BEFORE THE JOINT ELECTRICITY REGULATORY COMMISSION

(FOR THE STATE OF GOA AND UNION TERRITORIES AT GURUGRAM)

PETITION NO. 121 OF 2024

CORAM:

Alok Tandon, Chairperson

Jyoti Prasad, Member (Law)

DATE OF HEARING: .17.12.2024.

DATE OF ORDER: 06.02.2025

IN THE MATTER OF:

Miscellaneous Application/Petition in compliance with the order dated 01.08.2023 passed by this Commission in Petition No. 89/2022 for review of ARR of FY 2022-23 based on revised estimates and determination of ARR & Tariff for FY 2023-24 for the distribution business of Dadra and Nagar Haveli and Daman and Diu

AND IN THE MATTER OF:

Dadra and Nagar Haveli and Daman and Diu
Power Distribution Corporation Limited **...PETITIONER**

VERSUS

Electricity Department, Transmission Division,
Union Territory of Dadra and Nagar Haveli and
Daman and Diu **...RESPONDENT NO. 1**

Dadra and Nagar Haveli and Daman and Diu
Power Corporation Limited ...**RESPONDENT NO. 2**

Electricity Department of Daman and Diu,
Union Territory of Dadra and Nagar Haveli and
Daman and Diu ...**RESPONDENT NO. 3**

PRESENT FOR THE PETITIONER

1. Ms. Deepa Chawan, Counsel, DNHDDPDCL
2. Ms. Ruchi Patil, Advocate, DNHDDPDCL
3. Sh. Chetan Bundela, Executive Director, Torrent Power
4. Sh. Jignesh, DNHDDPDCL
5. Ms. Luna Pal, DNHDDPDCL

PRESENT FOR THE RESPONDENTS

1. Sh. Anand Ganeshan, Advocate, Respondents 1,2 & 3.
2. Sh. CA Parmar, Chief Engineer, DNHDDPCL
3. Sh. Hemant Kumar, CFO, DNHDDPCL
4. Sh. Saurabh Maheshwari, Deputy Manager, DNHDDPCL

O R D E R

A. BRIEF FACTS:

1. The Petitioner, Dadra and Nagar Haveli and Daman and Diu Power Distribution Corporation Limited ("**DNHDDPDCL**" "**Petitioner**"), is the distribution licensee for the Union Territory of Dadra and Nagar Haveli and Daman and Diu ("**Union Territory**"), having commenced operations from 01.04.2022.

2. Electricity Department, Transmission Division, Union Territory of Dadra and Nagar Haveli and Daman and Diu is Respondent No. 1; Dadra and Nagar Haveli and Daman and Diu Power Corporation Limited is Respondent No. 2; and Electricity Department of Daman and Diu, Union Territory of Dadra and Nagar Haveli and Daman and Diu is Respondent No. 3 in the present petition ("hereinafter referred to as "***Respondents***").

3. The brief facts leading to the filing of the present petition are as follows:

   a. The Petitioner had filed Petition No. 89 of 2022 for the Review of ARR for FY 2022-23 based on revised estimates and Determination of ARR and Tariff for FY 2023-24, which included its capital expenditure plan. The Commission, *vide* its Tariff Order dated 01.08.2023 in Petition No. 89 of 2022, passed certain directives. With respect to the approval of capital expenditure and capitalization of 33 kV and above network (Scheme 1), this Commission directed the Petitioner to file a fresh Petition for capital expenditure approval for schemes above 33kV voltage level.

   b. The relevant part of the Order dated 01.08.2023 passed in Petition No. 89 of 2022 is hereunder:

> *"Thus, in accordance with the provision of the Electricity Act, 2003 read with JERC's Electricity Supply Code Regulations, 2018 DNHDDPDCL is permitted to implement schemes from 33 kV and below voltage level only and the entity could be allowed to execute the schemes above 33 kV voltage level only with the prior approval of the Commission.*
>
> *Hence, at this stage, the Commission is not inclined to consider the capex and capitalisation of such schemes without going into details such as its requirements, benefit, etc. and hearing the various stakeholders based on detailed submission.*
>
> ***The Commission directs the Petitioner to submit a fresh Petition regarding Capital Expenditure and Capitalization of 33 kV and above Network in line with JERC's State Grid Code Regulations, and JERC's Electricity Supply Code Regulations, 2018 and amendments thereof in consultation with UT of DNH and DD.*** *The Commission also suggests to make ED-DNH, DNHPCL and EDDD as parties/respondents to the Petition.*

Therefore, the Commission at present is not approving any capital expenditure for Scheme 1: 33 kV Network.

The Commission further directs the Petitioner to include the details such as Detailed DPR with Cost Benefit Analysis for schemes proposed, detailed head-wise cost break-up BOQ, detailed write-up justifying need and requirement of the Scheme, Investment Approval from the Competent Authority, permissions and opinions taken from PGCIL, Intra-State Transmission Entities, etc while filing the Petition with regard to Schemes proposed above 33 kV and connected downstream schemes.

The Commission also directs the Petitioner to file a separate Petition with regard to Capex/Capitalization Schemes proposed to be executed for FY 2023-24 and FY 2024-25 with complete details of the scheme and Detailed DPR with Cost Benefit Analysis, detailed head-wise cost break-up BOQ, detailed write-up justifying need and requirement of the Scheme, Investment Approval from the Competent Authority."

c. In compliance with the aforesaid directions, the Petitioner has filed the present petition seeking approval of the capital expenditure with respect to establishment of 33/11 kv Sub-station (Two each at Silvassa & Daman) near the load centres to reduce the length of 11 kv lines. The petitioner proposed to establish, further to feed these 33 kv Substations two 220/33 kv one each source substation at Silvassa and Daman.

B. SUBMISSIONS:

4. Learned counsel on behalf of the Petitioner advanced the following submissions:

a. The Petitioner outlined its proposed CAPEX schemes, including the commissioning of four 33 kV substations and network enhancements, two each at Silvassa and Daman. Additionally, the Petitioner proposed establishing two 220/33 kV source substations to feed these facilities. The Petitioner also submitted a detailed project report ("**DPR**") with the rationale, cost breakdown, and cost-benefit analysis. The Petitioner emphasized that similar schemes have been implemented by other Licensees under this Commission's jurisdiction and that these developments are necessary to ensure resource adequacy, as emphasized by the Government of India. The Petitioner has proposed the following:

i. **33/11kv substation (02 each at Daman & DNH):**

Establishment of four (4) 33/11 KV substations (two each at Damán and DNH) near load centres to reduce the length of 11 Kv lines and also at strategic locations to create ready-to-serve network. Further, it has also been proposed to provide a ring main system for 33Kv feeders by interlinking 33 Kv Substation through underground cables.

ii. **220/33kv Sub-stations at Daman:**

220/33kv Sub-station is proposed near Bhenslore area by way of LILO of one circuit of PGCIL's 220 kv D/c Ambethi (Vapi) – Magarwada line. Initial planned capacity of 200 MVA (2X100 MVA) including associated bays for 33 KV outgoing feeders. Seven (7) Km line/cable to be laid to LILO one circuit of PGCIL's 220 kv D/c Ambethi-Magarwada line proposed for 220/33 kv Substation near Bhenslore .

iii. **33 kv Sub-station at Daman:**

One 33/11 kv substation near Somnath Industrial Area about 5 km from the Source Sub-station with installed capacity of 33/11 kv Somnath Sub-station of 40 MVA (2x20 MVA). Total 8 Nos of outgoing 11 kv feeders for each 20 MVA Transformers to relieve existing overload feeders as well as to cater new load. In addition, N-1 capacity will also be available at 33 kv network. New load to the extent of 8 MW to be catered in phased manner by FY 26-27.

iv. **Devka seafront/ Kadaiya industrial area (33kv Devka Substation)**

One 33/11 kv substation near Kadaiya Industrial area. approx. distance from source Sub-station is 4 km with planned capacity of Devka-Sub-station of 40 MVA (2x20 MVA). Total 8 Nos of outgoing 11 kv feeders for each 20 MVA Transformers to relieve existing overload feeders as well as to cater new load. New load to the extent of 7 MW for Hotels and other industries to be catered on this substation in phased manner by FY 26-27.

b. The Petitioner submits that existing distribution primarily relies on long 11 kV and LT overhead lines, many of which are overloaded and lead to higher losses and outages. Out of 392 feeders, 105 feeders are overloaded, and about 31 feeders exceed 7 km in length, necessitating network optimization. The Petitioner submits that the proposal addresses the constraints of the existing distribution network, including overloaded and long feeders causing high losses and outages. It also caters to the projected peak demand increase to 1,726 MW by FY 2026-27 and 2,143 MW by FY 2031-32, ensuring phased augmentation of capacity.

c. Further, the project aligns with WRLDC's recommendations for adequate 220 kV infrastructure and connectivity between Daman and DNH to optimize ISTS usage. It will improve reliability, reduce technical losses, and offer cost-effective solutions for consumers with medium to high demand. The proposed system modernization ensures a robust, future-ready network.

d. The objective of the proposal is to enhance the reliability and quality of the power supply, reduce technical losses, and address future load growth. By facilitating direct sourcing of renewable energy from ISTS at reduced charges, the Petitioner seeks to create a robust and future-ready distribution network through the establishment of state-of-the-art 33/11 kV substations and 220/33 kV source substations.

5. The reply and written submissions filed by respondents 1, 2 and 3 vide their respective letters dated 29.01.2024, 30.01.2024, 16.04.2024, 16.05.2024, 19.08.2024, 21.08.2024, 03.01.2025 and 29.01.2025 along with various oral submissions have been taken on record. Learned counsel on behalf of the respondent 1,2 and 3 have advanced the following submission:

a. That the respondents have submitted that there is sufficient capacity available in UT DNH & DD to cater existing as well as future load as per the WRLDC's report of June 2022. They further stated that the various project submitted by DNHDDPDCL were already approved by the Commission in previous MYT control period of 2015, 2018 and 2022. They further submitted that the schemes which were earlier approved by the Commission in previous MYT Petitions and could not be carried out by them will be proposed in the ensuing Business Plan Petition of respective Transmission Utilities for the control period FY2025-26 to FY 29-30.

b. The department proposed a scheme for establishment of a 2x100 MVA, 220/66 KV GIS substation at Dabhel, Daman along with 220 KV multi circuit Magarwada-Dabhel transmission line. After commissioning the total installed capacity of 220/66 kV of Daman would be 980 MVA. This clearly indicates duplication of proposed scheme by DNHDDPDCL.

c. The actual demand recorded for DD for last 8 years are given below:

In MW	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24
DD	330	345	355	350	353	364	366	385

d. As per the above table the actual demand of DD has never crossed 470 MW. Based on the trend of demand growth over the past 8 years, the estimated yearly growth in peak demand is expected to remain below 5% until FY 2031-32.

e. This demonstrates that the current and proposed capacity by ED-DD is adequate to meet demand until FY 2031-32 and can handle N-1 contingencies.

f. ED-DD has already proposed a 220/66 kV substation connected to an available bay at the PGCIL Magarwada substation. DNHDDPDCL's proposal for a 220/33 kV substation from the same bays overlaps with ED-DD's plan. Additionally, the land for ED-DD's 220/66 kV substation is already available, while DNHDDPDCL's 220/33 kV substation would incur extra land costs, burdening consumers.

g. That the ED-DD's proposed 40 MVA 66/11 kV Dabhel substation will reduce the load on these substations, and an enhancement at Ringanwada will improve reliability. Therefore, the proposed 33/11 kV substation at Somnath duplicates ED-DD's projects, leading to unnecessary costs for consumers.

h. That in the 9th meeting of the Board of Directors held on 30.01.2024, a proposal of an estimated capex budget for FY 2024-25 to the tune of Rs. 501 crores which also included 33 KV network was put up for approval. However, the Board of Directors has approved the CAPEX budget of Rs. 262 crores only for FY 2024-25 and the budget of 33 KV network was not approved.

i. Thereafter, the Petitioner approached this Commission by way of filing the present Petition seeking approval of 33 KV Network in their Business Plan.

j. That the Dadra and Nagar Haveli and Daman and Diu Electricity (Reorganization and Reforms) Transfer Scheme, 2022, which was notified on 11th March 2022, clearly states in Schedule B (Part 1), Para 1(a), that all existing and under-construction 11 kV and below lines business was transferred to DNHDDPDCL. Therefore, the U.T. Administration of DNH and DD transferred the business of the 11 kV and below network. Consequently, clause 7(j) of the shareholder's agreement requires the affirmative consent of the holding entity for the commencement of any "new lines of business", which should apply to the proposed capital expenditure.

k. The shareholder's agreement between the Administration of UT of DNH and DD through Secretary (Power) and Torrent Power Limited AND DNHDD Power Distribution Corporation Limited was signed on 15.03.2022. As per the clause no. 7.1 (j) "commencement of any new lines of business" affirmative consent of the holding entity is required.

l. DNHDDPCL had previously planned several sub-stations, which were approved in earlier business plans by the Commission but could not be realized due to land acquisition issues. These include: (1) 220/66 KV sub-stations at Sayli, and (2) 66/11 KV sub-stations at Naroli, Sayli, Chichpada (Dapada), Silli (Kuwapada), and Dadra. These sub-stations are now being included in the business plan for FY 2025-26 to FY 2029-30.

m. Implementation of infrastructure for a 220/33 kV source substation involves a 220 kV voltage level, which is categorized as transmission infrastructure. Therefore, the

Distribution Licensee should limit the implementation of the network to the distribution voltage level, as per the notified transfer scheme, to avoid duplication and unnecessary expenses.

n. That any additional expenditure on the projects proposed by Petitioner will result in a tariff hike, which will discourage the establishment of new industries and may force existing industries to migrate from the region.

o. Therefore, the proposed additional infrastructure of 220/33 kV and 33/11 kV by Petitioner clearly overlaps and duplicates the 220/66 kV and 66/11 kV projects already approved by the Commission for the Transmission Licensee.

6. By Rejoinder submissions dated 16.12.2024 and Written Submissions dated 22.01.2025, Petitioner has submitted the following: -

a. That Commission issued Interim orders on February 2, 2024 and 24 April, 2024, directing the Transmission Licensee to discuss potential overlapping schemes with the Distribution Licensee regarding various substation construction plans. However various meetings were held and the final minutes of meeting are pending for signature by Respondents.

b. That there is no overlap between their proposed 220/33kV and 33/11kV substations and ED-DD's approved 220/66kV and 66/11kV substations.

c. That the Respondents could not implement approved systems for last 6–8 years despite the approval of the Commission, leading to constraints. Respondents are objecting the proposal citing higher consumer cost but proposing higher-cost alternatives (66 kV and above), burdening consumers with higher CAPEX.

d. That the earlier planned substations (e.g., Sayli, Silli) were approved years ago but remain unexecuted by the Respondents. The Petitioner's proposals do not overlap, as these projects were deferred or abandoned. The Petitioner's proposals address operational and consumer needs effectively.

e. That the Respondents lack legal standing to object to Petitioner's CAPEX plans. The failures to execute past approvals cannot justify the opposition of the Petitioner's proposals. There are no approved plans by the Respondents for FY 2025-30 that exist. The past approvals expired due to inaction, reinforcing the need for Petitioner's proposals.

f. That the Petitioner has statutory obligations to cater to future growth. Peak demand forecasts (465–608 MW by FY 2032) by the CEA in 20^{th} EPS report necessitate the proposed 220/33 kV substation.

g. That the Petitioner's CAPEX Plan aims to improve radiality and meet Universal Service Obligation u/s 43 of Electricity Act 2003.

h. The proposed capital expenditure does not qualify as a "new line of business" under Clause 7(j) of the Shareholders Agreement, thus not requiring holding entity consent as claimed by the Respondent.

i. That the proposed 33/11 kV Devka substation does not duplicates their planned 66/11 kV Panchal substation as the Respondent is relying on a six-year-old approval, unexecuted till date, does not bar the Petitioner from seeking approval now.

j. That non-approval of 33 kV capex in the 9th Board meeting is misleading. Capex for the 33 kV network was approved in the 5th Board Meeting of 2^{nd} Feb 2023. The Petitioner cannot incur capex without prior approvals, and no rejection of capex has occurred.

k. That the Transfer Scheme 2022, which transfers 11 kV and below infrastructure to Petitioner, does not restrict the Petitioner from creating networks above 11 kV. Any such interpretation contradicts the Electricity Act, 2003, and is legally untenable.

l. That 220 kV substations fall under transmission infrastructure is incorrect. The Commission has clarified (Case No. 202/2016) that voltage level is not restricted for distribution licensees. Establishing 33 kV substations ensures reliability, safety, and compliance with JERC regulations.

m. That the MOP Guidelines dated 01.09.2021 regarding transferring existing 33kV systems to the Transmission licensee is merely guiding in nature and not binding. The Electricity Act, 2003 does not restrict the voltage level that is to be handled by the Distribution Licensee.

C. ANALYSIS AND FINDINGS:

7. Heard and perused records.

8. The Petitioner has filed the Petition seeking approval of its proposed CAPEX schemes, wherein it has proposed a comprehensive infrastructure development plan that includes establishing four 33/11 KV substations (two each in Daman and DNH) and two 220/33 kV source substations of 200 MVA each. The plan also includes implementing a 33 KV ring main system with underground cables to enhance reliability and safety. The Petitioner has contended that this development is necessary to address current network issues, where many of the existing overhead lines are overloaded (105 out of 392 feeders) and 31 feeders exceed 7 km in length, leading to high losses and frequent outages. The project is designed to meet future demand projections, which are expected to reach 1,726 MW by FY 2026-27 and 2,143 MW by FY 2031-32.

9. Based on the submission by the parties vide its Interim Orders dated 02.02.2024 and 24.04.2024, the Commission directed the parties to convene a meeting to discuss the aspect of overlapping/duplication of schemes between the Transmission Licensee's already approved plans and the Distribution Licensee's proposed plans for construction of 220/33 Kv substations and for network strengthening. No conclusion could be arrived at between the parties during the said meeting.

10. The Respondents have filed additional submissions dated 21.08.2024, wherein the Commission noted that no action towards execution of the approved plan has been taken by the Respondents.

11. The Commission perused the JERC (State of Goa and Union Territories (UTs) Electricity Supply Code Regulations), 2018, and its amendments wherein Distribution System and Transmission System has been defined to mean as follows:

"2.3. (31) "Distribution system" means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers; Explanation: Any system consisting mainly of overhead lines, underground cables, service lines, electrical plant, control switchgear and meters having design voltage of 33 kV and below and shall also include any other system of higher voltage as the Commission may specifically recognize. The Distribution System shall not include any part of the Transmission System except the terminal equipment (metering system, CT and PT) connected at consumer end and used for the supply of electricity to extra high voltage (66 kV and above) consumers;

"2.3 (70) "Transmission System" means the system consisting of EHV electric lines being operated at EHV (excluding generator interconnection facilities) owned and/or operated by the Transmission Licensee for the purposes of transmission of electricity from one power station to a sub-station or to another power station or between sub-stations or to or from any external interconnection equipment up to the interconnection with the distribution system and includes the plant and apparatus and meters owned or used by the Transmission Licensee in connection with the transmission of electricity, but shall not include any part of any Licensee's distribution system;"

"2.3.(36) "Extra High Voltage (EHV)" or "Extra High Tension (EHT)" means a voltage exceeding 33000 Volts;"

12. In view of the clear stipulation in the JERC State of Goa and Union Territories (UTs) Electricity Supply Code Regulations, 2018, and its amendments, it is clear that any system of voltage higher than 33 kV may also form part of the Distribution System as the Commission may specifically recognize. The Petitioner has proposed to construct 220/33kV source substations in order enhance the reliability and quality of the power supply, reduce technical losses and address future load growth of 33/11 kV network.

13. The Board approval for execution of 33 KV and above network (Scheme 1) was available for the FY 2022-23 only. The Petitioner filed the petition for approval of scheme in FY 2023-24 vide their letter dated 03.01.2024 for the work envisaged to start during FY 2024-25 to 2026-27. However the Board of Directors in their ninth meeting dated 30.01.2024 have not approved the execution of this scheme. Hence the Commission finds it premature to consider the proposed scheme in absence of Investment Approval from the Competent Authority.

CONCLUSION:

14. In absence of the Investment Approval from the Competent Authority, the project for capex & capitalisation of proposed scheme cannot be undertaken by the Petitioner. The Commission is therefore not inclined to grant any approval for proposed scheme at this stage. The petitioner is at liberty to approach the Commission with requisite approval as and when available.

15. In view of the above, the petition is disposed of with the above direction.

16. Ordered accordingly.

Sd/
(Jyoti Prasad)
Member (Law)

Sd/-
(Alok Tandon)
Chairperson

Certified Copy

(S.D. Sharma)
Secretary I/c, JERC