

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 139/TT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A. K. Singhal, Member

Shri A.S. Bakshi, Member

Date of Hearing: 01.09.2014

Date of Order : 26.09.2014

In the matter of

Approval of transmission tariff for Fibre Optic Communication System (847.124 km) in lieu of existing Unified Load Despatch and Communication (ULDC) Microwave links in Northern Region from DOCO to 31.3.2019 under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014

And in the matter of

Power Grid Corporation of India Limited,
"Saudamani", Plot No.2,
Sector-29, Gurgaon -122 001.

.....Petitioner

Vs

1. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur- 302 005.
2. Ajmer Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
3. Jaipur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
4. Jodhpur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
5. Himachal Pradesh State Electricity Board
Vidyut Bhawan, Kumar House Complex
Building II, Shimla-171004



6. Punjab State Electricity Board
The Mall, Patiala-147 001.
7. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana)-134 109
8. Power Development Department
Government of Jammu & Kashmir,
Mini Secretariat, Jammu
9. UP Power Corporation Ltd.,
Shakti Bhawan, 14, Ashok Marg,
Lucknow-226 001.
10. Delhi Transco Ltd.,
Shakti Sadan, Kotla Road,
New Delhi-110 002.
11. BSES Yamuna Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
12. BSES Rajdhani Power Ltd.,
BSES Bhawan, Nehru Place,
New Delhi.
13. North Delhi Power Ltd.,
Power Trading & Load Dispatch Group,
Cennet Building, Adjacent to 66/11kV Pitampura-3,
Grid Building, Near PP Jewellers,
Pitampura, New Delhi-110 034.
14. Chandigarh Administration,
Sector-9, Chandigarh.
15. Uttarakhand Power Corporation Ltd.,
Urja Bhawan, Kanwali Road,
Dehradun.
16. North Central Railway,
Allahabad.
17. New Delhi Municipal Council,
Palika Kendra, Sansad Marg,
New Delhi-110 002.

.....**Respondents**

For petitioner : Shri S. S. Raju, PGCIL
Shri Prashant Sharma, PGCIL
Shri Prahlad Saraswat, PGCIL
Shri S. K. Venkatesan, PGCIL
Shri M. M. Mondal, PGCIL

For respondents Shri R.B. Sharma, Advocate, BRPL

ORDER

In the instant petition the petitioner, Power Grid Corporation of India Limited (PGCIL) has sought approval of transmission tariff for Fibre Optic Communication System (847.124 km) in lieu of existing Unified Load Despatch and Communication (ULDC) Microwave link in Northern Region and the petitioner has prayed for allowing 90% of the Annual Fixed Charges from the date of commercial operation to 31.3.2019 as per Regulation 7(7) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "2014 Tariff Regulations").

2. The petition was heard on 1.9.2014. During the hearing, representative of the petitioner submitted that the instant asset was commissioned on 1.4.2014 and requested to grant tariff as per the 2014 Tariff Regulations.

3. Learned counsel for BRPL, Respondent No.12, submitted that the petitioner has not complied with the requirements of prior intimation laid down in Electricity Act, 2003 before engaging in other business. He submitted that the revenue from telecom sector must be shared between telecom sector and power sector as per Central Electricity

Regulatory Commission (Sharing of revenue derived from utilization of transmission assets for other business) Regulations, 2007. He also submitted that there is significant time over-run, and sought time to file a detailed reply.

4. Regulation 7 of the 2014 Tariff Regulations provides as follows:-

"7. Application for determination of tariff:

(1) The generating company may make an application for determination of tariff for new generating station or unit thereof in accordance with the Procedure Regulations, in respect of the generating station or generating units thereof within 180 days of the anticipated date of commercial operation.

(2) The transmission licensee may make an application for determination of tariff for new transmission system including communication system or element thereof as the case may be in accordance with the Procedure Regulations, in respect of the transmission system or elements thereof anticipated to be commissioned within 180 days from the date of filing of the petition.

(3) In case of an existing generating station or transmission system including communication system or element thereof, the application shall be made not later than 180 days from the date of notification of these regulations based on admitted capital cost including any additional capital expenditure already admitted up to 31.3.2014 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2014-15 to 2018-19.

(4) The generating company or the transmission licensee, as the case may be, shall make an application as per **Annexure-I** of these regulations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period of the generating station or the transmission system as the case may be:

Provided that the petition shall contain details of underlying assumptions for the projected capital cost and additional capital expenditure, wherever applicable.

(5) If the petition is inadequate in any respect as required under **Annexure-I** of these regulations, the application shall be returned to the generating company or transmission licensee as the case may be, for resubmission of the petition within one month after rectifying the deficiencies as may be pointed out by the staff of the Commission.

(6) If the information furnished in the petition is in accordance with the regulations and is adequate for carrying out prudence check of the claims made, the Commission shall consider the suggestions and objections, if any, received from the respondents within one month from the date of filing of the petition and any other person including the

consumers or consumer associations. The Commission shall issue the tariff order after hearing the petitioner, the respondents and any other person specifically permitted by the Commission.

(7) In case of the new projects, the generating company or the transmission licensee, as the case may be, may be allowed tariff by the Commission based on the projected capital expenditure from the anticipated COD in accordance with Regulation 6 of these Regulations:

Provided that:

- (i) the Commission may grant tariff upto 90% of the annual fixed charges claimed in respect of the transmission system or element thereof based on the management certificate regarding the capital cost for the purpose of inclusion in the POC charges in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and losses), Regulation, 2010 as amended from time to time.
- (ii) if the date of commercial operation is delayed beyond 180 days from the date of issue of tariff order in terms of clause (6) of this regulation, the tariff granted shall be deemed to have been withdrawn and the generating company or the transmission licensee shall be required to file a fresh application for determination of tariff after the date of commercial operation of the project:
- (iii) where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure exceeds the actual capital cost incurred on year to year basis by more than 5%, the generating company or the transmission licensee shall refund to the beneficiaries or the long term transmission customers /DICs as the case may be, the excess tariff recovered corresponding to excess capital cost, as approved by the Commission along with interest at 1.20 times of the bank rate as prevalent on 1st April of respective year:
- (iv) where the capital cost considered in tariff by the Commission on the basis of projected capital cost as on COD or the projected additional capital expenditure falls short of the actual capital cost incurred on year to year basis by more than 5%, the generating company or the transmission licensee shall be entitled to recover from the beneficiaries or the long term transmission customers /DICs as the case may be, the shortfall in tariff corresponding to reduction in capital cost, as approved by the Commission along with interest at 0.80 times of bank rate as prevalent on 1st April of respective year.

5. As per proviso (i) to Regulation 7(7) of the 2014 Tariff Regulations, the Commission may grant tariff upto 90% of the annual fixed charge of the transmission system or element thereof for the purpose of inclusion in POC charges in accordance with the Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and losses), Regulation, 2010. Regulation 7(2) of the 2014 Tariff Regulations

provides that the application for tariff should be made in accordance with the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004 (hereinafter referred to as "2004 Regulations"). Regulation 7 (4) provides that such an application shall be filed as per Annexure-I of these regulations.

6. The petitioner has made the application as per Annexure-I of the 2014 Tariff Regulations. The petitioner has also complied with the requirements of 2004 Regulations, such as service of the copy of the application on the beneficiaries, publication of notice and web hosting of the application, etc.

7. We have considered the submissions made by the petitioner and the respondent. The issues raised by the learned counsel for the respondent shall be dealt with at the time of determination of tariff in terms of Regulation 7 (7) of the 2014 Tariff Regulations. The petitioner is directed to submit on affidavit, with copy to the respondents, details of transmission charges shared between telecom sector and power sector in all the regions where OPGW is available. Learned counsel for BRPL and other respondents are allowed to file their replies to the petition within 4 weeks.

8. Tariff for the Asset is allowed for inclusion in PoC charges under Regulation 7 of the 2014 Tariff Regulations in this order.

9. Annual transmission charges claimed by the petitioner are as under:-

(₹ in lakh)

Assets	2014-15	2015--16	2016-17	2017-18	2018-19
Central Sector portion	76.24	88.98	87.38	85.77	84.19
State portion	416.63	487.13	471.40	455.64	439.92

ATC claimed is based on the Auditor's Certificates dated 30.4.2014 certifying capital cost up to 31.8.2014.

10. Annual transmission charges allowed is as follows:-

(₹ in lakh)

Assets	2014-15	2015-16	2016--17	2017-18	2018-19
Central Sector portion	60.99	71.18	69.90	68.62	67.35
State portion	333.30	389.70	377.12	364.51	351.94

11. The tariff allowed for the Central Sector in this order shall be applicable from the date of commercial operation (DOCO) of the communication system and the billing, collection and disbursement of the transmission charges shall be governed by the provisions of Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010, as amended from time to time.

12. The transmission charges allowed in this order shall be subject to adjustment as per Regulation 7(7) of the 2014 Tariff Regulations.

Sd/-

(A. S. Bakshi)
Member

Sd/-

(A. K. Singhal)
Member

Sd/-

(Gireesh B. Pradhan)
Chairperson

