

**KERALA STATE ELECTRICITY REGULATORY COMMISSION
THIRUVANANTHAPURAM**

PRESENT: Sri.T.M. Manoharan, Chairman
Sri. K.Vikraman Nair, Member
Sri. S. Venugopal, Member

OP No. 17/2014

Order dated 18.08.2015

**In the matter of Approval of transmission charges for drawing 66 kV line from
Pallivasal Power House of K.S.E.B.Ltd. to the proposed 66
kV S/s of M/s. KDHPCL at Letchmi Estate Road, Old Munnar**

M/s. Kanan Devan Hills
Plantations Co. Pvt. Ltd., : **Petitioner**
KDHP House,
Munnar : 685 612

K.S.E.B.Ltd., Vydyuthi Bhavanam, : **Respondent**
Pattom Palace P.O.,
Thiruvananthapuram: 695 004.

Per T.M. Manoharan, Chairman

1. M/s Kanan Devan Hills Plantations Company Private Limited, (KDHPCL) represented by its Executive Director has filed this petition OP No. 17/2014 with the following prayers:
 - (i) Direct the KSEB Ltd. to construct a 6 kilometre long 66 kV line and to supply power at the proposed sub-station, by accepting transmission charges (wheeling charges)only from KDHPCL as provided in the Sections 40 (a) and 40 (c)(1) and 40 (c)(ii) of the Electricity Act, 2003;
 - (ii) Decide the sharing of the total project cost between KSEB Ltd. and KDHPCL;
 - (iii) Decide the rate of transmission charges to be paid by KDHPCL to KSEB Ltd and
 - (iv) To fix the demand charges and energy charges at 66 kV to be paid to KSEB Ltd by KDHPCL.

It has been further submitted by KDHPCL that KSEB Ltd is the State Transmission Utility (STU) and hence KSEB Ltd in the capacity of STU is bound to provide power supply through its transmission line up to the proposed sub-station, by receiving transmission charges only from KDHPCL. As KSEB Ltd is drawing power from 14 feedback points from KDHPCL, total project cost has to be shared by both KSEB Ltd and KDHPCL.

The genesis of the case

2. M/s KDHPCL is the distribution licensee for supply of electricity in and around Munnar area. KDHPCL is the successor in interest of M/s Tata Tea Ltd., who was the former distribution licensee in Munnar. M/s Tata Tea Ltd had a sanctioned load of 4000 kVA and it was availing power as per the terms and conditions of the agreement dated 01.01.1990, which had a contract period of 5 years. Even after the expiry of the original contract period of 5 years on 31.12.1994, M/s Tata Tea Ltd., had been availing power from KSEB as per the terms of the original agreement. After the formation of KDHPCL, the distribution licence was transferred to KDHPCL and it has also been drawing power from KSEB Ltd in terms of the original agreement. KSEB Ltd is also distributing power of the order of 2000kVA to its consumers in certain localities around Munnar drawing power through 14 feedback points from the grid of KDHPCL. At present M/s KDHPCL has a sanctioned load of 7000 kVA from KSEB Ltd for,

- (i) Supply of electricity to the consumers of KDHPCL in Munnar area,
- (ii) Its own consumption, and for
- (iii) Supply of electricity by KSEB Ltd to its consumers in the neighbourhood of Munnar through the 14 feedback points on the distribution system of KDHPCL.

KDHPCL draws power from KSEB Ltd through two 11 kV feeders from Pallivasal power house to Pallivasal switching station of KDHPCL.

3. The present requirement of power of KDHPCL, including the requirements of KSEB Ltd at the 14 feedback points, is about 12000 kVA. Due to severe interruptions in the feeders and inadequacy of the allocated power it was proposed to construct a 66 kV sub-station at Letchmi, Estate Road, Old Munnar in view of the directions contained in the order of the Commission dated 14.08.2012 in OP No. 33/2011.
4. In OP No. 33/2011 the Commission had considered the matters relating to the implementation of the directives of the Commission relating to strengthening of the facility for drawing power for distribution in the licensed area by KDHPCL, as contained in the order dated 03.05.2011 in OP No.40/2010. The OP No.40/2010 was regarding the approval of ARR&ERC of KHDPCL for the financial year 2011-2012. The Commission had also considered the matters contained in the notice

No.789/CEx/KSERC/ 2011/664 dated 03-08-2011 issued by the Commission, relating to frequent power interruptions in Munnar and the explanation submitted by KDHPCL at the appearance before the Commission on 19.08.2011 and by its letter EG. 10/718 dated 19.08.2011. The said notice dated 03.08.2011 was issued on receipt of complaints from various consumers about frequent power interruptions, in Munnar Area. The Commission had sought for a report from KDHPCL on this issue. As the report submitted by KDHPCL was vague, the Compliance Examiner of the Commission had conducted an inspection in Munnar area as directed by the Commission. As per the report of the Compliance Examiner, it was observed that during the period from 04.01.2011 to 30.06.2011, the 11KV feeder to KDHPCL area used to trip on almost all days, due to overload and this situation had been prevailing for quite some time.

5. There had been a gradual increase in the demand for electricity in Munnar area mainly on account of growth of tourism industry, over the last few years. Moreover, Munnar being a fast developing destination of international tourism there would be continuous and substantial increase in demand for electricity in the area. The KDHPCL was availing electricity from KSEB Ltd through two 11kV feeders from the Chithirapuram Power Generating station of KSEB Ltd. The frequent power interruptions especially during the peak hours were due to overloading of the feeders.
6. The quality of supply to the consumers at Munnar and nearby areas and the adherence of the licensee to the standards of performance were the concerns of the Commission. Therefore the Commission arranged a joint discussion in the commission's office on 19.08.2011 with KSEB Ltd and KDHPCL to explore and work out possible solutions for the above issues. During the discussion, short-term and long-term solutions to improve the facility for drawing power to the area of supply of KDHPCL were discussed.
7. KDHPCL wanted two more additional 11 kV feeders from the Chithirapuram Power Generating station of KSEB Ltd, to overcome the acute shortage of electricity in Munnar. According to KSEB Ltd, the two 66 / 11kV transformers at the Chithirapuram Power Generating station of KSEB Ltd were fully loaded and further increase in load had to be met by installing another transformer of the same rating in the sub-station.
8. In compliance with the directions of the Commission contained in its order dated 03.05.2011 in the petition OP No.40/2010 in the matter of ARR & ERC of the KDHPCL for 2011-12 and the directions of the Commission on the submissions made by the KDHPCL before the Commission on 19.08.2011 in response to the notice dated 03.08.2011 of the Commission, the KDHPCL had proposed the following specific action plans in the matter:

- a) M/s KDHPCL wanted two additional 11kV feeders from Chithirapuram Power Generating station of KSEB Ltd to the switching station at Pallivasal Tea

estate of Tata Global Beverages Ltd, which is at a distance of about 4.5 kms and the required modifications / additional equipment, at the switching station of the KDHPCL to receive the additional power FROM KSEB Ltd.

- b) In the capacity of State Transmission Utility, KSEB Ltd should construct the two 11kV overhead feeders and KDHPCL would make the required modifications for receiving power.
 - c) As soon as the two new feeders were ready to be energised, KSEB Ltd should enhance the sanctioned load of the petitioner to 12000kVA, depending upon the actual requirement of power by the KDHPCL.
 - d) Since the feedback points of KSEB Ltd are generally located away from the power receiving point of the KDHPCL, the percentage of line loss incurred for supply to these points would be greater than that incurred in the entire distribution system of the KDHPCL. Therefore, KSEB Ltd should at least bear line loss incurred in the KDHPCL's distribution system instead of the loss at the rate of 4% borne by KSEB Ltd. It was also requested to pay wheeling charges for the power drawn by KSEB Ltd from the distribution network of KDHPCL.
 - e) The discrepancies in accounting maximum demand consequent to the operation of Madupetty Power Generating station and other issues should be rectified.
 - f) M/s KDHPCL also wanted to reduce the power purchase tariff applicable to them.
9. The petition No.33/2011 was filed by KDHPCL for directions of the Commission for working out solutions for the problems relating to improvement of quality of supply of electricity in Munnar and neighbouring areas. The Commission admitted the petition and a hearing on the matter was held on 13.01.2012 at the Commission's office at Vellayambalam, Thiruvananthapuram. During the hearing on 13.01.2012, the KDHPCL presented the petition in detail.
10. The respondent, KSEB Ltd presented arguments and submitted their counter statement, which are summarized below;
- (1) KSEB Ltd had entered into an agreement on 01.01.1990 with M/s. Tata Tea Limited (TTL), the predecessor in interest of M/s Kanan Devan Hills Plantations Company Private Limited (KDHPCL).

- (2) The Contract Demand as per the agreement was only 4000 kVA at 11 kV. The billing of contract demand was being done at 7000 kVA based on order of the Hon'ble High Court dated 06.10.2010 in W.P. (C) 139 of 2010. The billing demand of 7000 kVA was exclusively meant for distribution by the licensee in its area of licence. The KDHPCL had intentionally tried to mislead the Commission to the effect that the supply of 7000 kVA power by KSEB Ltd to the licensee was for its own use, supply to its consumers and for use by KSEB Ltd for its consumers in the neighbourhood of Munnar. The supply availed by KSEB Ltd at feedback points was reduced from the total recorded MD and kWh for arriving at the demand of KDHPCL and its consumption. As per billing records, the licensee was drawing more than 7000 kVA (excluding the demand recorded at feedback points) occasionally and KSEB Ltd was allowing drawal of power up to 7000 kVA without any penalty.
- (3) The power evacuation scheme of the licensee was developed for availing 4000 kVA power as per the original agreement. Even though KDHPCL is presently availing more power, adequate power evacuation facilities have not been developed so far by KDHPCL. It is the responsibility of KDHPCL to develop requisite evacuation system for the purpose. The factors leading to frequent interruption were only due to the inadequacy of the power evacuation system. The KDHPCL was expecting a demand of 12000 kVA. Hence power should be availed only at 33 kV or 66 kV as per the provisions of Kerala Electricity Supply Code, 2014 and hence providing supply at 11 kV was against the prevailing standards. Since the demand was expected to increase further in the area, power evacuation at 66 kV was desirable. The request of the petitioner to draw power at 11 kV level may be dismissed by the Commission, since the same was inconsistent with the standards and regulations. It was further submitted that, as the State Transmission Utility (STU), KSEB Ltd is not responsible for developing the distribution network of a distribution licensee. The responsibility of KSEB Ltd as the STU is limited to providing grid connectivity to the distribution licensee at specified standards and voltage level. KSEB Ltd, in the capacity of STU, submitted that it shall make formal offer for the construction of 66 kV transmission line, with cost and time estimation as mandated in clause 12 (2) of the Kerala State Grid Code issued by the Commission, upon receiving from KDHPCL, all the requisite data as mandated under clause 12 (1) of the Kerala State Grid Code. Once the petitioner remits the costs estimated, KSEB Ltd can take up the work of strengthening / upgrading the network for catering to the enhanced demand of the licensee.

11. After examining the submissions made by the KDHPCL and KSEB LTD, the Commission had found that M/s KDHPCL was availing electricity from KSEB Ltd

through two 11kV feeders from Chithirapuram Power Generating Station and that these two feeders had become over loaded and could not supply any additional load over and above the present load of 7000 kVA. The power evacuation system at the switching station of the KDHPCL was inadequate to receive power to the extent of 7000 kVA safely. The frequent power interruptions in Munnar area especially during peak hours, were due to the above reasons. On account of the growth of tourism industry in Munnar area which was developing as an international tourism destination and its neighbouring areas over the last few years, there was a gradual increase in the demand for electricity in Munnar and neighbouring areas. Hence there would be continuous and substantial increase in demand for electricity in the area of supply of KDHPCL and the demand was expected to increase and exceed 12000 kVA. Since the demand for power was expected to increase over 12000 kVA at Munnar, the KDHPCL had to go for an EHT transmission system at 66 kV. The cost of this transmission system at 66 kV and the step down sub-station could be shared between the KDHPCL and KSEB Ltd in proportion to their respective loads. It was also observed that the State Transmission Utility (STU), namely KSEB Ltd, should ensure development of an efficient, co-ordinated and economic system of intra-State transmission lines for smooth flow of electricity from the generating station to the load centres as per section 39 (2) (c) of the Electricity Act, 2003. It was also found that the issues such as tariff for power purchase, principle of maximum demand calculation, line loss due to feedback to KSEB were not relevant to the subject matter of the petition for strengthening of facility for drawing power in the licensed area by KDHPCL.

12. After examination of the submissions as summarised above and after hearing the parties, the Commission had, on 14.08.2012 issued the following orders in OP No.33/2011.

“1. For catering to the increased load of KDHP, a substation at a voltage level above 11KV is essential at Munnar area. For this KDHP has to approach KSEB (transmission Licensee) as per Clause 12 under Chapter V of the Kerala State Electricity Grid Code, 2005.

2. KSEB and KDHP shall share the cost of upgrading/strengthening of the network in proportion to their actual loads existing.

3. The Distribution Licensee, KDHP has to approach KSEB for revising the PPA.

4. KDHP has to file separate petitions on other disputes like loss computation, maximum demand calculation etc. for adjudication by the

Commission. The procedure for tariff fixation has to be followed, for fixing wheeling charges for the power wheeled through their distribution system to KSEB.

6. The Commission also directs the Licensee KDHP to take immediate necessary steps to strengthen the power delivery system as directed above, so as to discharge the obligations and responsibilities envisaged under section 42 of the Electricity Act 2003 and the Clauses 3 and 4 Part II and clauses 21, 22 and 24 of Part III of KSERC (Conditions of Licence for Existing Distribution Licensees) Regulations, 2006.”

13. Thus as early as on 14.08.2012, this Commission had taken a decision on the issues relating to development of a transmission line from Pallivasal generating station to the area of distribution of KDHPCL in Munnar. The cardinal points of the said decisions were,
- (i) A transmission line and a substation above the voltage level of 11 kV has to be constructed to improve the transmission facility and there by improve the quality of supply of electricity to the consumers of Munnar.
 - (ii) M/s KDHPCL has to approach the State Transmission Utility namely KSEB Ltd as per clause 12 of the Grid Code.
 - (iii) The cost of the said project should be shared between the distribution licensee for Munnar namely M/s KDHPCL and the distribution licensee for surrounding areas namely KSEB Ltd, in proportion to their loads.
14. Regarding the issues relating to the revision of PPA dated 01.01.1990 the Commission has already taken decisions as per its common order dated 23.07.2015 in OP No. 33/2012 and OP No. 19/2015. The disputes relating to the supply of electricity after the expiry of the original period of 5 years as per the PPA dated 01.01.1990 were settled through negotiations between KDHPCL and KSEB Ltd and the decisions relating to such settlement have been incorporated in the revised PPA. The revised PPA was also approved by the Commission as per its common order dated 23.07.2015 in OP No. 33/2012 and OP No. 19/2015.
15. OP No. 17/2014 has been filed by the KDHPCL in view of the facts and circumstances and the delay in construction of the proposed transmission line at 66 kV. M/s KDHPCL has stated in this OP that the present load requirement of the petitioner including the load requirements of KSEB Ltd at the feedback points is about 12000 kVA, as against the sanctioned load of 7000 kVA. The petitioner is managing the shortage of about 5000 kVA by operating the diesel generators in their tea factories at prohibitive cost. It is submitted by the petitioner that its fuel cost for power generation alone was Rs.422.45 lakhs during the financial year 2013-14. The frequent interruptions of power supply in Munnar area was mainly due to over loading. This Commission after examining the facts had arranged a discussion on 19.08.2011 with a view to working out mutually

acceptable solutions. In the order dated 14.08.2012 in OP No.33/2011, the Commission had directed to construct sub-station and transmission line at a voltage level above 11kV. It is submitted by the petitioner that the petitioner had discussed the issues with KSEB Ltd and had decided to avail power at 66 kV by constructing suitable sub-station at Munnar. The petitioner has also obtained from KSEB Ltd the estimates for Rs.6.00 crore for the construction of 66 kV line and for Rs.5.01 crore the construction of 66 kV sub-station. The land development, safety equipment etc., would cost Rs.0.80 crore thereby making a total of Rs.11.81 crore. The petitioner submitted that it cannot raise sufficient financial resources for the entire works and KSEB Ltd as STU should develop the transmission line.

The Counter arguments of the Respondent, KSEB Ltd

16. On 17.12.2014 M/s KSEB Ltd submitted their reply affidavit, the resume of which is given below.

(1) As per Section 40 of the Electricity Act, 2003, it shall be the duty of a transmission licensee,

(a) to build, maintain and operate an efficient, co-ordinated and economical inter-state or intra- state transmission system, as the case may be:.....

(b)

(c) to provide non-discriminatory open access to its transmission system for use by

(i) any licensee on payment of transmission charges or

(ii) any consumer as and when such open access is provided by the State Commission on payment of transmission charges and a surcharge.

(2) For the purpose of making open access operational, the regulations envisage (i) Grant of Connectivity which provides the touch points to the transmission system for licensees or consumers and (ii) Grant of open access that provides access to the transmission system between the injection point and drawal point. Regulation 10 of the Kerala Electricity Grid Code, 2005 specifies the connection points with the distribution licensee.

“The voltage at the point of connection to the transmission system may be as required by the Distribution licensee. The connection point shall be the outgoing feeder gantry of the STU’s substation. The metering point shall be at the outgoing feeder.”

(3) Regulation 12 of the Kerala Electricity Grid Code, 2005 specifies the procedure for processing an application for connectivity. Accordingly, K.S.E.B.Ltd., the Respondent had given a formal offer with cost estimates to the Petitioner on 23-10-2013, based on the application submitted specifically for connectivity at 66 kV level. Regulation 6(6) of the KSERC (Connectivity and Intra- State Open Access) Regulations, 2013 specifies the aspect of bearing the cost for the infrastructure for providing connectivity. The applicant is liable for payment of cost of construction of dedicated 66 kV line required for providing connectivity at 66 kV level for the Petitioner.

(4) From the First and Second proviso to the Regulation 17 (2), it is evident that the application for open access is to be processed based on a definite "injection point" and "drawal point" and the open access is granted for access to the intervening transmission system. The regulations envisage that,

(i) *the STOA is to be granted wherever there is sufficient margin in the existing transmission system to accommodate the resultant power flow,*

(ii) *MTOA is to be granted if the resultant power flow can be accommodated in the existing or "under construction" transmission system and*

(iii) *LTOA can be granted even by developing dedicated transmission system in case there is no margin in the existing or "under construction" transmission system.*

(5) Regulation 17(9) and 17(10) deals with the matter of bearing cost of such dedicated works and Regulation 39(2) specifies the manner of determining the transmission charges for such intervening dedicated transmission system.

"where a dedicated transmission / distribution system used for open access has been constructed for exclusive use of an open access customer, the transmission charges/wheeling charges for such dedicated system shall be worked out by the licensee, got approved by the Commission and shall be borne entirely by such open access customer till such time when the surplus capacity is allotted and used by the other persons who shall pay such charges in proportion to their usage."

17. It is submitted by KSEB Ltd that determination of transmission charges for the dedicated system arises only when the Petitioner applies for LTOA to STU. However, the Petitioner has only applied for connectivity to the grid. Evidently, the cost of dedicated system required for grant of connectivity shall be borne by the applicant. The determination of transmission charges for dedicated

transmission system between the injection point and drawal point is required only when there is an application of Long Term Open Access (LTOA). Hence the petition is devoid of merits and may be dismissed.

18. Presently, the Commission is fixing the BST applicable to the licensees by arriving at the power purchase cost by way of deducting allowable expenses from the total revenue of the licensee and dividing the same by the quantum of power required. **Hence it is submitted by the respondent that the plea of the petitioner to fix transmission charges based on voltage level is not relevant.**

Remarks of the Petitioner on the arguments of KSEB Ltd.

19. The petitioner has submitted its remarks on the above arguments of KSEB Ltd which is summarized below,

- (1) The submission of the Petitioner is for enhancing the present limit of 7000 kVA to 12000 kVA. Their requirement will not attract Open Access Regulations, because the petitioner need to draw power at a single point from KSEB Ltd. to meet their entire demand and will not amount to use of the Respondent's transmission facilities for wheeling power purchased from any other supplier.
- (2) Since the proposed transmission line has to cater power to the respondent KSEB Ltd. for distribution of electricity to their consumers also, it cannot be termed as a dedicated feeder and hence Regulation 6(6) of the KSERC (Connectivity and Intra State Open Access) Regulations, 2013 and Reg. 10 of the Kerala State Grid Code 2005 will not apply. The drawal of such a line would be for creation of a general power transmission infrastructure by a transmission licensee and would therefore require the entire costs to be met by the Transmission licensee.

Proposal of KSEB Ltd for a 33 kV sub-station:

20. KSEB Ltd has further submitted that the most techno- economically feasible and practically viable proposal for providing proper connectivity to the licensee is to set up a separate 66/33 kV transformer at Pallivasal yard and to provide a 33 kV double circuit (DC) feeder to Munnar and to set up a 33 sub-station by the petitioner at Munnar. In order to cater to the demand of 5 MVA requested for by the Petitioner in addition to their existing contract demand of 7MVA, KSEB Ltd. has proposed the following three options:

- i. Providing 66 kV supply, after drawing 8 km 66 kV single circuit (SC) line from the 66 kV switchyard of Pallivasal PH to the proposed 66 kV sub-station of KDHPCL at Munnar. (Rs. 7.3 crore) In addition to this,

- KDHPCL has to invest for a 66/11 kV sub-station (Rs. 5 crore) and the shared cost of the feeding system, totalling Rs. 12.30 crore
- ii. Providing 66 kV supply, after drawing 6 km 66 kV SC line from Pallivasal to Munnar along the penstock route (Rs.6 crore) In addition to this, KDHPCL has to invest for a 66/11 kV sub-station and the shared cost of the feeding system, totalling Rs. 11.00 crore.
 - iii. Providing 33 kV supply after drawing 6 km 33kV DC line from old Pallivasal to KDHPCL after installing 2 Nos. 16 MVA 66/33 kV transformers at Pallivasal yard at an estimated cost of **Rs. 7.25** crore and a 33/11 kV sub-station at Munnar by KDHPCL.
21. In the first two options, KSEB Ltd. has to bear an additional cost of erecting 66/33 kV transformer at the new 66 kV sub-station at Munnar, of the order of about Rs.3 crore. The petitioner is anticipating a load demand above 12 MVA in the coming years and is expected to increase further. Regulation 8 of Kerala Electricity Supply Code, 2005 specifies supply at 33 kV level for catering a load upto 12 MVA.. The distance between Chithirapuram Power House and the proposed 33 kV sub-station at Munnar is only about 6 km and thus delivering a higher load over and above 12 MVA for such a smaller distance is technically feasible and economically viable. Technically, the double circuit 33 kV feeder can cater a load upto 28 kVA technically. Even though the load at the interconnection point exceeds 12 MVA, the supply could be provided as per Regulation 10 of the State Grid Code, 2005 as the petitioner is a distribution licensee. It may also be noted that the proposed 66/33 kV transformers of 2 x 16 MVA can cater even upto 32 MVA. It is further submitted that if this proposal is agreeable to the petitioner, KSEB is willing to share the cost as per the directions of the Commission in O.P.33/ 2011.
22. Alternatively, KSEB Ltd. has to cater to their own loads through a separate system by establishing a 66/33 kV transformer at Pallivasal and to draw a 33 kV feeder to cater loads at Marayoor and Vattavada areas which will be the most cost effective to KSEB Ltd. This will result in separate feeding for all major loads of KSEB Ltd. and thus sharing cost will be reduced in view of very low dependence on the distribution network of KDHPCL.

Remarks of the Petitioner on the KSEB's proposal on 33 kV Sub station

23. Petitioner submitted that it will not be appropriate for the petitioner to choose the above suggestion to receive 33 kV power from Pallivasal Power House yard and to set up a 33/11 kV sub-station at Munnar to meet their requirement. It is submitted that in the event, if the petitioner intends to avail power from a source other than KSEB Ltd at a later date, such supplier may not be able to provide supply at 33 kV and the petitioner would require to avail the power at 66 kV only.

Moreover the 66 kV transmission system would be more reliable, efficient and cost effective compared to 33 kV system. Moreover, the Petitioner submitted that a 33 kV feeder can cater only 12 MVA load and the second feeder proposed can be considered as a standby for redundancy and in fact a 66 kV feeder is more reliable, efficient and cost effective compared to a 33 kV transmission system.

24. Moreover, in the event KSEB Ltd. can arrange for their own loads without drawing from the petitioner's grid to feed their consumers supplied from all feedback points, then an additional 2MVA will be available and if two additional 11 kV feeders are permitted from Pallivasal to the present receiving point, the present shortage of power will be largely mitigated and even setting up of a sub-station can be avoided for the time being.
25. It is also submitted by KDHPCL that the petition may be considered in the present context of "Variable BST and fixed RST regime", wherein the role of the licensees has been reduced to that of almost a franchisee of KSEB Ltd.

Hearing in the case

26. Hearing was conducted 31.07.2015 in the Court room of the Commission at Thiruvananthapuram. Shri. P.M.Srikrishnan, Executive Engineer, KDHPCL represented the petitioner and presented the details. Shri. B.Pradeep, Executive Engineer, KSEL Ltd. represented the respondent.
27. Presenting the case Shri. Srikrishnan submitted that KDHP received the remarks of KSEB Limited in which the proposal is to set up a 66 KV Substation at Munnar and to draw independent 33 kV feeder to Marayoor from Chithirapuram. He also mentioned that the right of way has to be obtained from Tata Tea Ltd, who is still the lessee of the lands in KDHP village in which Munnar is situated.
28. KSEB representative mentioned that a firm plan is yet to be drawn up and as of now, for the upgradation of the system at Munnar. Co-operation of KDHPCL is inevitable especially on the following two issues namely
- (i) right of way for drawing the EHT line; and
 - (ii) getting clearance from the Hon'ble Court.
29. To the query raised by the Commission, KDHPCL submitted that on an average the Demand of the area is going up by about 8% annually and that the demand is not being reflected in ARR, since KDHPCL is running the generators to meet their internal demand and the power purchased from KSEB Ltd is preferentially used to cater to the demands of the consumers.
30. Commission observed that the case has been prolonging for quite some time and mentioned that both KSEB Ltd and KDHPCL should sit together to come out with a workable solution within a reasonable time frame. Once a solution is arrived at, they may approach the commission with a definite project proposal and as of now it is pre-mature to ask Commission to decide on the transmission tariff etc.

Analysis and decision

31. In view of the facts and circumstances explained above, it can easily be found that the poor quality of supply of electricity had been a vexing problem in Munnar and surrounding areas. Interruption and voltage drops were frequent. For solving this issues, both the petitioner KDHPCL and the respondent KSEB Ltd have to cooperate, discuss and decide on the technical and financial requirements for the up-gradation of transmission system to carry the required power to Munnar area. In this, KSEB Ltd has a dual role to play. KSEB Ltd is the State Transmission Utility which has to build, maintain and operate an efficient transmission system within the State. KSEB Ltd is also the distribution licensee which sells electricity to M/s KDHPCL for distribution to the consumers in Munnar. As distribution licensee, KSEB Ltd is also distributing electricity to its consumers around the area of licence of KDHPCL by drawing power through the distribution system of KDHPCL. The present contracted demand of KDHPCL is only 7000 kVA as against the actual demand of about 12000 kVA. Admittedly the load growth in and around Munnar is at a rate of about 8%. Being an international tourism destination the load growth is not likely to come down. KSEB Ltd has to meet the growing demand for power in its area of supply at localities like Marayoor and Vattavada which are about 30 km away from Munnar. KSEB Ltd is planning to implement a hydel project namely Pambar (40 MW) utilizing the water resources of the east flowing river namely Pambar. KSEB Ltd, in the capacity of the State Transmission Utility, has a duty to construct required transmission lines taking into consideration of the above facts. The transmission line and sub-station can be constructed by KSEB Ltd in its capacity as STU at its expense and realize transmission charges as determined by the Commission for transmitting energy along that line. Alternatively STU can also take up the work as a deposit work funded jointly by KDHPCL and KSEB Ltd in its capacity as distribution licensee. In such case, the transmission line and sub-station will belong to KDHPCL and KSEB Ltd which fund for their construction. If the expenditure relating to construction of transmission lines and sub-station at 66 kV level is shared, the issues relating to ownership of transmission line and sub-station, sharing of the operation and maintenance expenses, manning of the sub-station, control over sub-station etc. should also be appropriately addressed. Being distribution licensees, KDHPCL and KSEB Ltd should reach a consensus on such techno-economic issues.
32. As already indicated, the Commission had given directions in this regard as early as on 03.05.2011 in its order in OP No.40/2010. Further directions were given by the Commission in its order dated 14.08.2012 in OP No.33/2011. The Commission had also given directions in this regard in its order dated 07.05.2014 in OP No.37/2013 to the effect that detailed techno-economic proposals should

be submitted on or before 31.05.2014. The petitioner and the respondent are not seen to have given much importance to directions given by the Commission for improving the quality of supply of electricity to the consumers of both the petitioner and the respondents. This is not a desirable state of affairs and the Commission conveys its displeasure over the failure of the petitioner and respondent to implement the direction of the Commission. They are here by informed that failure to implement the directions of the Commission will entail in action under Section 142 of the Electricity Act, 2003.

33. In the absence of detailed project cost, it is not possible for the Commission to determine transmission charges relating to any transmission line. Determination of demand charges and energy charges at 66 kV is not an issue to be considered in this petition. Demand charges and energy charges to be paid by the petitioner to the respondent will be determined separately while considering their applications for determination of tariff.

Order of the Commission

34. Both the petitioner namely KDHPCL and the respondent namely KSEB Ltd are directed to discuss the various techno-economic options relating to the construction of transmission line with sufficient capacity from Pallivasal generating station to Munnar and the construction of sub-station at Munnar, in view of all the relevant facts. The discussion shall be completed on or before **31-10-2015** and a report on various options with detailed techno-economic aspects shall be submitted to the Commission on or before **16-11-2015**. After considering such proposals the Commission will take appropriate decision on the project cost as well as on the sharing of cost. The OP No.17/2014 is therefore found to be premature and it is disposed of with the above directions.

Sd/-
K. Vikraman Nair
Member

Sd/-
S. Venugopal
Member

Sd/-
T.M.Manoharan
Chairman

Approved for Issue

Santhosh Kumar. K.B
SECRETARY