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No. 12/3/2004-PG
Government of India
Ministry of Power

Encl-3

New Delhi, the 29th September, 2005

To

The Chairman & Managing Director,
PGCIL
New Delhi.

Sub: Revised Cost Estimates (RCE-I) for Transmission System associated with Tala HEP, East-North Interconnector and Northern Region Transmission System.

Sir,

I am directed to convey the administrative approval and expenditure sanction of the President to Revised Cost Estimates - I for Transmission System associated with Tala Hydro-electric Project, East-North Interconnector and Northern Region Transmission System (excluding Tala-Siliguri Transmission System for which investment approval was already issued by PGCIL) at an estimated cost of Rs. 2483.88 Crore including an IDC of Rs. 147.44 Crore (based on 1st Quarter 2005 price level) consisting of (i) Rs. 872.10 Crore (including an IDC of Rs. 25.74 Crore) for PGCIL's portion and (ii) Rs. 1611.78 Crore (including an IDC of Rs. 121.70 Crore) for JV portion. The detailed break up of the cost is given at **Annexure-I**.

SCOPE OF THE WORK

The scope of work being implemented under PGCIL's portion and Joint Venture portion is as indicated at **Annexure-II**.

PROJECT IMPLEMENTATION SCHEDULE

The project will be completed by June, 2006.

FUNDING OF THE PROJECT

The project would be funded in the following manner:

PGCIL's portion (with debt:equity ratio of 70:30)

(Rs. In Crores)

| Sources | Rupees |
|----------------------------|---------------|
| World Bank loan | 467.56 |
| Domestic loans/ bonds | 142.86 |
| PGCIL's Internal Resources | 261.68 |
| Total | 872.10 |

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Joint Venture Portion (with debt:equity ratio of 70:30)

(Rs. In Crores)

| Sources | Rupees |
|-------------------------------------|----------------|
| Domestic loans/ Multilateral loans) | 1128.25 |
| Equity contribution of JVC: | |
| POWERGRID's share - 49% | 236.93 |
| Tata Power's share - 51% | 246.60 |
| Total | 1611.78 |

PROGRESS REPORT

PGCIL will submit the monthly progress report indicating the Financial and Physical progress of the implementation of the scheme to its Board as well as to the Ministry of Power.

This sanction issues with the concurrence of the Internal Finance of this Ministry vide their Dy. No. 1937/Fin/05 dated 29.9.2005.

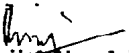

(Harjit Singh)

Under Secretary to the Govt. of India
Tel. No. 23324357.

Encl: As above

Copy to:

1. Ministry of Finance, Plan Finance Div./ Department of Economic Affairs, New Delhi.
2. Finance Commission Div., DEA, CGO Complex, New Delhi.
3. Planning Commission, Yojna Bhawan, New Delhi.
4. Department of Programme Implementation, Sardar Patel Bhawan, New Delhi.
5. Chairperson, CEA, New Delhi.
6. Member (PS), CEA, New Delhi.
7. Member Secretary, NREB, New Delhi.
8. Member Secretary, EREB, Kolkatta.
9. Controller of Accounts, Ministry of Power, New Delhi.
10. The Principal Director of Commercial Audit and Economic Ministries, New Delhi.
11. Finance/ Budget Section, Ministry of Power, New Delhi.
12. Planning Section, Ministry of Power, New Delhi.
13. Sanction File.


(Harjit Singh)

Under Secretary to the Govt. of India
Tel. No. 23324357.

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TRANSMISSION SYSTEM ASSOCIATED WITH TALA HEP, EAST-NORTH
INTERCONNECTOR & NORTHERN REGION TRANSMISSION SYSTEM
(TOTAL SCOPE OF WORKS)
ABSTRACT COST (Base)
(1st Quarter, 2005 Price Level)

| SL NO | DESCRIPTION | (Rs. In Crore) AMOUNT |
|-------|---|--------------------------|
| A | PRELIMINARY WORKS | 3.45 |
| B | LAND & COMPENSATION | 61.62 |
| C | CIVIL WORKS | |
| | INFRASTRUCTURE | 23.61 |
| | BUILDINGS | 17.84 |
| | COLONY | 19.41 |
| D | EQUIPMENT COST | |
| | TRANSMISSION LINES | 1552.80 |
| | SUBSTATION | 328.34 |
| | THYRISTOR CONTROLLED SERIES COMPENSATION | 149.74 |
| | SUB TOTAL A TO D | 2156.82 |
| E | SPECIAL TOOLS & PLANTS | 24.99 |
| F | MAINTENANCE | |
| G | ENGG. & ADMINISTRATION | |
| | a) ESTABLISHMENT INCL. AUDIT & ACCOUNTS | 107.84 |
| | b) LOSSES ON STOCK | |
| H | CONTINGENCIES | 46.79 |
| | SUB TOTAL A TO H | 2336.44 |
| I | INTEREST DURING CONSTRUCTION | 147.44 |
| | TOTAL PROJECT COST | 2483.88 |

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TRANSMISSION SYSTEM ASSOCIATED WITH TALA HEP, EAST-NORTH
INTERCONNECTOR & NORTHERN REGION TRANSMISSION SYSTEM
(POWERGRID SCOPE OF WORKS)
ABSTRACT COST (Base)
(1st Quarter, 2005 Price Level)

| | | (Rs. In Crore) |
|-------|--|----------------|
| SL NO | DESCRIPTION | AMOUNT |
| A | PRELIMINARY WORKS (ANNEX- 6.1) | 0.37 |
| B | LAND & COMPENSATION (ANNEX- 6.1) | 47.01 |
| C | CIVIL WORKS (ANNEX- 6.1) | |
| | INFRASTRUCTURE | 23.61 |
| | BUILDINGS | 12.56 |
| | COLONY | 12.39 |
| D | EQUIPMENT COST | |
| | TRANSMISSION LINES (ANNEX- 6.2) | 202.27 |
| | SUBSTATION (ANNEX- 6.3) | 328.34 |
| | THYRISTOR CONTROLLED SERIES COMPENSATION (ANNEX- 6.4) | 149.74 |
| | SUB TOTAL A TO D | 776.28 |
| E | SPECIAL-TOOLS & PLANTS (ANNEX- 6.5) | 11.28 |
| F | MAINTENANCE | |
| G | ENGG. & ADMINISTRATION | |
| | a) ESTABLISHMENT INCL. AUDIT & ACCOUNTS | 38.81 |
| | b) LOSSES ON STOCK | |
| H | CONTINGENCIES | 19.99 |
| | SUB TOTAL A TO H | 846.36 |
| I | INTEREST DURING CONSTRUCTION (ANNEX 6.6) | 25.74 |
| | TOTAL PROJECT COST | 872.10 |

ABSTRACT COST ESTIMATE (BASE COST)
(FOR JV SCOPE OF WORKS)
TRANS. SYSTEM ASSOCIATED WITH TALA HEP, EAST-NORTH
INTERCONNECTOR AND NORTHERN REGION TRANSMISSION SYSTEM
(1st Qtr 2005 Price Level)

| Sr.No. | DESCRIPTION | Total cost (Rs.Crs.) |
|--------|--|-------------------------|
| A | Preliminary & Civil Works | 3.08 |
| B | Land & Compensation | 14.61 |
| C | Civil Works | |
| | i) Infrastructure | |
| | ii) Buildings | 5.29 |
| | iii) Colony | 7.02 |
| D | Equipment Cost | |
| | a) Trans.Lines | 1350.53 |
| | Sub Total (A to D) | 1380.53 |
| E | Special Tools & Plants | 13.71 |
| F | Maintenance during construction | |
| G | Engg. & Administration : | |
| | a) Establishment incl.Audit & Accounts | 69.03 |
| | b) Losses on Stock | |
| H | Contingencies | 26.81 |
| | Grand Total exd. IDC (A to H) | 1490.08 |
| I | Interest During Construction (IDC) & Financing charges | 121.70 |
| | TOTAL PROJECT COST | 1611.78 |

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Annexure-II

Scope of the scheme for Transmission System associated with Tala HEP, East-North Interconnector and Northern Region Transmission System.

(a) POWERGRID's PORTION

The scope of work being implemented by POWERGRID under Transmission System associated with Tala HEP, East-North Inter-connector and Northern Region Transmission System is as follows :-

| Sl. No. | DESCRIPTION |
|---------|--|
| I | Gorakhpur (POWERGRID)–Gorakhpur (UPPCL) 400kV D/C Line. |
| II | Lucknow (New) – Unnao 400 kV D/C Line. |
| III | LILO of Dadri-Ballabgarh 400 kV D/C line at New Delhi (New). |
| IV | 400/220 kV Muzaffarpur S/S (New) |
| V | 400/220 KV Gorakhpur S/S (New) |
| VI | 400/220 KV Lucknow S/S (New) |
| VII | 400/220 kV New Delhi S/S (New) |
| VIII | 400kV Gorakhpur S/S (UPPCL) (Extension) |
| IX | 400kV Unnao S/S (UPPCL) (Extension) |
| X | 400kV Bareilly S/S (UPPCL) (Extension) |
| XI | 400kV Mandaula S/S (Extension) |
| XII | 400kV Siliguri S/S (Extension) (Relevant Portion) |
| XIII | 400kV Purnea S/S (Extension) (Relevant Portion) |
| XIV | 220kV Muzaffarpur S/S (BSEB) (Extension) |
| XV | 40% Fixed Series Compensation (FSC) and 5% to 15% Thyristor Controlled Series Compensation (TCSC) on each Ckt. of Purnea-Muzaffarpur 400 kV D/C and Muzaffarpur-Gorakhpur 400 kV D/C lines |

(b) JOINT VENTURE PORTION

The following transmission lines are being constructed by M/s Powerlinks under Joint Venture route:

| Sl. No. | DESCRIPTION |
|---------|--|
| I | Siliguri – Purnea 400 kV D/C (quad. Conductor) T/L |
| II. | Purnea - Muzaffarpur (New) 400 kV D/C (quad. conductor) T/L |
| III. | Muzaffarpur (New) – Gorakhpur (New) 400 kV D/C (quad. conductor) T/L |
| IV | 220 kV D/c line from Muzaffarpur 400/220 kV new S/S to Muzaffarpur 220 kV S/S (BSEB) T/L |
| V | Gorakhpur (New) – Lucknow (New) 400 kV D/C T/L |
| VI | Bareilly (UPPCL) – Mandola 400 kV D/C T/L |

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