

**920BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT
PANCHKULA**

Case No. HERC/P. No. 60 of 2024

Date of Hearing : 26/03/2025

Date of Order : 09/04/2025

IN THE MATTER OF:

Petition under Regulation 65 and 67 of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 seeking approval of this Hon'ble Commission to recover Repair & Maintenance Charges at the rate of 10% of the estimated cost associated with replacing of existing overhead transmission lines with EHV XPLE underground cables.

Petitioner

Haryana Vidyut Prasaran Nigam Limited, Shakti Bhawan, Sector 6,
Panchkula

Present

On behalf of the Petitioner

1. Sh. Raheel Kohli, Advocate
2. Sh. Pankaj Singhal, XEN, HVPN
3. Sh. Abhishek Gupta, SE, HVPN

QUORUM

Shri Nand Lal Sharma, Chairman

Shri Mukesh Garg, Member

ORDER

1. Petition:

- 1.1 The present petition has been filed under Regulation 65 and 67 of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 seeking approval of this Hon'ble Commission to recover Repair & Maintenance Charges at the rate of 10% of the estimated cost associated (excluding supervision charges & GST) with replacing of existing overhead

transmission lines with EHV XPLE underground cables. It is utmost relevant to mention that the present petition has been filed *inter-alia* in the interest of electricity consumers (as explained below) and therefore the affirmative outcome of this petition would benefit the consumers at large.

- 1.2 It is submitted that the Petitioner is receiving numerous requests from Government Entities, such as National Highway Authority of India, Indian Railway, Haryana Shehri Vikas Pradhikaran and Haryana State Industrial & Infrastructure Development Corporation Limited, for replacing of existing overhead transmission lines with EHV XPLE underground cables. Similar requests had also been received from private entities including group housing societies and developers. These requests are being made to overcome Right of Way issues and avail the benefits associated with underground cabling such as (a) space saving, and (b) enhance aesthetics. Such conversions may involve remodelling of the transmission line by laying EHV XLPE underground cable and/or overhead line. For ease of reference, the entities which would be applying for replacing of existing overhead transmission lines with EHV XPLE underground cables are referred as the "Applicant(s)".
- 1.3 It is submitted that, before acceding to these requests, the Petitioner is proposing to seek deposit of R&M Charges at the rate of 10% of the estimated cost associated (excluding supervision charges & GST) with replacing existing overhead transmission lines with EHV XPLE underground cables (including overhead line portion, if required for the remodelling of the line), from the Applicant(s). For this purpose, a separate R&M fund will be created, wherein R&M Charges will be deposited. It is pertinent to mention that the amount available in the fund would be strictly utilized towards R&M of such re-routed portions. Only after the amount lying in the said fund is exhausted, the Petitioner would claim the R&M cost towards such re-routed portions through ARR. It is respectfully submitted that the benefit associated with the proposed arrangement is as follows:
 - A. Consumers will not be burdened with R&M cost qua those such re-routed portions, till the amount lying in the R&M fund is exhausted.
 - B. Petitioner will not have to be dependent on the third-party funding (Financial institutions) with respect to R&M associated with those such re-routed portions (till the amount lying in the R&M fund is exhausted). Resultantly, reducing its exposure qua interest on working capital, which would ultimately benefit the consumer.
- 1.4 It is submitted that the issue of R&M charges was raised before this Hon'ble Commission in HERC/PRO 48 of 2017. However, the proposal to recover the R&M Charges (as mentioned in paragraph 3 of the Petition) was not placed before this Hon'ble Commission during the adjudication of the said matter. It is submitted that the proposal has been recently

formulated after due deliberation with the concerned departments of the Petitioner. Therefore, the Petitioner is preferring this Petition thereby placing the said proposal and is accordingly seeking approval from this Hon'ble Commission's to recover the R&M Charges, in the manner mentioned above, from the Applicant(s) which would seek replacement of existing overhead transmission lines with EHV XPLE underground cables.

PRAYER

In view of the aforesaid, it is most respectfully prayed that the Hon'ble Commission may:

- (A) Allow the present petition, thereby permitting the Petitioner to seek deposit of Repair & Maintenance Charges at the rate of 10% of the estimated cost associated (excluding supervision charges & GST) with replacing existing overhead transmission lines with EHV XPLE underground cables (including overhead line portion, if required for the remodelling of the line), from the Applicant(s).
 - (B) Pass any such other order/s and/or direction/s, which the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.
2. The case was heard on 03/12/2024, Sh. Raheel Kohli counsel for the petitioner presented the case before the Commission and prayed to allow the petition. The counsel submitted that the HVPNL will maintain a separate account for the fund collected and will use these funds explicitly for maintenance of the Under Ground (U/G) cable system converted from Overhead (O/H) lines. This will avoid unnecessary burdening of general consumers on account of maintenance of the said U/G lines. Also, the upfront availability of funds will result in reduction in working capital of the Nigam. The Commission called the SE, HVPN present in the court to provide the data regarding no. of such cases dealt in last two years, activities involved and present setup. The SE, HVPN submitted that this data is not readily available with him right now. However, the same could be provided to the Commission on next date of hearing. Acceding to the request of the petitioner, the Commission adjourned the matter and directed the petitioner to provide the following details within three weeks:
- i) Number of cases where such conversion of Overhead lines to Under Ground lines has been carried out during last two years.
 - ii) Details of expenditure incurred on conversion of these lines in last two years.
 - iii) R&M expenditure made on such converted lines in last two years.
 - iv) Reasonability of 10% R&M funds as prayed for in the petition.
 - v) Operationality of the account proposed for managing the fund to be collected from the consumers.
 - vi) Whether any improved technological solution is feasible which will minimise the maintenance in such cases even with some additional cost in the first instance.

3. **Reply to the queries posed by the Hon'ble Commission dt. 24.12.2024:**

3.1 The present petition has been filed under Regulation 65 and 67 of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 and is pending adjudication before this Hon'ble Commission.

3.2 It is submitted that vide order dated 09.12.2024 this Hon'ble Commission directed the Petitioner to provide certain details. In this regard, a table containing queries posed by this Hon'ble Commission along with the corresponding response is as follows:

S No.	Detail sought by this Hon'ble Commission	Petitioner's response
1.	Number of cases where such conversion of Overhead lines to Under Ground lines has been carried out during last two years	15 cases. Details of applicant's attached.
2. (a)	Details of expenditure incurred on conversion of these lines in last two years.	INR 50,75,65,652/-
(b)	10% R&M Expenses of (a)	INR 5,07,56,565.2/-
3.	R&M expenditure made on such converted lines in last two year	INR 3,68,18,655/-
4.	Reasonability of 10% R&M funds as prayed for in the petition	<p>i) Yearly R&M expense is generally allowed in the range of 0.5 to 0.75% by Hon'ble HERC. Considering the life of 25 years of the asset, the repair & maintenance for the life of 25 years is worked out to be in the range of 12.5% to 18.75%.</p> <p>ii) Underground cables generally have higher maintenance costs (though instances are less) due to their accessibility in case of repairs. Excavation, trenching, and the use of specialized equipment & labour, often lead to higher expenses. R&M fund allocation can ensure that adequate resources are available to keep the system operational without costly delays.</p>

		<p>iii) Moreover, in the instant case, the underground cables are being laid in the premises of the consumer on whose request the line shifting/conversion is being done. 10% maintenance cost received will be kept in a separate account to take care of the maintenance & upkeep of the underground cable. Such works will be maintained separately as assets and HVPNL will not claim the R&M expenses on these assets. The expenditure required for maintenance/repair of such assets will be made through the amount available in this account.</p> <p>iv) 10% allocation cost is reasonable and aligns with industry practices (3 to 15%), where ongoing maintenance is crucial for operational reliability.</p>
5.	Operationality of the account proposed for managing the fund to be collected from the consumers	<p>.As per petition, a separate Bank account will be opened for managing the Repair & Maintenance funds collected from the Govt./Private entities for replacing of existing overhead transmission lines with EHV XPLE underground cables. Repair & Maintenance charges received from all the Govt./Private entities shall be kept in this Bank account. The funds collected in this pool bank account shall be utilized exclusively for Repair and Maintenance of such lines.</p> <p>.Separate asset record of such lines will be maintained.</p> <p>.Division offices while incurring the expenditure on Repair and Maintenance on such lines shall provide the detail of such works for remittance of the amount from this account.</p>

		.HVPNL would claim the Repair and Maintenance cost towards these underground cables through ARR only if the amount lying in the said fund is exhausted.
6.	Whether any improved technological solution is feasible which will minimize the maintenance in such cases even with some additional cost in the first instance.	Technologies such as smart monitoring, self-healing materials, advanced coatings can though minimize the need for regular maintenance. However, in case of a fault/damage the repair will again become difficult and excavation, trenching, and the use of specialized equipment Viz Fault Locator & labour, often lead to higher expenses.

4. The case was heard on 15.01.2025. Sh. Raheel Kohli counsel for the petitioner presented the brief facts of the case before the Commission and submitted that overhead lines are being converted to U/G Lines on the request of the consumers only. HVPNL will maintain a separate account for the fund so collected and will use these funds explicitly for maintenance of the Under Ground (U/G) cable system converted from Overhead (O/H) lines. This will avoid unnecessary burdening of general consumers on account of maintenance of the said U/G lines. Also, the upfront availability of funds will result in reduction in working capital of the Nigam. The Commission called the SE, HVPN, present in the court, and enquired whether there is any mechanism available to restrict the use of funds collected from a particular consumer for maintenance of his infrastructure only. The SE, HVPN submitted that no such mechanism is available right now. The funds will be placed in a common pool and will be used for maintenance of U/G cable infrastructure only. The Commission directed the petitioner to submit a mechanism of keeping record of funds deposited by each consumer and expenditure made for such converted lines of each consumer with in 3 weeks. However, the funds can be kept in common account.

5. **Additional reply to the queries posed by the Hon'ble Commission dt. 31.01.2025:**

- 5.1 The present petition has been filed under Regulation 65 and 67 of Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 is pending adjudication before this Hon'ble Commission.
- 5.2 It is submitted that vide order dated 15.01.2024 this Hon'ble Commission directed the Petitioner to submit a mechanism of keeping record of funds deposited by each applicant/consumer and expenditure made for such converted lines of each applicant/consumer. In this regard, the Petitioner

humbly submits there is no such mechanism in place. However, the Petitioner with utmost respect is requesting this Hon'ble Commission to consider the following aspects:

- A. In ARR of, all expenditure incurred by the power utility, including expenditure incurred on creation/ maintenance of its whole system (even on maintenance of line feeding a particular consumer) are pooled onto a basket and tariff is determined by Hon'ble Commission based on pooled expenditure.
- B. Majority of the requests for conversion of overhead transmission lines into underground cables have been received from developers. Such developers hand over the group housing societies to RWAs after development activities are over. In case, 10% R&M Charges recovered from such private developers are exhausted on maintenance of underground cable portion, it may not be possible to recover additional R&M charges from such developers as the developers may not come forward after handing over group housing society to RWA.
- C. Primarily, the shifting of transmission lines is proposed by the applicant, in view of the RoW issues and not for the purpose of taking the power supply. Thus, in case of any fault in the under-ground cable, the said applicant is least concerned about its restoration as he is already getting the power supply from alternate sources. In such cases, maintenance expense as being done by HVPNL in other cases will be done through the common account and there is no such requirement to keep the separate track of the expenditure thus incurred.

In light of the above, it is respectfully submitted that this Hon'ble Commission may be pleased to consider the submissions made by the Petitioner in the petition and accordingly allow the petition as prayed.

6. The case was heard on 05.03.2025. Sh. Tarsem Rana, Associate to advocate for the petitioner requested for short adjournment as the main counsel is out of town due to some personal difficulty. Acceding to request of the petitioner, the Commission adjourned the matter.

Commission's order:

1. The case was heard on 26/03/2025, as scheduled, in the court room of the Commission.
2. Sh. Raheel Kohli Advocate for the petitioner intimated that there is no mechanism of keeping record of funds deposited by each applicant/consumer and expenditure made for such converted lines of each applicant/consumer, however, the case may be decided on the ground that third party funding of future maintenance of such replaced EHV XLPE underground cable will benefit the consumers of the State.

3. The Commission in its order dated 30/04/2019 “*In the matter of Petition seeking revision of General & Miscellaneous Charges levied by the Distribution Licensee (PRO – 45 of 2017) & application for seeking approval with respect to levy of inspection charges for various works along with General & Miscellaneous charges for other services rendered by the Transmission Licensee (PRO-48 of 2017)*” while reviewing the charges for rerouting of existing overhead transmission lines with substitution by EHV XLPE underground Cables wherein 5% additional charges (of the total cost of replacement) were proposed to ensure the cost of future maintenance of the cable, held that :

3.1 “3. Provision of extra operational cable in case of re-routing of lines with underground cable at consumer request.

The objector has justified the recovery of actual expenses but has objected on providing double cable in its system. The observation is totally misplaced. Providing of extra cable is necessary for reliable operation of the transmission system.

4. Future maintenance cost @ 5%.

The Commission observes that Hon’ble APTEL vide its judgement in Appeal No. 282/2014 dated 19/01/2017 that it has upheld the views of the Commission regarding non-levy of O&M charges on the works which are taken over by the STU as follows:

“ix. We agree with the view of the State Commission that the O&M cost of the said works which are taken over by the Appellant is duly taken care of in the Annual Revenue Requirements (ARR) of the Appellant and hence levying O&M charges by the Appellant on Respondent No. 3, in our view is not in order. On this aspect the Impugned Order of the State Commission is upheld.

x. *Accordingly, this issue is decided against the Appellant.”*

3.2 The HERC Notification/HERC/2019 dated 27th May, 2019 Schedule of General and Miscellaneous Charges for Distribution and Transmission Licensee inter alia provides as under:

TRANSMISSION LICENSEE

Schedule of General and Miscellaneous charges applicable w.e.f. the date of Notification (As per the Haryana Electricity Regulatory Commission’s Order dated 30/04/2019)		
A. INSPECTION CHARGES FOR VARIOUS WORKS ALONG WITH OTHER GENERAL AND MISCELLANEOUS CHARGES FOR OTHER SERVICES TENDERED BY HVPNL		
Sr. No.	Description of charges for various services	Charges Approved by the Commission
3	Charges for rerouting of existing overhead transmission lines with substitution by EHV XLPE underground Cables	
a)	The applicant making request for rerouting for substitution overhead lines with the cable shall bear all expenses of complete activity of the replacement	

	of overhead lines with EHV XLPE underground cable.	The estimated cost as a deposited work of consumer inclusive of supervising /departmental charges in line with Sr. No. 2 above.
b)	To ensure the continuity of supply the applicant shall also bear the cost of one extra operational cable per Circuit for the immediate and emergent use in case of failure of any of the cable.	Provided further that no O&M Charges for future maintenance of the underground cable shall be payable by the consumer.

Through above HERC notification it has already been clarified that no O&M charges for future maintenance of the underground cable shall be payable by the consumer. Further, to ensure the continuity of supply the applicant shall also bear the cost of one extra operational cable per Circuit for the immediate and emergent use in case of failure of any of the cable.

4. It is further observed that, Clause 4.10 of the Duty to supply Regulation, 2016 provides as under:

“All equipment except the meter (if supplied by the applicant), notwithstanding that whole or a portion thereof has been paid by the consumer, upon energisation, shall become the property of the licensee and the licensee shall maintain the same without claiming any operation and maintenance expenses, including replacement of defective/damaged material/equipment from the consumer. Warranty /Guarantee of such equipment shall also stand transferred to the licensee. The distribution licensee shall have the right to use it for the supply of electricity to any other person by tapping or otherwise except if such supply is detrimental to the supply to the consumer already connected therewith and subject to the provision under Regulation 4.8.2 (iii).”

5. In view of the foregoing discussions, it is observed that this issue has already been addressed in PRO No. 48 of 2017 that no O&M Charges for future maintenance of the underground cable shall be payable by the consumer. A provision of one additional spare cable per circuit has already been made for emergent use in case of failure of any of the cables for such cases. Further, to mitigate fault, use of advanced Technologies such as smart monitoring, self-healing materials, advanced coatings, technology to prevent physical damage to cable and Annual Maintenance Contract etc may also be explored to reduce cost on subsequent maintenance charges.

Therefore, the commission finds no merit in allowing the appeal for deposit of repair and maintenance charges @10% of the estimated cost for replacement of existing overhead transmission lines with EHV XLPE underground cable. Hence, disallows the instant petition.

6. The Commission disposed of the petition in above terms.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 09/04/2025.

Date: 09/04/2025

Place: Panchkula

**(Mukesh Garg)
Member**

**(Nand Lal Sharma)
Chairman**

HERC