahul Lodha, Advocate for Petitioner.
2. Ms. Parinitoo Jain, Advocate for Respondents.

Order Date:

07.09.2022

ORDER

1. Rajasthan Rajya Vidyut Prasaran Nigam Limited (hereinafter referred as 'RVPN' or "Petitioner"), has filed this petition on 24.06.2022 under section 86 of the Electricity Act, 2003 for revision in threshold limit from Rs. 100 Crore to Rs. 250 Crore for development of intra-State transmission projects through TBCB process along with criteria and exemptions.

2. Notices were issued through online portal to Respondents to file reply to the petition. Rajasthan Urja Vikas Nigam Ltd. (RUVNL) submitted its reply in respect of the petition on 29.08.2022 on behalf of DISCOMs. Petitioner submitted written submission on 30.08.2022 in respect of the petition.
3. The matter was listed on 27.07.2022, 25.08.2022 and finally heard on 31.08.2022 through video conferencing. Sh. Rahul Lodha, Advocate appeared for Petitioner and Ms. Parinitoo Jain, Advocate, appeared for Respondents.
4. Commission directed the Petitioner to submit the details of the projects executed by them through TBCB mode during the last three years. In compliance, Petitioner has submitted the written submission on 02.09.2022.
5. Petitioner in its Petition, rejoinder and during hearing has submitted as under:
 - 5.1 As per the Revised Tariff Policy, 2016, intra-State Transmission Projects have to be developed through Competitive Bidding Process for projects costing above threshold limit which shall be decided by SERCs.
 - 5.2 The Commission vide letter dated 28.08.2018, considering the proposal of RVPN, decided the threshold limit of Rs. 100.00 Crore or more, irrespective of voltage level for development of intra-State transmission projects through Tariff Based Competitive Bidding process. No exemption was allowed by the Commission.
 - 5.3 Threshold limit of Rs. 100 Crores is very less due to recent price escalations and challenges being faced by RVPN for various transmission system strengthening, augmentation, up-gradation, renovation and modernization works along-with projects which are critical and of urgent nature. Therefore, a definitive criterion for the selection of the projects

under TBCB route and exemptions allowed under Clause 7.1 (7) & 7.1(8) of Revised Tariff Policy, 2016 are required to be specified along-with the revised proposed threshold limit of Rs. 250 Crore. There should be a provision to review the threshold limit every three years.

- 5.4 Energy Department, Government of Rajasthan (GOR) vide letter dated 19.03.2021 has issued Policy Directives for not opting Tariff Based Competitive Bidding (TBCB) mode for the development of intra-State transmission system as of now.
- 5.5 The Ministry of Power, Government of India (GOI) vide resolution dated 10.08.2021 have notified the revised guidelines for encouraging competition in Development of Transmission Projects. As per revised guidelines a National Committee on Transmission has to be constituted containing therein the composition & Terms of Reference (ToR).
- 5.6 State government has constituted a State Level Committee on Transmission (SCT) on 26.05.2022 as per the resolution issued by MoP, GoI dated 10.08.2021 with following Terms of Reference: -
- (i) Mode of execution of Intra-State Transmission Projects i.e. Tariff Based Competitive Bidding (TBCB) or Regulated Tariff Mechanism (RTM).
 - (ii) Matters related to existing TBCB projects such as its augmentation requirements, cost estimate determination etc.
 - (iii) Bid process Coordinator (BPC) for projects identified to be developed under TBCB mode.
- 5.7 There has been a huge variation in the prices of transformer, steel and conductor. The prices of transformer, steel and conductor have increased by approximately 100%, 45% and 70% respectively along with labour cost as compared to 2018. The EHV Sub Stations alongwith associated

transmission lines which fell under the threshold limit of Rs. 100 crores earlier, presently crosses the threshold limit.

- 5.8 132 KV GSS and 220 KV GSS are regularly required for strengthening and expansion as per consumer demand growth, the execution is to be carried out on priority.
- 5.9 Small threshold limit may result in large number of Special Purpose Vehicles (SPV's) eventually resulting in larger number of transmission licensees which may hamper the smooth operation & Coordination of transmission grid.
- 5.10 In PGCIL, the ISTS costing between Rs. 100 crores to Rs. 500 crores are approved by the National Level Committee on Transmission along with mode of implementation under intimation to MOP for projects more than Rs. 500 Crore, NCT recommends mode of execution to MoP for approval. The ISTS costing less than or equal to Rs. 100 crores are approved by the Central Transmission Utility (CTU) along with mode of implementation under intimation to NCT and MOP. Petitioner cannot be equated with the PGCIL especially in the circumstances that there is no threshold limit for Powergrid specified by CERC.
- 5.11 The greenfield projects (i.e., substation and point to point line between substations) have been recommended for TBCB as there exist no issue of joint ownership/overlapping responsibilities exist.
- 5.12 In case of upgrading, augmentation, uprating etc., the issue of ownership, division of responsibility and sharing the cost of maintenance and common resource is difficult to quantify and therefore, such projects have been recommended to be left out of TBCB mode.
- 5.13 For projects where grant/funding is available like Power System Development Fund (PSDF) give 50-90% grant, KfW Development Bank and

Asian Development Bank provides Concessional funding to the Petitioner, have been recommended for exemption from TBCB mode as the same shall result in reducing the financial burden upon the consumer.

5.14 Value addition projects like automation, real time data acquisition, power system security/stability to be installed and integrated to the existing substation should be exempted from TBCB mode for avoiding different owners with regard to existing sub stations.

5.15 Projects which are urgent in nature due to Government of Rajasthan priority, budget announcement etc. face lot of challenges for implementation on account of short duration for execution and thus the same should be exempted under TBCB mode.

5.16 The Petitioner in view of above, has prayed to specify the threshold limit of Rs. 250 Crore alongwith the criteria and exemptions as under:

(a) Criteria for identification of the project (s) to be developed under the TBCB mode:

- i. Green field Project for EHV Line with point to point connectivity between switchyards.
- ii. Greenfield Project for EHV Substation.
- iii. Composite Greenfield project consisting of EHV Lines and Substations in which each EHV substation costing should not be less than Rs. 50 Crore.

(b) Exclusions of project (s) from the TBCB mode as per following criteria:

- i. Augmentation/ Extension/Up-gradation of existing EHV substations.
- ii. Up-rating and Up-gradation of Existing EHV Lines.

- iii. Value added Projects- related to Automation, Reactive Power compensation schemes, Power system security/ stability components to be installed on the existing substations.
- iv. Projects financed through funding/ Concessional funding/ Aid/ grants etc. (in such cases bidding procedure defined by funding/ sponsoring agency shall be used).
- v. Projects which are of emergency in nature/ time critical and approved by GOR on the recommendation of SCT on RTM mode.

(c) Threshold limit shall be reviewed every three year after notifying by the State Commission.

- 6 Respondents in its reply and during the hearing submitted as under:
 - 6.1 The petitioner has not mentioned about the tentative projects whose cost would be upto Rs. 250 Crore under TBCB mode.
 - 6.2 Commission may consider the recommendations of the State Level Committee as constituted by Government of Rajasthan, while deciding the threshold limit of Rs. 250 Crore for the projects under TBCB mode.

Commission's View/Decision:

- 7 Commission has considered the submissions, reply, written submission and oral arguments made on behalf of the Petitioner and Respondents.
- 8 Petitioner submitted that threshold limit of Rs. 100 Crores is very less due to recent price escalations and challenges being faced by RVPN for various transmission system strengthening, augmentation, up-gradation,

renovation and modernization works along-with projects which are critical and of urgent nature.

- 9 Petitioner prayed to revise the threshold limit as Rs. 250 Crore alongwith certain exemptions such as Augmentation/ Extension/Up-gradation of existing EHV substations, Up-rating and Up-gradation of Existing EHV Lines, value added Projects- related to Automation, Reactive Power compensation schemes, Power system security/ stability components and Projects financed through funding/ Concessional funding/ Aid/ grants.
- 10 Petitioner further submitted that there has been a huge variation in the prices of transformer, steel and conductor. The prices of transformer, steel and conductor have increased by approximately 100%, 45% and 70% respectively along with labour cost as compared to 2018.
- 11 Petitioner has submitted that projects which are urgent in nature due to Government of Rajasthan priority, budget announcement etc. face lot of challenges for implementation on account of short duration for execution and thus the same should be exempted under TBCB mode.
- 12 Petitioner has submitted that present petition is filed for the purpose of obtaining cost effectiveness in developing Intra-State Transmission System wherever concessional funds/grants are available to the Petitioner.
- 13 Commission observes that Petitioner is seeking revision in threshold limit from Rs. 100 Crore to Rs. 250 Crore for development of intra-State transmission projects through TBCB process along with criteria and exemptions due to price hike in Transmission projects.
- 14 Commission is of the strong view that TBCB process for development of intra-State transmission projects is in the larger interest of the transmission system and consumers of State. GOI also through tariff policy and various policy interventions have underlined the need for private participation in

transmission projects through TBCB and mandated to set up a threshold limit beyond which implementation of project should be through TBCB.

- 15 In the TBCB process with number of bidders participating in development of transmission project, discovered tariff for a transmission project can be lower than cost plus tariff. Further, it will attract private investments for development of projects, and scarce government fund can be spared for other priority sectors. It also encourages risk sharing with private sector with advanced technology uses for improving cost and efficiency. The Commission therefore, strongly recommends for use of TBCB in intra-State transmission projects.
- 16 The Commission observes that SCT has recommended to revise the threshold limit to Rs. 250.00 Crore for development of intra-State transmission projects through Tariff Based Competitive Bidding process. The Commission further noted that SCT has also advised the Petitioner to take up concrete steps to raise their preparedness for bidding of Transmission projects in the State on TBCB mode.
- 17 In consideration of above, Commission deems it appropriate to decide the threshold limit of Rs. 250.00 Crore for development of intra-State transmission projects through Tariff Based Competitive Bidding process without any exemption. However, in exceptional circumstances Commission may grant exemption to this limit on case to case basis.
- 18 RVPN should strictly follow the threshold limit of Rs. 250.00 Crore without any exemption. RVPN should resort to system planning in such a way that it can take can take advantage of TBCB process in more and more projects. RVPN should cautiously avoid splitting of projects. GSS along with associated bays and lines should be considered as a project. It should not

be separated in GSS, bays and lines to reduce the project cost below the threshold limit.

19 Petition is disposed of accordingly in above terms.

(Dr. Rajesh Sharma)
Member

(Sh. Hemant Kumar Jain)
Member

(Dr. B.N. Sharma)
Chairman