

पावर ग्रिड कारपोरेशन ऑफ इंडिया लिमिटेड
(भारत सरकार का उद्यम)
POWER GRID CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)



केन्द्रीय कार्यालय : "सौदामिनी" प्लॉट सं. 2, सैक्टर-29, गुडगाँव-122 001, हरियाणा
फोन : 2571700 - 719, फैक्स : 2571760, 2571761 तार 'नेटग्रिड',
Corporate Office : "Saudamini" Plot No. 2, Sector-29, Gurgaon-122 001. Haryana
Tel. : 2571700 - 719, Fax : 2571760, 2571761 Gram : 'NATGRID'

संदर्भ संख्या/Ref. Number

Ref: C/CP/Dhauliganga HEP-I

October 25, 2006

MEMORANDUM

SUB: INVESTMENT APPROVAL FOR REVISED COST ESTIMATE OF TRANSMISSION SYSTEM ASSOCIATED WITH DHAULIGANGA HEP-I.

The Board of Directors of POWERGRID, in exercise of powers delegated to it by the Government of India through its O.M. No. 18 (24) /2003-GM-GL65 dated 05.08.2005, from Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, have accorded the investment approval for "Revised Cost Estimate of Transmission System associated with Dhauliganga HEP-I" in its 184th meeting held on 21st September, 2006.

1. Scope of project

Transmission Lines:

- a) Dhauliganga- Bareilly 400 kV D/C line (initially being operated at 220 kV level) - 233 kms.

Sub-Stations:

- a) Extension of Bareilly Substation (UPPCL) – 220 kV line bays: 2 Nos.
b) Dhauliganga Switchyard (NHPC) - 25 MVAR, 220 kV Line Reactors: 2 Nos.

2. Project Cost & Funding

Revised Cost Estimate of the project based on 1st Quarter, 2006 price level is Rs.182.07 Crore including an IDC of Rs. 10.04 Crore. The abstract cost estimate is attached at **Annexure-I**. This project has been implemented with funds from JBIC, Domestic Loans/Bonds and Internal Resources of POWERGRID with Debt Equity ratio of 70:30.

3. Commissioning Schedule

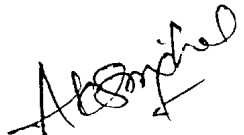
The project has been completed in July, 2005 and is under commercial operation since 01.08.2005.

This is issued in pursuance of the minutes of meeting of the 184th meeting of Board of Directors held on 21st September, 2006.

Note: During the implementation of the project, Government of Uttar Pradesh had imposed Lease rent for the portion of Line routed through forest land, which was not applicable earlier. Accordingly, POWERGRID has considered two options for depositing the Lease rent as given below:

- I. To make the payment for a period of 30 years @ Rs. 2.31 Crore per annum such that the amount for the initial one year is capitalised and balance expenditure for 29 years be recovered along with monthly fixed Tariff for which matter will be taken up with CERC while filing the Tariff Petition for the project.
- II. To make the payment of (Rs.2.31X30 = Rs. 69.30 Crore) on lump-sum basis and capitalise the amount. However, this option has not been found to be economical as the NPV for future payments is much lower than the lump-sum payment at one time. Further, there is no corresponding discount for making lump-sum payment.

In view of above, option-I has been adopted and Lease rent for only initial one year has been considered for capitalization in the present RCE. In case the same is not allowed by CERC, the amount will have to be deposited on Lump-sum basis and full amount will be capitalised as per option-II and the cost shall be revised accordingly.


(A.K.Singhal)
Chief Manager (CP)

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DGM : Cost Engg./ CC

Company Secretary

Copy for kind information, please:

Director : Personnel / Operations/ Project / Finance

CVO

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22. Joint Secretary (Plan Finance Div.-II), Ministry of Finance
23. Director (Trans), MOP, Shram Shakti Bhawan, New Delhi
24. Director, Ministry of Finance (Plan finance Div.) North Block, New Delhi
25. Deputy Secretary, Cabinet Secretariat, Rashtrapati Bhawan, New Delhi
26. Under Secretary, Finance & Budget Section, MoP



(A.K. Singhal)
Chief Manager (CP)

ANNEXURE- I

**ABSTRACT OF COST
(BASE COST)**

**REVISED COST ESTIMATE FOR TRANSMISSION SYSTEM
ASSOCIATED WITH DHAULIGANGA- I
(1st Quarter, 2006 Price level)**

Sl.No.	Description	Amount (Rs. In Crores)
A.	Preliminary works	0
B.	Crop & PTCC Compensation	21.6
C.	Civil Works	
i)	Infrastructure	0
ii)	Building	0
iii)	Colony	0
D.	Equipment cost	
i)	Transmission line	128.97
ii)	Substation	9.77
	SUB TOTAL D	138.74
	SUB TOTAL A TO D	160.34
E	Misc. Tools & Plants	
F	Maintenance	
G	Engineering & Administration	9.54
	Establishment incl. Audit & Accounts	
	Losses on stock	
H	Contingencies	
	SUB TOTAL A TO H	169.88
I	FERV on Loan Repayment	2.15
J	Interest during Construction	10.04
	TOTAL PROJECT COST	182.07