

**DRAFT**

# **Delhi Electricity Regulatory Commission**

(Approval of Capital Investment  
Schemes for Distribution Licensees)  
Regulations, 2023



## **ELHI ELECTRICITY REGULATORY COMMISSION**

No. F.17(316)/DERC/Engg./2022-23/7550 - In exercise of the powers conferred under Sections 61 and 86 read with Section 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Delhi Electricity Regulatory Commission hereby makes the following Regulations, namely: Delhi Electricity Regulatory Commission (Approval of Capital Investment Schemes for Distribution Licensees) Regulations, 2023

### **Preamble:**

Section 61 of the Electricity Act, 2003 requires the State Electricity Regulatory Commission to be guided by the factors which encourage competition, efficiency, economical use of the resources, good performance and optimum investments and the consumers interest is safeguarded. Section 42 of the Electricity Act, 2003 stipulates that it shall be the duty of the distribution licensee to develop and maintain an efficient co-ordinated and economical distribution system in his area of supply. Section 181 of the Electricity Act, 2003 mandates the State Electricity Regulatory Commission to make Regulations consistent with the Act and the Rules generally to carry out the provisions of the Act. Capital Investment has a significant impact on the revenue requirement and tariff determination process for regulated entities. It is necessary to ensure that the Capital Investment is regulated in a transparent and consistent manner, while ensuring economic use of funds.

The Delhi Electricity Regulatory Commission (Approval of Capital Investment Schemes for Distribution Licensees) Regulations, 2023 aims to lay down the framework to be followed by distribution licensee for obtaining the Commission's in-principle approval for proposed Capital Investment as well as the approval to be granted to the final completed cost.

### **1. Short title, extent, applicability, and commencement**

- 1.1. These Regulations may be called the Delhi Electricity Regulatory Commission (Approval of Capital Investment Schemes for Distribution Licensees) Regulations, 2023.
- 1.2. These Regulations shall extend to the whole of the State of Delhi.
- 1.3. These Regulations shall be applicable to Distribution Licensees for approval of Capital Investment, in all matters covered under these Regulations:
- 1.4. These Regulations shall come into force from the date of their publication in the *Official Gazette*.

### **2. Definitions and Interpretation**

- 2.1. In these Regulations, unless the context otherwise requires-

- 1) '**Act**' means the Electricity Act, 2003 (36 of 2003), as amended from time to time;

- 2) **'Applicant'** means a Distribution Licensee (including deemed distribution licensee), who has filed an Application for approval of Capital Investment in accordance with the Act and these Regulations;
- 3) **'Capital Investment' or 'Capex'** means investment or acquisition proposed by the Applicant against Schemes to meet the objectives specified in Regulation 3 of these Regulations;
- 4) **'Capitalisation'** means the amount of Capital asset put to use, as certified by the appropriate authority, as specified in Regulation 6 of these Regulations;
- 5) **'Change in Law'** means occurrence of any of the following events:
  - i. enactment, bringing into effect or promulgation of any new Indian law; or
  - ii. adoption, amendment, modification, repeal, or re-enactment of any existing Indian law; or
  - iii. change in interpretation or application of any Indian law by a competent court, Tribunal, or Indian Governmental Instrumentality, which is the final authority under law for such interpretation or application; or
  - iv. change of any condition or covenant by any competent statutory authority in relation to any consent or clearances or approval or Licence available or obtained for the Project; or
  - v. any change in taxes or duties, or introduction of any taxes or duties levied by the Central or any State Government;
- 6) **'Commission' or 'DERC'** means the Delhi Electricity Regulatory Commission referred to in Section 82 of the Act;
- 7) **'Competitive Bidding'** means a transparent process for procurement of equipment, services and works in which bids are invited by the procurer covering the scope and specifications of the equipment, services and works required, and the terms and conditions of the proposed contract as well as the criteria by which bids shall be evaluated, and shall include domestic competitive bidding and international competitive bidding;
- 8) **'Cost Benefit Analysis'** means the comparison of all costs associated with a particular Capital Investment Scheme with all the objectives and benefits including savings in expenses, arising out of the Capital Investment Scheme;
- 9) **'Cost Benefit Monitoring'** means the process of periodic comparison of actual cost benefit, considering both tangible and intangible benefits, and year-wise tariff impact achieved with respect to cost benefit analysis and year-wise tariff impact proposed at the time of in-principle approval for selected Schemes as may be considered necessary by the Commission;

- 10) **'Date of Commercial Operation' or 'COD'** shall have the same meaning as defined in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, as amended from time to time;
- 11) **'Detailed Project Report Scheme' (or 'DPR Scheme')** means a capital expenditure Scheme with projected capital cost exceeding the limits specified in these Regulations, for which the Distribution Licensee is required to obtain prior in-principle approval of the DERC in accordance with these Regulations;
- 12) **'Distribution Business'** means the Business of operating and maintaining a distribution system for supplying electricity in the area of supply of a Distribution Licensee;
- 13) **'Distribution Licensee' or 'Licensee'** shall have the same meaning as defined in the Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulations, 2017, as amended from time to time;
- 14) **'Emergency Works'** means and include all such works necessary to be undertaken immediately to prevent the occurrence/happening/further deterioration/ damage/ disaster/ accident/ incident or restore the system after any of the above events, and cannot wait for Application to be made for prior in-principle approval;
- 15) **'Extra High Voltage (EHV)' or 'Extra High Tension (EHT)'** means all voltages above 11,000 Volts;
- 16) **'Force Majeure Event'** means, with respect to any party, any event or circumstance, or combination of events or circumstances, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence, could not have been prevented; and, without limiting the generality of the foregoing, shall include the following events or circumstances:
- i. acts of God, including but not limited to lightning, storm, action of the elements,
  - ii. earthquakes, flood, torrential rains, drought, pandemic, and natural disaster;
  - iii. strikes and industrial disturbances having a State-wide or extensive impact in the area of supply of a Licensee, but excluding strikes and industrial disturbances in the Licensee's own organisation;
  - iv. acts of war, invasion, armed conflict or act of foreign enemy, insurrections, riots, revolution, terrorist, or military action;
  - v. unavoidable accident, including but not limited to fire, explosion, radioactive contamination, and toxic chemical contamination;

- vi. any shutdown or interruption of the grid, which is required or directed by the concerned Load Despatch Centre;
- 18) **'Group Company'** means two or more enterprises which, directly or indirectly, are in position to exercise twenty-six per cent, or more of voting rights in other enterprise; or appoint more than fifty per cent of members of board of directors in the other enterprise, a subsidiary company of the concerned entity, or a sister subsidiary company, or a Special Purpose Vehicle (SPV) under a common holding company;
- 19) **'High Voltage' (or 'HV')** or **'High Tension' (or 'HT')** means all voltages above and including 650 Volt and up to and including 11 kilo Volts;
- 20) **'Indian Governmental Instrumentality'** means the Government of India, State Government and any Ministry or Department or Board or Agency controlled by Government of India or the Government of the State where the Project is located or regulatory or quasi-judicial authority constituted under the relevant statutes in India;
- 21) **"Life-cycle Cost Analysis"** means the process of assessing the total cost of ownership of an asset over its entire Useful Life, after taking into account all costs of acquiring, owning, maintaining and disposing of such asset
- 22) **'Low Voltage' (or 'LV')** or **'Low Tension' (or 'LT')** means all voltages below 650 Volts;
- 23) **'Non-DPR Scheme'** means a capital expenditure Scheme with projected capital cost within the limits specified in these Regulations, for which the Distribution Licensee is not required to obtain prior in-principle approval of the Commission;
- 24) **'Officer'** means an officer of the Commission;
- 25) **'OPEX Schemes'** are Schemes proposed to be undertaken by the Distribution Licensee, in lieu of capital investment, for Operation and Maintenance of the asset, wherein the payments will be linked to the performance and deliverables throughout the contract period, including but not limited to system automation, maintenance, new technology and IT implementation, etc.;
- 26) **'Other Business'** means any businesses undertaken by the Distribution Licensee for optimum utilisation of its assets, apart from the electricity business regulated by the Commission;
- 27) **'Prudence Check'** means the scrutiny of reasonableness of capital investment incurred or proposed to be incurred, financing plan, use of efficient technology, scope of work, cost and time over-run and such other factors as may be considered appropriate by the Commission in accordance with these Regulations;

- 28) **‘Sister Concern’** means two or more Companies, including a Special Purpose Vehicle (SPV) owned or controlled by the same entity or person;
- 29) **‘Useful Life’** shall have the same meaning as defined in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, as amended from time to time and as specified in these Regulations;
- 30) **‘Year’** means a Financial Year.

2.2. Save as aforesaid and unless repugnant to the context or if the subject matter otherwise requires, words and expressions used in these Regulations, which are not specifically defined herein but defined in the Act, shall have the meaning assigned to them in the Act; and, if not defined in the Act, shall have the meaning assigned to them in any Act of the Parliament or the State Legislature applicable to the electricity industry and the Regulations framed by the Commission under the Act.

### 3. **Categorisation of Capital Investment Schemes**

3.1 Any one or a combination of the following objectives shall invariably need to be fulfilled by the proposed Capital Investment Schemes for being considered for approval in accordance with these Regulations:

- a. New Infrastructure to meet upcoming load;
- b. Augmentation of capacity of the existing project/system;
- c. Increase in transformation capacity;
- d. Increase in revenue from the assets;
- e. Increase in operational efficiency of existing system;
- f. Increase in the Useful Life of the entire project/scheme/assets;
- g. Replacement of the entire asset after completion of Useful Life and which has gone beyond repair;
- h. Improvement in power quality and reliability
- i. Reduction in maintenance requirements;
- j. Renovation and Modernisation for life extension of entire project;
- k. Improvement in system parameters;
- l. Fulfilment of any statutory compliance requirement;
- m. Asset replacement as envisaged under Regulation 3.14;
- n. New infrastructure for enhancement of security;
- o. Construction of new Civil infrastructure;
- p. Loss Reduction

Provided that the indicative list of various categories of Capital Investment Schemes specified in Regulation 3.2, shall be in addition to the objectives specified in this Regulation.

3.2 The indicative list of various categories under which Distribution Licensees may file petition on Capital Investment Schemes for approval are:

- a. Infrastructure required for releasing new supply connections;
- b. System strengthening by enhancing capacity of inter-alia, Sub-station, cables, and Circuit Breaker, to mitigate overloading or to provide redundancy or to improve voltage profile or reduce losses;
- c. Agriculture related schemes;
- d. Justified conversion of Overhead Wires to Underground Cables based on the approved Policy document by concerned Local Government and vetted by the State Government and/or the Commission;
- e. Capital Nature Schemes funded partially by Central or State Government Grants;
- f. Upgradation of distribution network in a particular area including ring main system;
- g. Installation of Receiving Sub-station, distribution lines and transformers to cater to demand in a particular area;
- h. Capacity augmentation of distribution lines and transformers at existing Sub-stations or
- i. Improvement in quality of supply and reliability of distribution system;
- j. Emergency Restoration involving asset replacement;
- k. Installation or Upgradation of Supervisory Control and Data Acquisition (SCADA);
- l. Installation or Upgradation of communication and/or control equipment;
- m. Setting up Distribution Supply Operation Centre(s);
- n. All metering schemes;
- o. Improvement in consumer services;
- p. Obsolescence of assets and absence of support from Original Equipment Manufacturer;
- q. Civil work such as office building, approach road, etc.;
- r. Energy conservation measures;
- s. Battery Storage Schemes:

- t. EV Charging Infrastructure Development
- u. IT Schemes
- v. Deposit Schemes

Provided that repair and maintenance of existing roads and buildings shall not be claimed as capital expenditure. Capital expenditure shall not be allowed in the civil works head for the next 15 years after major renovation has taken place. Additionally, expenditure on any new building constructed shall not be allowed under the CAPEX head until 50% of the depreciation has taken place at the rate of 3.34% per annum on a straight-line method (SLM) basis.

3.3 The Distribution Licensee shall submit combined DPR for entire licence area in case of consumer Metering Schemes, Metering of Feeders, Distribution Transformers, Substations, Advanced Metering Infrastructure, creation of substations, replacement/upgradation of transformers, Government grant funded Schemes, etc.

3.4 The Distribution Licensee may consider the implementation of smart meters and/or prepaid meters under a Total Expenses (TOTEX) model, which includes Capex Expenditure and Opex Expenditure, or a Capex Model or an Opex Model. .

3.5 Under normal circumstances, the cost of premature replacement/shifting of the Distribution assets because of projects of other utilities such as road widening, removal of obstacles, and freeing space for other project, shall be recovered/recoverable from the concerned infrastructure development agency:

Provided that the premature replacement/shifting of the assets because of projects of other utilities as stated above may be treated as capex scheme depending on circumstances and justification, in cases where the same is not recovered/recoverable from the concerned infrastructure development agency.

3.6 Capital investment proposals of Distribution Licensees for conversion of Overhead Lines to Underground Cables shall be allowed only if such proposals are in accordance with a comprehensive policy to be prepared by the Distribution Licensee or State Government.

3.7 The comprehensive Policy for conversion of Overhead Lines to Underground Cables referred in Regulation 3.6 shall be based on the following criteria:

- a. Whether the proposed conversion from Overhead Lines to Underground Cables satisfies the criteria laid down by the CEA in the 'Guidelines for use of under Ground Cable System and Overhead Conductor System along with cost benefit analysis', 2018;

- b. The purpose of undertaking such Scheme in terms of addressing safety concerns or improving reliability or reducing losses or combination of these need to be clearly identified;
- c. Whether use of other cheaper options such as Aerial Bunched Cables, ring main of Overhead network, etc., would resolve the issues being faced;
- d. Whether complete conversion of Overhead network (High Tension and Low Tension) to Underground network is required or partial undergrounding of network is sufficient to resolve the issues being faced;
- e. Whether the conversion from Overhead Lines to Underground Cables has been prioritised based on certain intelligible criteria;
- f. Whether the Average Billing Rate (ABR) of such area where project is proposed is lower than the Average Cost of Supply (ACoS) of the concerned Distribution Licensee:
  - i. Conversion of Overhead Lines to Underground Cables not to be considered in cases where the ABR is higher than the ACoS;
  - ii. Conversion of Overhead Lines to Underground Cables to be considered in cases where the ABR of that area is higher than the ACoS, and if the number of years required to recover the capital investment of the proposed Scheme from available margin between ABR and ACoS is equal to or lower than the stipulated payback period of say 5 to 7 years;
- g. In case the Scheme is to be undertaken despite not meeting above criteria, the cost of such investment shall be funded through:
  - i. Subsidy or Grant from Government or funded by Developers or through consumer contribution, etc., or
  - ii. Recovered from the consumers located in that area through additional charges to be determined separately and shall not be socialised over the Aggregate Revenue Requirement (ARR) of the concerned Distribution Licensee, or
  - iii. A combination of "i" and "ii" above.

3.8 Such Schemes for conversion of Overhead Lines to Underground Cables shall identify quantifiable and measurable parameters to be achieved post execution of such Scheme, which shall be monitored continuously and any deviation be reported to the Commission.

3.9 In order to mitigate the impact of varied and high Road Restoration Charges or Way Leave charges levied by the Local Bodies for laying down underground distribution infrastructure, Distribution Licensees may take up this issue with Urban Development Department of the State Government for reducing/eliminating such charges, which may consider making provision of cable

trench alongside the road mandatory so as to avoid digging of the road for laying down underground infrastructure.

3.10 The indicative list of various categories of Schemes that shall **not be allowed** as Capital Investment Schemes (DPR as well as Non-DPR) for Distribution Licensees is as follows:

- a. Replacement/repairing of individual items such as Current Transformer (CT), Potential Transformer (PT), Lightning Arrestor (LA), Circuit Breaker (CB), Distribution Box, Cables, LT switchgears, protection system, Insulators and Hardware after failure;
- b. Replacement of small part of the entire system such as Relays of Sub-stations, control, protection and communication panels of Sub-station equipment, replacement of the panel meters, reprogramming of meters;
- c. re-earthing of the sub-stations, equipment, replacement of Street Lights, etc.;
- d. Premature Replacement of Air Insulated Substation (AIS) with Gas Insulated Substation (GIS). (This may be permitted only in very exceptional case, when new substation cannot be established in the area, for meeting load growth requirement).
- e. Premature Replacement of Underground Cables/other equipment before completion of Useful Life, and even after completion of Useful Life in cases where replacement is not justified based on the diagnostic test reports/Study report;
- f. Foundation strengthening of the Towers/Poles, substation equipment, internal civil work, repair and maintenance of office/residential quarters/guest house and office building, Metal spreading in yard, furniture, Repair and maintenance of control rooms, Compound wall for the Sub-stations and empty land, R&M of existing roads and buildings, etc.;
- g. Procurement of maintenance spares, Annual Maintenance Contract (AMC);
- h. Beautification projects unless the same is justified as per the pre-decided Policy;
- i. DPR for only land without any project proposal;
- j. Development of Garden, Advertisement expenses;
- k. Premature replacement of the equipment, cables, rerouting of cables/lines for freeing the space for other project/infrastructure activities of Utility, except as allowed under Regulation 3.5;

- l. Work required for restoration of supply post occurrence such as Tower collapse, conductor snapping, shifting of the Tower/poles on consumer request;
- m. Clubbing of scope of work of O&M nature at different substations lines;
- n. Opex Schemes as provided in the Regulations;
- o. Expenditure that should be taken up under O&M expenses;
- p. Schemes, that have not been processed through the Grid Coordination Committee and/or Appropriate Committee, wherever applicable;
- q. Schemes that are not included in the Rolling Capital Investment Plan of the concerned Utility;

3.11 Asset replacement shall not be approved merely because the asset has completed its Useful Life as specified in the applicable Regulations, and the Applicant will have to submit adequate justification for the asset replacement based on aspects such as inter-alia, performance degradation based on the diagnostic testing, assets beyond repair and cost-benefit analysis of repair versus replacement.

3.12 The certificate from the competent agency shall be required in case the replacement of assets is premature without completion of regulated life or obsolescence of the technology and there are alternatives to replacement under capital expenditure.

**Explanation:** Competent Agency shall include entities like Central Electricity Authority, Central Power Research Institute, Electrical Research and Development Association, National Power Training Institute, Indian Institute of Technology, Government Engineering Institutes or any other reputed expert professional government agency.

3.13 Replacement of the assets shall be the last resort and not the first priority: Provided that while proposing the assets for replacement, only essential scope shall be considered to optimise the project cost.

3.14 Schemes proposing asset replacement shall be allowed only if the following conditions are fulfilled:

- a. Complete asset replacement after completion of Useful Life as per Regulations subject to asset being beyond repair, performance degradation, cost-benefit analysis of repair vs. replacement, technology and/or equipment obsolescence, no support of OEM, etc.;
- b. Complete asset replacement before completion of Useful Life as per Regulations subject to asset being beyond repair, performance degradation, cost-benefit analysis of repair vs. replacement, technology and/or equipment obsolescence, no support of OEM;

- c. Part asset replacement after completion of Useful Life as per Regulations, if comprising more than twenty-five (25) percent of the cost of complete equipment;
- d. On account of technology obsolescence, subject to certification of Technical Expert body like CEA and normally comprising more than twenty-five (25) percent of the cost of complete equipment, considering the break-up of cost provided by the equipment supplier;
- e. On account of equipment obsolescence, subject to communication from Original Equipment Manufacturer (OEM) confirming discontinuation of support;
- f. Submission of details of past maintenance record of the concerned assets in digital format:

Provided that in case certain Schemes for asset replacement are allowed by the Commission under exceptional circumstances despite not fulfilling the above conditions, the Applicant may be entitled to lower rate of Return on Equity on such investment, as may be specified in the applicable Regulations.

3.15 The distribution licensees, for operational advantages, may also submit Opex Schemes for approval of the Commission, which shall be considered as separate from Capital Investment Schemes.

3.16 For Opex Schemes, the distribution licensees shall submit detailed justification and cost benefit analysis and life-cycle cost analysis of such schemes including savings in O&M expenses.

3.17 The purpose of the Scheme shall be given importance rather than the nature of the work or funding pattern, while deciding whether it is a Capex Scheme or Opex Scheme:

Provided that the onus of achievement of the proposed improvements in the set parameters shall lie with the Applicant:-

Useful Life in relation to distribution system and communication system from the date of commercial operation shall be as specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, as amended from time to time: -

#### 4. **Framework for Approval of Capital Investment**

4.1. Capital Investment Schemes of a value exceeding Rupees 50 **Lacs** or such other amount as may be stipulated by the Commission from time to time shall be considered as DPR Schemes:

Provided that the Capital Investment Schemes proposed by the Applicant shall be for entire independent system including any associated upstream/downstream works, and the Schemes shall not be submitted in parts:

4.2. Capital Investment Schemes of a value below the values specified in Regulation 4.1 shall be considered as **Non-DPR Schemes**.

4.3. The Commission shall approve the Capital Investment of DPR Schemes in the following two stages:

- a. In-principle approval prior to undertaking the capital investment against DPR Schemes;
- b. Final approval of completed cost after asset is put to use.

4.4. Prior in-principle approval shall not be required for following Non-DPR Schemes

- a) for execution of 11 kV and LT Capital Investment Schemes, of estimated value upto Rs. 50 Lacs for a single scheme subject to a cumulative limit of Rs.100 Crore in a financial year for such schemes. In all such cases the road restoration charges shall be extra and as per actual.
- b) hundred (100) percent Grant funded Schemes
- c) Schemes that fall under emergency works are subject to a cumulative limit of Rs. 30 Crore in a financial year.
- d) Schemes that fall under unforeseen circumstances are subject to a cumulative limit of Rs. 10 Crore in a financial year.

4.5. Prior in-principle approval shall be required for DPR Schemes funded partly by Grants where the contribution or share of the Applicant is higher than the limit specified in Regulation 4.1 and for Deposit Schemes for a value exceeding Rs 2 Crore.

4.6. In case of emergency works, the Applicant shall mandatorily intimate the Commission within 15 days from the start of the work. DPR complete in all respects shall be submitted for post-facto approval of the Commission, with due approval of its competent authority, along with the subsequent quarterly submission in accordance with Regulation 4.10

4.7. Provided that emergency works falling under Non-DPR schemes shall be required to be submitted for approval along with other Non-DPR schemes.

4.8. The concerned officers of the Commission shall analyse the Schemes in detail, raise deficiencies and queries on the Scheme and undertake Prudence analysis, before putting up scheme for the consideration of the Commission:

Provided that the Applicant may make a presentation on the salient features of the Capital Investment Scheme in order to facilitate better understanding of the Scheme.

Provided further that an external expert or agency may be consulted by the Commission from time to time for necessary inputs and expertise while evaluating such Schemes:

Provided also that if the scheme is not justified or the Applicant does not submit the requisite information as sought within stipulated time, the scheme may be rejected by Commission.

- 4.9. The Commission may review the value limit for consideration as DPR Scheme as specified in Regulation 4.1 and stipulate a different value limit through separate Order, as appropriate.
- 4.10. The Applicant may file the Application for in-principle approval of DPR Schemes once in every quarter of each financial year, on or before 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> Dec. & 31<sup>st</sup> March respectively:

Provided that the Application for in-principle approval of DPR Schemes shall be filed through a category wise quarterly Petition, along with the details of individual project/scheme, giving therein cost benefit analysis for all the Capital Investment Schemes, separately:

Provided also that the Applicant shall make the payment towards fees in the office of the Commission at 0.05% of DPR scheme cost with minimum of Rs. 1 Lacs per petition/DPR, for which the Applicant is seeking in-principle approval and revised approval, as applicable. Further, Commission may revise the fee for each category of DPR/Petitions through separate notification.

Provided that the Distribution Licensees may club Schemes for being considered as a DPR Scheme only for the categories of capital investment schemes specified under Regulation 3, for in-principle approval under these Regulations:

- 4.11. The Distribution Licensee shall not club the O&M Schemes or Non-DPR Schemes to qualify as DPR Scheme:

Provided that the Distribution Licensee shall not club the O&M Schemes to qualify as Non-DPR Scheme.

- 4.12. The Distribution Licensee shall not split the scope of work into small parts to qualify as Non-DPR Schemes.
- 4.13. The Final approval of completed cost after asset is put to use shall be sought along with the claim for true-up for any financial year.

## **5. Application for In-Principle Capital Investment Approval of DPR Schemes**

- 5.1. The Application for in-principle approval of Capital Investment against DPR Schemes shall necessarily comprise the following particulars:

## **(1) Overview of Scheme**

- a. Name of the Scheme
- b. Date of approval by competent authority, duly authorised by the Company's Board of Directors, along with documentary evidence;
- c. Categorisation of Scheme under Regulation 3 of these Regulations;
- d. Objective of the capital investment;
- e. Brief scope of work;
- f. Estimated cost and basis of the same;
- g. Final or tentative location of the project including GPS co-ordinates;
- h. Technical specifications of the scope of work; including relevant single line Diagram, SLD, GIS Layouts etc.
- i. Reference of Study Report or Recommendations of well-reputed Government Institute or Expert agency such as CPRI /ERDA, etc., as applicable;
- j. Year-wise capital investment and proposed capitalisation;
- k. Funding arrangement with break-up of grants, consumer contribution, debt, equity, as applicable;
- l. Completion Schedule of the capital investment with Project Evaluation and Review Technique (PERT) Chart or Gantt Chart or any other suitable Project Monitoring mechanism;
- m. Quantifiable, verifiable and monitorable tangible and intangible benefits of the capital investment;
- n. Overall cost-benefit analysis;
- o. Checklist of the supporting documents appended;
- p. Any other relevant documents required based on the nature of the scheme.

## **(2) Justification for Scheme**

- a. Need for the capital investment with adequate back-up documentation in terms of inter alia load flow studies, projected load growth, new connection applications to the extent available, recommendations of Original Equipment Manufacturer or expert wherever relevant;
- b. All Distribution Schemes shall be prepared considering overall system requirement, existing infrastructure and ongoing capital investment projects, and not only for specific area, in order to ensure against over-investment in certain districts/areas;

- c. Urgency of the capital investment in terms of scope for and impact of phasing and/or deferment, as well as implications of not undertaking the capital investment;
- d. Activity-wise Single Line Diagram of relevant areas;
- e. Technical justification
  - i. Basis for consideration as a Capital Investment Scheme rather than Opex Scheme or expenditure to be undertaken under O&M expenses;
  - ii. Statutory requirement, if any which is capital nature;
  - iii. Expected benefits of Capital Investment in terms of inter-alia development of the new infrastructure, augmentation of existing infrastructure, improvement in operational parameters/efficiency; improvement in quality of supply, improved load management, increased redundancy, adoption of latest technology, and release of new connections;
  - iv. Past trends and projections of concerned operational performance for next five years, with and without proposed capital investment, in case the Scheme is for improvement of operational performance;
  - v. Justification for quantities proposed for various items;
  - vi. Basis/test report/diagnostic test report, etc., if the Scheme is for replacement of the existing assets;
  - vii. demand projections with phasing of load or request letter from consumer/s, as applicable;
  - viii. Details of loading of asset, future load projections, and basis for load projections;
- f. Financial justification/Cost analysis:
  - i. phasing of capital investment and capitalisation;
  - ii. cost assessment with break-up of equipment cost, installation cost, Project Management expenses or turnkey cost, as applicable, contingencies, interest during construction;
  - iii. Reasonability/comparison of rates considered for estimation;
  - iv. Ensuring that only necessary scope of work is considered for execution; Efforts taken by the utilities to optimise the project cost;
  - v. least cost analysis considering all possible alternatives to the proposed scheme to achieve the desired objectives and merits and demerits of the various alternatives, considering the economic, technical and environmental aspects of all such alternatives, to ensure that the proposed option is the least cost option available;

- vi. funding arrangements;
- vii. projected revenue addition;
- viii. projected reduction in operating costs;
- ix. Cost-Benefit analysis in terms of comparison of the investment Cost with technical and financial benefits, quantified objective of the Scheme, overall benefit to the entity, financial investment criteria such as inter-alia Payback Period, Internal Rate of Return (IRR), and Net Present Value (NPV);
- x. Copy of the verification of the land cost issued by the District Revenue Authority if the land is acquired before the in-principle approval of the scheme, along with the utilisation of the proposed land:

Provided that if excess land is acquired without adequate justification, then the Commission may allow the cost of the necessary land only.

- g. Methodology by which the Scheme's progress can be monitored and corrective action to be taken in case of any deviation from the schedule including geo-tagging, etc.;
  - h. Methodology for verification of Scheme being put to use and projected percentage utilization of the assets for the first five years after commissioning of proposed capital investment;
  - i. Details of required upstream/downstream arrangements, if any, for realisation of the benefits from the proposed Scheme, and their status and programme for their completion;
  - j. List and Status of Statutory Clearances/Approvals required to execute the project;
  - k. Physical and financial constraints, if any, in execution of the Scheme, and identification of all possible delays and their causes and proposed mitigation measures.
- 5.2. The Commission may return/reject any Application if the necessary particulars are not furnished along with the Application, unless specific relaxation is sought and granted by the Commission.
- 5.3. The Applicant shall be responsible for obtaining all applicable clearances, approvals, and/or right-of-way, etc. and financial impact of any delay in obtaining the same shall be dealt with appropriately by the Commission.
- 5.4. The Application for in-principle approval of Capital Investment shall be submitted in accordance with the Format specified in **Appendix 1**:

Provided that the Format may be modified by the Commission from time to time, as required:

Provided further that the Commission may ask the Applicant at any stage of the approval process to submit any other relevant information for undertaking the Prudence Check of the proposed capital investment.

- 5.5 The following criteria shall have to be satisfied for Capex Schemes proposed for technology upgradation and improvement at significantly higher cost:
- a. Significant operational difficulties with the existing assets leading to frequent disruption of operations and/or supply;
  - b. The Useful Life of the asset proposed to be upgraded should have either been exhausted or significantly completed as validated by residual life test/diagnostic test results, and not merely because of completion of Useful Life;
  - c. Cost benefit analysis should justify the asset upgradation:
- 5.6 The consent of the concerned Local Authority or the Developer etc., wherever applicable, for recovery of the cost of the Capex Scheme shall be submitted along with the DPR Scheme for in-principle approval of the Commission.
- 5.7 Revised in-principle approval of Capital Investment may be accorded by the Commission in case an Applicant files an Application for the same, only under exceptional circumstances related to land unavailability for the Scheme or feasibility of the Scheme being adversely affected due to force-majeure events, and/or change in scope of work due to site conditions and or more than 15% change in the total approved cost.
- 5.8 Increase in actual cost within 15% limit with respect to the approved cost shall be allowed to be passed through, subject to prudence check based on detailed justification and supporting documents to be submitted by the Applicant.
- 5.9 The Applicant shall submit all the necessary documents and justification for the request for revised in-principle approval as may be sought by the Commission.
- 5.10 Revised in-principle approval shall not be accorded more than once for any Scheme under any circumstances.
- 5.11 The Applicant may file for cancellation of in-principle approval for any Scheme at any point of time, in case such Scheme is no longer relevant.

## **6. Approval of Completed Cost of DPR Schemes**

6.1. The approval of completed cost of all the DPR Schemes shall be sought in a combined manner alongwith filing the Petition for true-up for any financial year, as specified in Regulation 4.13 and shall necessarily comprise the following particulars for each Scheme:

(1) Name and Reference number of Scheme along with date of in-principle approval by the Commission;

(2) Whether the stated objectives of the Scheme as submitted in the Application for in-principle approval have been achieved, and justification for variation in the same.

### **(3) Technical Parameters**

- a. Date of asset being 'put to use' along with Certificate of Chief Electrical Inspector or authorised officer of Distribution Licensee, as applicable;
- b. Comparison of year-wise loading of asset since the date of being put to use with year-wise loading proposed in the Application for in-principle approval;
- c. Bills of Quantity actually used vis-à-vis quantity claimed in the application for in-principle approval, with break-up of number of units and per unit cost, and justification for the variation in quantity, if any;
- d. Justification for change in scope of work with respect to the original scope of work approved in-principle by the Commission, including changes in specification of assets, if any, and cost implication due to the change if higher than 15% of the approved cost;
- e. Variation with respect to scheduled completion date, reasons and justification for the delay, if any, inter-alia, technical parameters, constraints, controllable and uncontrollable factors, mitigation measures adopted by the Applicant, and confirmation that these factors had been highlighted at the time of seeking in-principle approval;
- f. Technical Completion Certificate (TCC) issued by technical officer of Applicant, duly authorised by the competent authority;
- g. Impact on operational performance on account of delay in execution of works, if any;
- h. Final route survey report in case of Distribution Licensee, and justification for deviation from route proposed in the application for prior approval, if any, in case of cost increase higher than 15% of the approved cost;

- i. Detailed comparison of the scope and cost approved by the Commission vis-a-vis that actually incurred by the Applicant with justification for deviations.

#### **(4) Financial Parameters**

- a. Item-wise justification for variation between approved equipment cost and completed cost, if any, in case of cost increase higher than 15% of the approved cost;
- b. Difference between approved and actual year-wise phasing of capital investment and capitalisation;
- c. Justification for increase in Interest During Construction (IDC), if any, with respect to IDC approved by the Commission in the in-principle approval;
- d. Confirmation that the asset has been capitalised in the annual accounts of the entity, along with the date of asset capitalisation, as reflected either in the Asset Register or ERP system;
- e. Justification for variation in funding through debt or equity or grants, if any, with respect to that proposed in the Application for in-principle approval;
- f. Financial Completion Certificate (FCC) issued by competent officer of Applicant, duly authorised by the competent authority;
- g. Comparison of actual cost benefit analysis with respect to cost benefit analysis proposed at the time of in-principle approval and justification for variation, if any;
- h. Impact on financial performance on account of delay in execution of works, if any;
- i. Impact of commissioning of asset on retail tariff after considering actual completed cost;

### **7. Submission of Rolling Capital Investment Plan**

- 7.1. The Distribution Licensee shall submit the Rolling Capital Investment Plan for each three (3) year control period, latest by 31<sup>st</sup> Dec. of the last financial year of previous Control Period, in the format specified in **Appendix 2**: (First Control Period for this purpose shall be upto FY25-26 and subsequently for 3 years thereafter).

Provided that Licensee shall submit Capital Investment Plan for the FY 2023-24 within three (3) months of notification of these Regulations. Thereafter Rolling Capital Investment Plan for FY 2024-25 to FY 2026-27, (three years) shall be submitted by Distribution Licensee, latest by Dec.,2023.

- 7.2. The Capital Investment Plan shall be updated annually on or before April 30th of every financial year and shall be uploaded on Applicant's website.
- 7.3. The Rolling Capital Investment Plan for FY 2023-24 period shall be a concrete Plan and no changes shall be made in the same to the extent of addition of new schemes, though unnecessary schemes can be excluded.
- 7.4. The Rolling Capital Investment Plan shall bear in mind the previous trend in capital investment.
- 7.5. The Rolling Capital Investment Plan shall neither be approved in-principle by the Commission, nor shall it be construed as approved by the Commission:

Provided that the Commission may allow capitalisation provisionally in the projections of Aggregate Revenue Requirement (ARR) of the distribution licensee, based on their submissions, so as to avoid the impact of carrying cost on the consumers, as per the provisions of applicable Regulations.

- 7.6. Adverse inference may be drawn regarding the Capital Investment Schemes of the Applicant in case of non-submission of Rolling Capital Investment Plan as per the above schedule:

Provided that the Rolling Capital Investment Plan shall be submitted with zero Schemes in case there are no DPR Schemes envisaged.

## **8. Prudence Check for In-Principle Approval of DPR Schemes**

- 8.1. The Commission shall undertake Prudence Check of the Application submitted for in-principle approval of DPR Schemes based on the submissions made by the Applicant in accordance with Regulation 5 of these Regulations.
- 8.2. The Prudence Check for in-principle approval of DPR Schemes shall comprise detailed scrutiny of the following parameters *inter-alia*:

(1) Whether the Applicant has submitted all the essential data, justification and documentary evidence, as specified in Regulation 5;

### **(2) Technical Evaluation criteria**

- a. Whether the proposed Capex falls under the Categorisation of DPR Schemes specified in Regulation 3;
- b. Background, necessity, objectives, and overall suitability of proposed Capex;
- c. Whether the Scheme will result in quantifiable and verifiable benefits;
- d. Approval of authorised representative of the Company;

- e. The Single Line Diagram (SLD) for the proposed Schemes and Grid maps of relevant areas, duly differentiating with the existing Schemes;
- f. The in-feed arrangements for various Schemes along with the letter of confirmation for the in-feed from the concerned agencies;
- g. The feasibility of availability of land and/or right of way approvals for the Scheme and methodology proposed for acquiring the same;
- h. The Bill of Quantity estimated by the Applicant;
- i. Whether it meets the demand projections for the period from the date of commissioning of the scheme;
- j. Whether the Scheme is necessary to discharge the duties and obligations of the Applicant as per the Act or to meet any other statutory or safety requirement;
- k. Whether all possible alternatives to the proposed Capex have been submitted by the Applicant including assessment whether such works can be carried out under Opex Scheme or O&M budget;
- l. Efforts taken by the Applicant to optimise the project cost;
- m. In case proposed DPR is for asset replacement after completion of regulatory Useful Life, the Commission shall scrutinise the following aspects before according approval:
  - i. Whether the completion of regulatory Useful Life has adversely affected the performance of the asset;
  - ii. Whether the assets are beyond repair;
  - iii. Whether performance of the asset can be brought to the desired level through repairs or Renovation and Modernisation;
  - iv. Residual Life Test to assess the real residual life of the asset parameters;
  - v. Interruptions/faults/issues that have occurred in the last five years on the asset;
  - vi. Results of the diagnostic testing of the equipment/material and their analysis;
  - vii. Past major R&M of the asset;
- n. Structural audit report of existing civil structure in case of replacement of civil structure;

- o. Load flow/ Load Growth study report in case of setting up of–Distribution network;
- p. Whether all possible constraints have been realistically envisaged and mitigation measures proposed;
- q. Impact if the proposed Capex is either not carried out or is deferred for some period;
- r. Proposed framework for implementation and periodic monitoring of the Scheme;
- s. Requirement of third-party verification on case-to-case basis, if considered appropriate by the Commission;
- t. Demand/Requirement of the Distribution Licensees/consumers.

### **(3) Financial Evaluation criteria**

- a. Cost estimates derived based on rates of components available in the Standard Cost Data Book prepared by the Commission:

Provided that in case of non-availability of Standard Cost Data Book prepared by the Commission, cost estimates shall be derived from the rates maintained by the respective Distribution Licensees, (average of rates previously awarded by the utility during last one year) and justification provided by Applicant in case of variation with respect to the Standard Cost Sheet;

- b. Other costs considered by the Applicant;
- c. For new works of Distribution Licensees, which are not present in the Standard Cost Data Book, estimated cost based on least of the quotations received from at least 3 vendors;
- d. In case of deposit work, the consent letter from respective agency/consumer for such purpose and cost sharing arrangements between the development agencies and the Licensees;
- e. In case of works to be partially funded by Grants, whether the approval of respective Government for the same has been submitted;
- f. Whether the proposed Capex is the Least Cost Option;
- g. Cost Benefit Analysis of all possible alternatives;
- h. Proposed funding for the Scheme;

- i. The Licensees shall frame the Capital Expenditure Schemes for Civil Works in accordance with the Norms of CPWD for Office buildings and other civil structures. The rates estimated in the civil works should be in accordance with the CPWD - Delhi Schedule of rates (DSR), applicable as on the date of submitting the Capex Scheme. Further; the Licensee shall take utmost care to frame the specifications, so that optimum Capital Expenditure is incurred on civil structures.

## **9. Prudence Check for Approval of Completed Cost of DPR Schemes**

- 9.1. The Commission shall undertake Prudence Check of the completed cost of all the DPR Schemes based on the submissions made by the Applicant in accordance with Regulation 6 of these Regulations.
- 9.2. The Prudence Check for approval of the completed cost of DPR Schemes shall comprise detailed scrutiny of the following parameters *inter-alia*:
  1. Whether the Applicant has submitted all the essential data, justification and documentary evidence, as specified in Regulation 6;
  2. Whether the DPR Scheme has received the Commission's in-principle approval or is exempted from obtaining in-principle approval on account of being a 100 percent Grant funded Schemes or Deposit Schemes upto Rs 2.0 Crore.;
  3. Whether the stated objectives of the Scheme as submitted in the Application for in-principle approval have been achieved;
  4. Whether the asset has been 'put to use' and is benefiting the consumers/system;
  5. Variation in the scope of work with respect to the original scope of work approved in-principle by the Commission
  6. Variation in the quantities actually used with respect to the quantities considered in the DPR Scheme;
  7. Variation between approved equipment cost and completed cost, and phasing of capital investment;
  8. Whether the Applicant has adopted industry best practices for minimising the incidence of income tax while executing the capital expenditure;
  9. Variation with respect to scheduled completion date and justification thereof, and impact of delay in completion, if any, including impact on Interest During Construction (IDC) and inflation on the cost of the entire project;
  10. Date of asset capitalisation in the annual accounts of the entity;
  11. Variation in the funding of the capital investment;

12. Whether the stated objectives of the Scheme as submitted in the Application for in-principle approval have been achieved;
  13. Actual cost benefit analysis, utilisation index of the assets;
  14. Impact of commissioning of asset on retail tariff after considering actual completed cost;
  15. Study of Cost Audit Report for selected Capex Schemes, as desired by the Commission;
  16. Requirement of third-party verification on case-to-case basis, if considered appropriate by the Commission.
  17. Verification of all legal clearances like Electrical Inspector's permission etc;
  18. Verification of Purchases from the sister concern and group companies.
- 9.3. If the in-principle approval has not been obtained for the Capex Scheme in accordance with Regulation 4.3 or if the Applicant is unable to establish the benefits as submitted in the Application for in-principle approval either fully or partly, the Commission may either disallow the capitalisation claimed against the respective DPR Scheme, in part or in full, as appropriate, or allow lower Return on Equity on such investment:
- Provided that in case the actual benefits of the Scheme are greater than the benefits considered at the time of in-principle approval, no sharing of gains shall be allowed to the Applicant.
- 9.4. The Cost Benefit Monitoring of selected Capital Investment Schemes shall be done by the Commission, if felt necessary, on an on-going basis as considered appropriate by the Commission.
- 9.5. The Applicant shall submit necessary justification for any mismatch between the amount of capitalisation claimed in the True-up Petition against DPR Schemes with the capitalisation reported in the respective Completion Reports submitted by the Applicant in accordance with Regulation 16:
- Provided that mismatch between amount of capitalisation claimed in the True-up Petition with the capitalisation reported in the Completion Reports may lead to disallowance of the excess capitalisation, unless found justified after prudence check.
- 9.6. The final Capitalization will be allowed only after the 100% physical verification & document verification of the assets.

## **10. Prudence Check for Approval of Completed Cost of Non-DPR Schemes**

- 10.1. All Non-DPR Schemes shall be required to be registered with the Commission on quarterly basis in physical form, till the commencement of the web-portal referred in Regulation 16 of these Regulations, after which the Schemes shall be registered on the web portal:

Provided that the Format specified in **Appendix 1** for submission of DPR Schemes shall be applicable for Non-DPR Schemes also, to be filled-up as applicable/relevant:

Provided further that the registration of the Non-DPR Schemes shall only be acknowledged by the Commission in accordance with the Format specified in **Appendix 4**, and shall not be construed as approval by the Commission:

Provided also that the Commission shall not consider Non-DPR Schemes that have not been registered with the Commission, for Final approval of completed cost in accordance with these Regulations.

- 10.2. The Final approval of completed cost of Non-DPR Schemes after asset is put to use shall be sought along with the claim for true-up for any financial year filed along with the appropriate Petition applicable at that point in time.

- 10.3. The Prudence Check for approval of the completed cost of Non-DPR Schemes shall comprise detailed scrutiny of the following parameters inter-alia:

1. List of Non-DPR schemes with details of works undertaken, amount capitalized, justification for undertaking the works, and cost benefit analysis;
2. Whether the Non-DPR assets have been put to use or are forming part of the inventory;
3. Whether the Non-DPR capitalisation is with respect to replacement of old assets;
4. Whether the Non-DPR capitalisation is relating to Other Business of the Applicant;
5. Whether such Non-DPR Schemes fall under Opex Schemes or O&M activities;
6. Benefits achieved after execution of the Non-DPR scheme;
7. Requirement of third-party verification on case-to-case basis, if considered appropriate by the Commission.

- 10.4. The Commission shall allow Non-DPR capitalisation based on the prudence check, subject to the cap against Non-DPR capitalisation specified through Regulations or through a separate Order:

Provided that if the Non-DPR capitalisation does not meet the specified criteria, the Commission shall not allow the capitalisation of such scheme.

## **11. Approval of Overhead Charges as part of Capital Cost**

- 11.1. In the in-principle approval of DPR Schemes, the Commission may allow Establishment expenses of maximum of 10 per cent of capital cost which shall be subject to true-up at the time of approval of completed cost based on head-wise justification to be submitted by the Applicant, and will be limited to lower of 10 per cent of capital cost or the actual establishment expenses capitalised.

- 11.2. Variation in Actual Road Restoration (RR) Charges and Right of Way (RoW) Compensation with such costs considered in the in-principle approval shall be allowed separately, based on adequate justification to be submitted by the Applicant:

Provided that variation in RR Charges for same location/part location due to inadequate planning may be disallowed.

## **12. Treatment of Time Overrun in Capex Schemes**

- 12.1. Capex Schemes shall be planned considering a maximum time horizon of 2 years.

- 12.2. In its Application for approval of DPR, the Applicant shall provide for all expected delays and the expected increase in time for execution of projects due to such expected delays, which are beyond the control of the Applicant.

- 12.3. At the time of approval of completed cost, the Commission shall consider only those delays identified in the DPR Scheme by the Applicant:

Provided that the Commission may consider any delay in execution of the Scheme for reasons attributable to Force Majeure or Change in Law.

- 12.4. In case of delay in completion of the Capex Scheme, due to force majeure conditions, beyond the schedule considered in the in-principle approval, the Commission shall adopt the following methodology for allowing excess Interest During Construction (IDC) on account of delay in completion of the Scheme, at the time of approval of completed cost:

<b>Period of Delay (Percentage of original Scheduled Completion Period)</b>	<b>Percentage Disallowance of excess IDC</b>
1% - 10%	0%
11% - 25%	10%
26% - 40%	20%
41-60%	40%
60%-80%	75%
Above 80%	100%

**Explanation:** Excess IDC shall be computed as the difference between the IDC as per originally envisaged and approved project schedule and the actual IDC as per actual schedule of completion, while keeping the actual hard cost and interest rate constant. Further, the time period for project completion shall be considered from date of in-principle approval.

- 12.5. The matrix specified in Regulation 12.4 shall be applicable for all Schemes that are approved under these Regulations:

Provided that the total time taken for completion shall not normally exceed the maximum time horizon for Capex Schemes specified in Regulation 12.1:

Provided further that the Commission may allow additional Interest During Construction (IDC) if the total time taken for completion is beyond the above specified time horizon on account of reasons attributable to Force Majeure or Change in Law.

- 12.6. In addition to the disallowance of entire or part of the excess IDC as specified in Regulation 12.4, the Commission may also consider any other form of financial penalty.

### **13. Treatment of Cost Overrun in Capex Schemes**

- 13.1. The capital cost of the DPR Scheme, as approved in-principle by the Commission in accordance with these Regulations, shall act as ceiling capital cost with 15% margin and the Distribution Licensee shall accordingly execute the works proposed in the DPR Scheme.
- 13.2. The Applicant shall furnish the details of variance in capital cost and justification for the variance with respect to capital cost approved in-principle by the Commission, at the time of seeking approval for the completed cost.

- 13.3. If the reasons for the increase in capital cost are found to be beyond the control of the Applicant, the Commission may consider the increase in capital cost.
- 13.4. The Commission shall consider the cost overrun of the equipment cost with respect to the capital cost approved in-principle by the Commission only to the extent of the work award cost, subject to the condition that the works have been awarded on the basis of Competitive Bidding Guidelines dated 09.10.2009 as amended from time to time, notified by the Commission.
- 13.5. The Commission shall not allow cost overrun in the equipment cost over and above the award cost, as the treatment of cost deviation with respect to the award cost shall be addressed under the execution contract with the equipment supplier or EPC contractor, as applicable:
- Provided that the Commission may consider cost overrun in the following cases:
- a. Change in scope of work due to circumstances beyond the control of the Applicant;
  - b. Quantity variation depending on adequate justification being provided by the Applicant.
- 13.6. The Commission may verify whether the quantity for a particular Scheme is in line with the actual quantity utilised for a Scheme of similar nature undertaken by the Applicant in the past.
- 13.7. If the actual scope of work or quantity for a particular Scheme is lower than the scope of work or quantity, respectively, considered at the time of in-principle approval, then the actual scope of work and quantity shall be considered and actual capital cost shall be compared with the proportionate approved cost, for identifying whether there has been any cost overrun.
- 13.8. The negligence of the Applicant or failure of the contractor to execute the work, or bankruptcy of the contractor of the Applicant or project implementing agency shall not be treated as circumstances beyond the control of the Applicant:
- Provided that if due process has been initiated by the Applicant after declaration of bankruptcy of the contractor of the Applicant or project implementing agency, well within prescribed timelines, the same shall be treated as circumstances beyond the control of the Applicant.
- 13.9. Right of Way (RoW) issues or delay in obtaining statutory clearances claimed without timely action by the Applicant, shall not be treated as circumstances beyond the control of the Applicant.

#### **14. Pre-requisites for undertaking Capex Schemes**

- 14.1. All Capex Schemes shall fulfil the below specified pre-requisites for being considered at the time of approval of completed cost:

- a. Procurement of equipment or turnkey contracts shall be done in accordance with the Competitive Bidding Guidelines dated 9.10.2009, as amended from time to time, and the Applicant shall be required to submit documentary evidence of the same at the time of submission of completed cost;
- b. In case the winning bidder in the competitive bidding process is a Sister Concern or Group Company of the Distribution Licensee and the value of financial transaction is Rs. One Crore and above, prior approval of the Commission shall be taken before awarding the project;
- c. If the Applicant fails to initiate the work, including tendering process, within a period of one year or as stipulated by the Commission, from the date of receipt of in-principle approval, the in-principle approval shall be deemed to be cancelled;
- d. The Applicant shall provide regular updates on quarterly basis on status of implementation of all Capex Schemes that have received the in-principle approval of the Commission with respect to the PERT Chart/Gantt Chart/ Project Monitoring mechanism submitted along with the Application for in-principle approval, at the end of quarter of every year, through the web-based portal being developed by the Commission for this purpose and in physical form and email till the web-based portal is operationalised as well as if the web-based portal is not functional for any reason;
- e. The Applicant shall furnish to the Commission the Completion Report of the Schemes put to use, on quarterly basis.
- f. The Applicant shall authenticate that the Scheme has been undertaken as per the specifications proposed and approved and that standard equipment has been used;
- g. Assets put to use after execution of the Capex Scheme shall be added to the Asset Register of the entity with GIS mapping;
- h. The Applicant shall utilise available spares/ surplus inventory as per availability with a view to optimise the capital cost and submit available spares/inventory details to the Commission at the end of each financial year;
- i. The applicant should demonstrate, sufficient efforts at its end, to ensure inter-connected entities' upstream/downstream network is created as per the optimised scheduled, to avoid stranding of assets:

Provided that if the Applicant feels for any reason that the work cannot be initiated within a period of one year from the date of receipt of in-principle approval, the Applicant should clearly state accordingly in its

Application along with the reasons for the same and also state the additional time required in the Application:

Provided further that the onus of compliance with above pre-requisites lies on the Applicant and non-compliance may lead to partial/full disallowance of capital cost, as considered appropriate by the Commission.

## **15. Standard Cost Data Book**

15.1. Distribution Licensee shall prepare Standard Cost Sheet for all capital items procured by them, based on latest rates discovered through competitive bidding (average of at least last 1 years) with the supporting documents and get its Board approval for the same, on yearly basis and submit the Standard Cost Sheet to the Commission, which may be validated by Officers of the Commission.

15.2. Distribution Licensee shall update the Standard Cost Sheet annually by 31st May and submit the same to the Commission.

15.3. In order to maintain the uniformity, the Commission may prepare the Standard Cost Data Book based on the Standard Cost Sheets submitted by the Distribution Licensees:

Provided that the Standard Cost Data Book, prepared by Commission shall be the reference document for Benchmarking of item-wise capital cost by the Applicant while seeking in-principle approval of DPR Scheme:

Provided further that the Scheme shall be executed as per the price discovered through the procurement process in a fair, transparent & standard equitable manner, in accordance with these Regulations.

15.4. For exceptional items not listed in Standard Cost Data Book, the Distribution Licensees shall provide budgetary quotations from multiple vendors (at least 3 nos) for estimation of capital cost of such items or procurement costs for earlier periods as a reference.

15.5. The Distribution Licensees shall ensure that Standard Cost Sheet is maintained for the major equipment contributing to around 60 percent to 70 percent of the total Scheme cost, comprising inter-alia, cables, conductors, transformers, meters, poles, switchgears, GIS, SCADA, Protection Systems, etc.

The Distribution Licensees are required to submit schemes in accordance with the Standard Cost Data Book prepared by the Commission, and the Commission shall approve the scheme based on the available Standard Cost Data Book. Provided that in the event that the Standard Cost Data Book is not updated every year, a suitable enhancement factor based on WPI/CPI index will be considered.

## **16. Submission and Periodic Updates of DPR Schemes**

- 16.1. The Applicant shall submit the DPR Schemes with all supporting documents in the formats specified in **Appendix 1** for the Commission's approval in physical form.
- 16.2. In accordance with Regulation 14 of these Regulations, the Applicant shall provide regular updates on the status of implementation of all Capex Schemes that have received in-principle approval from the Commission on a quarterly basis, at the end of each quarter of every year, through the Applicant's website/ SAP access link at Commission premises, as well as in physical form.
- 16.3. The three year Rolling Capital Investment Plan shall be uploaded on the website of the distribution licensee.
- 16.4. The copies of the in-principle approval granted by the Commission for different Schemes shall be uploaded on the Commission's main website.

## **17. Repeal and Savings**

Save as otherwise provided in these Regulations, these Regulations supersede the "Guidelines for Approval of Capital Investment Schemes" as amended from time to time.

## **18. Power to Relax**

The Commission may, by general or specific Order, for reasons to be recorded in writing and after giving an opportunity of hearing to the Parties likely to be affected, relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

## **19. Issue of Order and Practice Directions**

Subject to the provisions of the Act, the Commission may from time-to-time issue Orders and Practice Directions with regard to the implementation of these Regulations.

## **20. Power to Amend**

The Commission may, at any time, vary, alter, modify or amend any provisions of these Regulations.

## **21. Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific Order, make such provisions, not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

## APPENDIX 1:

### Format for Filing of Capital Investment Scheme for In-Principle Approval

#### 1. PART I (Particulars to be furnished in the Overview of the DPR)

1. Index with the documents Page No.	Index with the documents Page No.
2. Name of Applicant _____	(Name of the Utility proposing the capex/DPR)
3. Name of the Capital Investment Work	_____ (e.g. Construction of 66/11kV Grid substation of 75MVA capacity (3x25MVA))
4. Nature of capex Scheme (New/ Resubmitted / revised / modified / extended )	<p>Whether the present DPR was earlier referred back/cancelled with any specific directions?</p> <p>If yes, whether the previous conditions are satisfied. The detailed chronology of the events is added or not.</p> <p>Detailed reasoning for resubmission/ revision/ modification/ extension is submitted or not</p>
5. Details of the Location	_____ (Name of Zone, Circle/Area/Location) along with GPS Co-ordinates
6. Date of Approval by Competent Authority designated by the Board of Directors of the Company	_____ (Documentary Proof to be furnished)
7. Category of DPR	_____ (Under which of the categories specified in the Regulations does the capital work fall under)
8. Objective of the Capital Investment	_____ (Overall objective of the work - like system strengthening, system augmentation, replacement of assets, Renovation & Modernization, etc.)
9. Need Analysis	_____ (improve reliability, loss reduction, mandatory under sections of EA 2003, as per CEA Regulations, any other statutory mandate, etc.)
10. Overall cost-benefit analysis	Comparison of capital cost & corresponding tariff impact with above benefits, and analysis in terms of payback period, IRR, NPV, other financial parameters for project assessment, etc.
11. Brief Scope and Specifications of Work	<p>_____ (E.g. i) 66kV UG cable _____ km;</p> <p>ii) 3 number of 25 MVA 66/11kV transformer ;</p> <p>iii) 11kV cable _____ km)</p> <p>[Major line items shall be mentioned]</p>
13. Any Reference of Study Report / recommendations of OEM/Expert	_____ (Load Growth Report, EPS Report, Load Flow Study,

	Recommendations Report of Expert Agency, Report of OEM/Third Party/ Recommending Committee/Any report by competent authority based on which works is proposed to be undertaken)																					
14. Estimated cost Rs.	Rs. _____ (Hard Cost-Supporting details) Rs. _____ (IDC) Rs. _____ (Establishment Cost) Rs. _____ (Total Cost with IDC & Establishment Cost)																					
15. Time Frame of the expenditure	Completion Period____ months <table border="1"> <thead> <tr> <th>Year</th><th>Capex Expenditure (Rs.)</th><th>Capitalization (Rs.)</th></tr> </thead> <tbody> <tr> <td>1 (FY _____)</td><td></td><td></td></tr> <tr> <td>2 (FY _____)</td><td></td><td></td></tr> <tr> <td>3 (FY _____)</td><td></td><td></td></tr> <tr> <td>Total</td><td></td><td></td></tr> </tbody> </table>	Year	Capex Expenditure (Rs.)	Capitalization (Rs.)	1 (FY _____)			2 (FY _____)			3 (FY _____)			Total								
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16. Funding arrangement	<table border="1"> <thead> <tr> <th>Source of Funds</th><th>Amount (Rs.)</th><th>Share (%)</th></tr> </thead> <tbody> <tr> <td>Debt</td><td></td><td></td></tr> <tr> <td>Equity</td><td></td><td></td></tr> <tr> <td>Grants</td><td></td><td></td></tr> <tr> <td>Consumer Contribution/ Deposit Works</td><td></td><td></td></tr> <tr> <td>...</td><td></td><td></td></tr> <tr> <td><b>TOTAL</b></td><td></td><td><b>100%</b></td></tr> </tbody> </table> <p>_____ (Name of Bank/FI from which loan is expected with expected Interest rate)</p> <p>_____ (In case of fully/partially grant funded scheme, same may be mentioned along with the agency providing the grant and documentary proof of grant provided)</p> <p>_____ (In case of funding through deposit works, justification to be provided that the work which is implemented is as per Supply Code etc.)</p> <p>_____ (Proof of infusion of Equity if any)/ (In case of funding through Internal accruals, the same is to be mentioned)</p>	Source of Funds	Amount (Rs.)	Share (%)	Debt			Equity			Grants			Consumer Contribution/ Deposit Works			...			<b>TOTAL</b>		<b>100%</b>
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<b>TOTAL</b>		<b>100%</b>																				

Whether the scheme is for replacement of asset	If yes, details of original cost of assets, commercial date of operation, value of accumulated depreciation recovered as on .....
17. Benefits/Impact	<p>_____ (% reduction/increase in Tariff over a period of ___ years, etc.)</p> <p>_____ (% reduction in Loss over a period of ___ years, etc.)</p> <p>___% Additional sale of energy</p> <p>----Augmentation of the system. For existing infrastructure –</p> <p>A. ... S/s will get load relief of ... MW. Thus, S/s capacity addition will not require in next ... years. (So, if no sudden growth is observed triggering additional requirement, capacity addition will not be financially added in ARR even though executed earlier)</p> <p>B. System Improvement % VR of .... Feeder (name) will be reduced to .... Any other kind of Benefit (quantifiable)- Case to case basis</p>

## - In case of replacement of existing assets considering obsolescence, Utility needs to get the detailed explanation from OEM regarding the hurdles to keep existing assets with the life extension measures and also justification to declare assets as obsolete like errors in particular parts, Company policy to change product, hard for company to get associated parts, etc.

## 2. PART II (Particulars to be furnished for justification of works)

1. Need of the investment	<p>_____ (Loss reduction, increase in reliability, to fulfil new supply/load growth requirement, Creation of back up Facility, correlation with previous Schemes (Redundancy, Reliability, Augmentation of the system in terms of increase in capacity, N-1 contingency compliance, Statutory Compliance, etc.))</p> <p>_____ (The scheme shall be supported by the results of the load flow study or any other appropriate tools, study report/ OEM/Expert recommendation/impact of the scheme on network performance, MoEFCC/MOP/CEA Notification/Guidelines, etc.)</p>
2. Timelines of the Project	<p>_____ (Priority to be submitted for implementation of work) (i.e., Urgent/Regular)</p> <p>_____ (Basis on which the priority is decided by the Applicant with detailed justification)</p> <p>_____ (Possibility of deferring the investment)</p> <p>_____ (Consequential impact, if any, of deferring the capital investment on the Applicant)</p>
3. Scheme for revised approval / scope / cost	<p>Compare earlier urgency and present urgency.</p> <p>Other way to utilize assets partially installed through earlier DPR.</p> <p>Clarification how the existing system is withstanding although earlier approved scheme is not executed in time?</p> <p>Detailed reasoning for the change/ modification / revision in scope and cost along with the documentary proof</p>
4. Proposed Capital Investment Scheme	<p>_____ (Applicant to provide justification on why the proposed capital investment is to be considered under Capex approval and not under Opex or Repairs and Maintenance works based on the definition of Capex specified in the Regulations)</p> <p>In case of revision in cost/ quantity provide broad comparison of earlier and present costs. Justify cost / quantity increment.</p>

5. Technical Justification	<p>_____ (Submission of report of OEM/ Independent Consultant/Third Party stating the need for investment)</p> <p>Clarify each type of test undertaken for checking the assets (As recommended by CEA or any competent authority) to be declared as showing sign of deterioration or obsolescence. Also provide benchmarks of specific authority for same.</p> <p>Clarify whether life extension is possible or replacement is only option available. Provide detail analysis for life extension.</p> <p>_____ (Submission of Field Reports/Surveys stating hindrances in regular operations of Applicant and how this investment will help in eradication of such hindrances)</p> <p>_____ (Submission of justification how this investment will help in improving the performance/operational efficiency of the Applicant)</p> <p>_____ (Other Technical justification such as necessary to meet planning criteria of CEA, Report/Recommendation of Expert Agency, provisions of Supply Code/Grid Code/Other mandatory rules/guidelines notified by MoEFCC/MoP/CEA or to comply with the Regulations of the Commission)</p> <p>----If the scheme is for replacement of the existing assets, then then Past major occurrences /failures. History of major repairs and to justify the assets are beyond repairable.</p> <p>Prudency of the technical specifications as per market trend</p>			
6. Financial Justification	<p>_____ (How the investment is going to give the desired returns or savings in future)</p> <p>_____ (Long term benefit to be shown in terms of increase in revenue/income or savings in cost after the implementation of investment)</p> <p>----Treatment of the old assets if the scheme is for replacement of the assets.</p>			
9. Phasing of Investment	<table><tr><th>Year</th><th>Capex Rs.</th><th>Capitalization</th></tr></table>	Year	Capex Rs.	Capitalization
Year	Capex Rs.	Capitalization		

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10. Statutory / Safety Requirement	Whether the investment is required to comply with any duty/obligation under EA 2003 or to meet any safety / statutory requirement? (With supporting Document)																																
11. Cost Assessment/Cost Breakup. ( Detailed breakup of each head is required. Utility may attach separate sheets with the excel working documentary proof justifying the rate reasonability)	<table border="1"> <tr> <th>Particulars</th><th>Unit (No.)</th><th>Rate (in Rs.) *</th><th>Amount (in Rs. Lakh)</th></tr> <tr> <td>Item 1</td><td></td><td></td><td></td></tr> <tr> <td>Item 2</td><td></td><td></td><td></td></tr> <tr> <td>Erection/ Civil Cost</td><td></td><td></td><td></td></tr> <tr> <td>...</td><td></td><td></td><td></td></tr> <tr> <td>Total</td><td></td><td></td><td></td></tr> <tr> <td>Overheads</td><td></td><td></td><td></td></tr> <tr> <td>Grand Total</td><td></td><td></td><td></td></tr> </table> <p><i>*Unit rate as per Standard cost data book</i></p>	Particulars	Unit (No.)	Rate (in Rs.) *	Amount (in Rs. Lakh)	Item 1				Item 2				Erection/ Civil Cost				...				Total				Overheads				Grand Total			
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13. If not and if Deferred Analysis	<table border="1"> <tr> <td>If Not</td><td>Merits: ____ Demerits: ____</td></tr> <tr> <td>If Deferred</td><td>Merits: ____ Demerits: ____</td></tr> </table> <p>Detailed calculations for investment not done or deferred to be shown.</p>	If Not	Merits: ____ Demerits: ____	If Deferred	Merits: ____ Demerits: ____																												
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If Deferred	Merits: ____ Demerits: ____																																
14. Cost Benefit Analysis	1. Investment Cost vs. Benefits analysis																																

	<p>2. ROI from Beneficiary/Consumer Point of View (Comparison of tariff without the proposed investment vs. with the proposed investment)</p> <p>3. Target Objective (Year wise Projection)</p> <p>4. Year wise Tariff impact due to Investment in terms of % of ARR and Rs./kWh</p> <p>5. Payback Period, NPV, IRR and other Financial Parameters for project assessment</p> <p>6. Justification for cost increment due to proposal for only any specific quality product or increased no. of quantity than normally required. Justify, why alternatives cannot be possible.</p>
15. Methodology of Put to use of the asset and computing Percentage utilization of Project	<p>_____ (Documentary evidence that shall be submitted at the time of final approval as proof of put to use after completion. For e.g. Electrical Inspector Certificate/Metering data, / Load on the assets, etc.)</p> <p>_____ (projected loading pattern for first 5 years)</p> <p>_____ (Documentary evidence that shall be submitted at the time of final approval as proof of Utilisation for e.g. Transformer loading/Sub-station loading/ % VR reduction / Balance state for other Substations, etc.)</p>
16. Constraints	<p>1. Technical, Physical and Financial constraints, if any, in execution of the Scheme may be highlighted.</p> <p>2. Likely uncertainties or risks involved in the investment. Fall back options/mitigation measures planned by Applicant if these uncertainties/risk occur.</p> <p>4. Risk Mitigation plan proposed by the Applicant.</p> <p>5. Possible delays, both Controllable and uncontrollable</p> <p>6. RoW Issues/Land availability/Forest Area/Delay in other clearances, etc.</p> <p>7. Activity wise time bound plan to obtain the various approvals/clearances. Alternatives.</p> <p>7. Other constraints (if any)</p>
17. Works intended for adaptation of latest Technology/Improvement/Upgradation of Existing Infrastructure	<p>_____ (Conditions specified in the Regulations needs to be satisfied for taking up such work)</p> <p>Justification for urgency to implement change. Detail checks for keeping existing one asset till completion of its useful life.</p>

	<p>_____ (In case above conditions are not satisfied, then Licensee to show readiness with documentary proof from local body/ authority for recovery of such investment invariably from those consumers who are benefiting from these improvement/upgradation works)</p> <p>_____ (Cost Benefit analysis of latest technology w.r.t existing technology)</p> <p>_____ (Balance useful life of existing assets proposed to be replaced/upgraded)</p> <p>----- (Basis/assessment for replacement of the existing assets )</p>
20. Statutory Clearances and Project Layout	<ol style="list-style-type: none"> <li>1. Approval from Competent Authority</li> <li>2. National Green Tribunal (NGT) clearance, if applicable</li> <li>3. Clearance if acquired such as Forest, Aviation, Defence, CRZ, Wild Life, Salt land, Mangroves, Local bodies, etc. and tentative plan to obtain such approval or at least application for forest clearance filed (List is not exhaustive; the Applicant is responsible for obtaining all applicable approvals/clearances)</li> <li>4. SLD, Grid maps, Diagrams/Project layout, etc.</li> <li>5. SLD to clearly indicate in different colours the existing diagram and proposed diagram after implementation of capex</li> <li>6. Proof of land acquisition if any or any other documentary proof of ongoing negotiations/intention to sell/lease land to be provided. In case of lease land – proof of non-availability of Govt. Land. Clarify steps taken for getting Govt. Land on priority.</li> <li>7. RoW clearances if acquired or Progress made on getting RoW clearances. Also, alternatives to be provided if RoW is not achieved on the proposed area/route.</li> <li>8. PERT Chart/Gantt Chart/ Project Monitoring mechanism for Project Implementation and possibilities of delay with fall back plan in case of delay</li> </ol> <p>(All these submissions to be provided as Annexure)</p>
21. Detailed Survey	<p>_____ (Survey Report to assess the project requirement and highlight difficulties in project execution/scope / route etc.)</p>

22. Past Trends and Future projection	<p>_____ (Actual trend in last five years of the components/loading / parameters/cost relating to the proposed capex (based on which is the scheme is proposed) vis-a-vis future projection for 5 years after implementation of capex)</p> <p>For e.g. If the scheme is for improvement of performance say increase in capacity to avoid overloading of system, then past and future expected trend of loading, voltage profile, losses, etc., to be provided</p>
23. Detailed Justification for quantity proposed	<p>_____ (Justification for quantity required against the proposed scope of work)</p> <p>_____ (Validating the quantity proposed with the help of SLD/Survey report etc.)</p>
24. Check list of the documents appended	<p>----Check list with appended documents to be appended. (All documents to be numbered.</p>

## FORMAT FOR APPROVAL OF CAPITAL INVESTMENT SCHEME BY THE COMMISSION

1. Scheme Approval Code																																	
2. Name of Applicant	_____ (Name of the Applicant proposing to do the capex)																																
3. Name of the Capital Work	_____																																
4. Category of DPR	_____ (Under which of the categories specified in the Regulations, does the proposed work fall under)																																
5. Objective of the Capital Investment	_____ (Overall objective of the work to be specified - like system strengthening, system augmentation, replacement of assets, Renovation Modernization, etc.)																																
6. Whether the works can be considered as Capex or not	_____ (After assessment of proposed works and based on the justification provided by Applicant, decision on whether the works can be considered as Capex)																																
11. Phasing of Investment	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Year Crore</th><th style="width: 33%;">Capex Rs.</th><th style="width: 33%;">Capitalization Rs. Crore</th></tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>	Year Crore	Capex Rs.	Capitalization Rs. Crore																													
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In case of scheme for replacement of assets	The details of original cost of assets, value of accumulated depreciation recovered on																																
13. PERT Chart/Gantt Chart/ Project Monitoring mechanism	_____ (___ chart with comments on 1. Completion stages 2. Contingency plan for delay)																																

14. Deposit/grant funded	<p>_____ (If project is funded by Consumer Contribution, Comments on compliance of Supply Code Regulations in implementation of project)</p> <p>_____ (If Project is Grant funded, comments on availability of all documentary evidence and funding arrangement)</p>
21. Technical justification	<p>_____ (Whether the Project necessity is supported by any technical study like Load flow analysis, OEM/Third Party Report, Field report on shortcoming of existing assets, justification provided by Applicant for new investment, etc.)</p>
22. Asset replacement criteria compliance	<p>_____ (Whether proposed capex meets Asset replacement criteria)</p>
27. Prudence of Cost estimate	<p>_____ (Whether Cost estimate is based on rates of Cost Data Book? If not, whether reason is justified)</p>
28. Verification of Scope of Works proposed	<p>_____ (Whether the scope of work proposed is necessary to meet the objective of the Project and whether quantity is proposed is in line with the scope of work to ensure that only necessary scope of work is proposed).</p>
29. Proposed Funding	<p>_____ (Is proposed funding of Loan by Bank/FI and/or infusion of Equity by Applicant in line with phasing of execution of works? Whether Interest rates are in line with prevailing market rates or existing actual interest rates of Applicant?)</p>
30. 'IF not' and 'IF deferred' analysis.	<p>_____ (Negative impact, if any, if the proposed capex is either not carried out or is deferred for some period)</p>
31. Third Party Verification	<p>Whether physical verification of Project by third party is required?</p>
32. Specific Directives to the Applicant	<p>Based on the analysis, any specific directives to the Applicant in the approval letters.</p>

## APPENDIX 2: FORMAT FOR ROLLING CAPITAL INVESTMENT PLAN

Sr. No.	Particulars	Voltage Level	1st Year (FY _____)	2nd Year (FY _____)	3rd Year (FY _____)
1					
	_____ (Type of Work e.g.: New Substation, Transformer Addition, Capacitor addition etc.),	66 kV	<b>Work 1.1</b> (a) Brief Scope of Work; (b) Estimated Cost; (c) Estimated COD		
			<b>Work 1.2</b> (a) ...		
		33 kV		<b>Work 2.1</b> (a) ...	
					<b>Work 3.1</b> (a) ...
		...			
2	(_____)				
3...	(_____)				

**APPENDIX 4: FORMAT FOR ACKNOWLEDGEMENT OF NON-DPR  
CAPITAL  
INVESTMENT SCHEME BY THE COMMISSION**

Name of Applicant																																			
Scheme acknowledgement Code																																			
Date of acknowledgement																																			
Name of the Capital Work	_____ (E.g. Construction of 33/11 kV Substation at _____, Construction of 22 kV Distribution line at _____)																																		
Objective of the Capital Investment	_____ (Overall objective of the work to be specified - like system strengthening, system augmentation, replacement of assets, Renovation Modernization, etc.)																																		
Details of the Location	_____ (Name of Zone, Circle/Area/Location) along with GPS Co-ordinates																																		
Date of Approval by Competent Authority designated by the Board of Directors of the Company	_____ (particulars of the Documentary evidence and approval authority)																																		
Brief Scope and Specifications of Work	_____ (E.g. i) 33 kV OH cable _____ km; ii) 33/11 kV transformer 2x20 MVA; iii) 22 kV cable _____ km etc.)																																		
Phasing of Investment	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Year</th><th style="width: 33%;">Capex Rs. Crore</th><th style="width: 33%;">Capitalization Rs. Crore</th></tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td>Total</td><td> </td><td> </td></tr> </tbody> </table> <p>Likely completion time: _____</p>			Year	Capex Rs. Crore	Capitalization Rs. Crore										Total																			
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