

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 370/TT/2014

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri Deena Dayalan, Member

Shri A. K. Singhal, Member

Shri A.S. Bakshi, Member

Date of Hearing: 13.11.2014

Date of Order : 11.12.2014

In the matter of

Determination of transmission tariff from DOCO to 31.3.2019 for 400 kV, 63 MVAR Bus Reactor at Indore Sub-station under Sasan UMPP TS in Western Region 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.

Vs

.....Petitioner

1. Madhya Pradesh Power Trading Company Ltd.,
Shakti Bhawan, Rampur
Jabalpur-482 008.
2. Madhya Pradesh Audyogik Kendra
Vikas Nigam (Indore) Ltd.,
3/54, Press Complex, Agra-Bombay Road
Indore -452 008
3. Rajasthan Rajya Vidyut Prasaran Nigam Ltd.,
Vidyut Bhawan, Vidyut Marg,
Jaipur- 302 005.
4. Ajmer Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,



Heerapura, Jaipur.

5. Jaipur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
6. Jodhpur Vidyut Vitran Nigam Ltd.,
400 kV GSS Building (Ground Floor), Ajmer Road,
Heerapura, Jaipur.
7. Punjab State Electricity Board
The Mall, Patiala-147 001.
8. Haryana Power Purchase Centre,
Shakti Bhawan, Sector-6,
Panchkula (Haryana)-134 109.
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.

18. Sasan Power Ltd,
1st Floor, I Block
Dhirubhai Ambani Knowledge City(DAKC),
Thane-Belapur Road, Koparkhairane,
Navi Mumbai

19. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, 4th floor
Andehri (East), Mumbai-400 052.

20. Gujarat Urja Vikas Nigam Ltd.,
Sardar Patel Vidyut Bhawan,
Race Course Road, Vadodara-390 007.

21. Electricity Department, Government of Goa,
Vidyut Bhawan, Panaji,
Near Mandvi Hotel, Goa-403 001.

22. Electricity Department,
Administration of Daman and Diu,
Daman-396 210.

23. Electricity Department,
Administration of Dadra Nagar Haveli,
U.T., Silvassa-396 230.

24. Chhattisgarh State Electricity Board,
P.O. Sunder Nagar, Dangania, Raipur
Chhattisgarh-492 013.

25. Sasan Power Ltd,
1st Floor, I Block
Dhirubhai Ambani Knowledge City(DAKC),
Thane-Belapur Road, Koparkhairane,
Navi Mumbai

.....**Respondents**

For petitioner : Shri M.M. Mondal, PGCIL
Shri S.K. Venkatesan, PGCIL
Shri Rakesh Prasad, PGCIL
Mrs. Sangeeta Edwards, PGCIL

For respondents : None

ORDER

In the instant petition the petitioner, Power Grid Corporation of India Limited (PGCIL) has sought approval of transmission tariff for 400 kV, 63 MVAR Bus Reactor in Indore Sub-station under Sasan UMPP TS in Western Region from the date of commercial operation to 31.3.2019 as per the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "2014 Tariff Regulations"). The petitioner has also prayed for allowing 90% of the Annual Fixed Charges as per Regulation 7(7) of the 2014 Tariff Regulations.

2. The petition was heard on 13.11.2014 for considering the petitioner's prayer for Annual Fixed Cost as per Regulation 7(7) of the 2014 Tariff Regulations. During the hearing, representative of the petitioner submitted that as per the Investment Approval (IA) dated 10.12.2008, the scheduled completion date is within 48 months from the date of IA, i.e. 1.1.2013, against which the subject asset was commissioned and put under commercial operation on 1.4.2014 with a time over-run of 15 months. The time over-run was mainly on account of land acquisition. Letter of Award (LOA) was placed only after 15 months of IA due to land acquisition problems at Indore Sub-station and action for procurement of the reactor package was initiated in March, 2010 after getting land for

Indore Sub-station in February, 2010, in order to avoid uncertainty. The representative of the petitioner submitted that the reasons for time over-run have already submitted in the petition. The Reactor package is funded by World Bank and the award for Reactor could be made only on 31.1.2012 after getting necessary approval from the World Bank. He submitted that the reasons for time over-run are beyond its control and therefore requested to condone the time over-run. He also submitted that there is no cost over-run. He further requested to grant AFC as provided under Regulation 7(7) of the 2014 Tariff Regulations. In response to a query of the Commission, regarding the date of booking of IDC and IEDC, the representative of petitioner clarified that IDC and IEDC has been booked from the date of award of packages.

3. Regulation 7 of the 2014 Tariff Regulations specifies 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.

4. 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. Further, Regulation 7(2) of the 2014 Tariff Regulations requires that the application for tariff has been 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 the 2014 Tariff Regulations.

5. 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.

6. We have considered the submissions made by the petitioner. There is time over-run of 15 months in the instant case. The issue of time over-run will be considered at the time of final hearing. The tariff for the instant asset is allowed for inclusion in PoC charges only for the years 2014-15 and 2015-16 under Regulation 7 (7) (i) of the 2014 Tariff Regulations in this order.

7. Annual transmission charges claimed by the petitioner:-

(₹ in lakh)

Assets	2014-15	2015--16	2016-17	2017-18	2018-19
400 kV, 63 MVAR Bus Reactor at Indore Sub-station	119.43	133.93	138.71	140.47	142.3

8. Annual transmission charges allowed is as follows:-

(₹ in lakh)

Assets	2014-15	2015-16
400 kV, 63 MVAR Bus Reactor at Indore Sub-station	95.54	107.14

9. The tariff allowed in this order shall be applicable from the date of commercial operation (DOCO) of the transmission 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. The transmission charges allowed in this order shall be subject to adjustment as per Regulation 7(7) of the 2014 Tariff Regulations.

10. The petitioner is directed to submit the following information on affidavit before 31.12.2014 with a copy to all the respondents:-

- Confirm the date from which IDC and IEDC are claimed and the amount claimed;
- Status of standing committee and RPC approval as the asset has not been

included in the investment approval;

- c) Computation of interest during construction from the date of infusion of debt fund up to scheduled date of commercial operation and from scheduled date of commercial operation to actual date of commercial operation separately as per 2014 Tariff Regulations;
- d) Details of incidental expenditure for the corresponding period of delay (i.e. from scheduled date of commercial operation to actual date of commercial operation) along with liquidated damages recovered or recoverable; and
- e) Supporting documents in respect of interest rate and repayment schedule for IBRD-V loan along with proof of exchange rate.

sd/-

(A.S. Bakshi)
Member

sd/-

(A. K. Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson