CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Review Petition No. 40/RP/2017
in Petition No. 235/TT/2016

Coram:

Shri P.K. Pujari, Chairperson
Dr. M.K. Iyer, Member

Date of Order : 06.11.2018

In the matter of:

And in the matter of:
Power Grid Corporation of India Limited
“Soudamini”, Plot No. 2, Sector 29
Gurgaon -122001

Vs

1. Karnataka Power Transmission Corporation Limited, (KPTCL), Kaveri Bhawan,
Bangalore-560 009

2. Transmission Corporation of Andhra Pradesh Limited, (APTRANSCO), Vidyut Soudha,
Hyderabad-500 082

3. Kerala State Electricity Board (KSEB), Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram-695 004

4. Tamil Nadu Electricity Board, NPKRR Maaligai, 800, Anna Salai,
Chennai-600 002

5. Electricity Department, Government of Goa, Vidyuti Bhawan, Panaji,
Goa-403001

.... Review Petitioner
6. Electricity Department,
   Government of Pondicherry,
   Pondicherry-605 001

7. Eastern Power Distribution Company of Andhra Pradesh Limited,
   (APEPDCL), APEPDCL, P&T Colony,
   Seethammadhara, Vishakhapatnam,
   Andhra Pradesh.

8. Southern Power Distribution Company of Andhra Pradesh Limited,
   (APSPDCL), Srinivasasa Kalyana Mandapam Backside,
   Tiruchanloor Road, Kesavayana Gunta,
   Tirupati-517 501, Chittoor District,
   Andhra Pradesh.

9. Central Power Distribution Company of Andhra Pradesh Limited,
   (APCPDCL), Corporate Office, Mint Compound,
   Hyderabad-500 063,
   Andhra Pradesh.

10. Northern Power Distribution Company of Andhra Pradesh Limited,
    (APNPDCL), Opp. NIT Petrol Pump,
     Chaitanyakuri, Kzipet,
     Warangal-506 004,
     Andhra Pradesh

11. Bangalore Electricity Supply Company Limited,
    (BESCOM), Corporate Office, K. R. Circle,
    Bangalore-560 001, Karnataka

12. Gulbarga Electricity Supply Company Limited,
    (GESCOM), Station Main Road,
    Gulbarga, Karnataka

13. Hubli Electricity Supply Company Limited,
    (HESCOM), Navanagar, PB Road,
    Hubli, Karnataka

14. MESCOM Corporate Office,
    Paradigm Plaza, AB Shetty Circle,
    Mangalore-575 001, Karnataka

15. Chamundeswari Electricity Supply Corporation Limited,
    (CESC), # 927, L J Avenue, Ground Floor,
    New Kantharaj Urs Road,
    Saraswathipuram, Mysore-570009, Karnataka
16. Coastal Energex Private Limited,
   5th Floor, Buhari Towers, No. 4, Moores Road,
   Chennai-600 006, Tamil Nadu

17. Ind-Bharath Power (Madras) Limited,
    Plot No. 30-A, Road No. 1,
    Film Nagar, Jubilee Hills,
    Hyderabad-500 033, Andhra Pradesh

18. Transmission Corporation of Telangana Limited,
    Vidhyut Sudha, Khairatabad,
    Hyderabad-500 082

......Respondents

For petitioner :  Shri Sitesh Mukherjee, Advocate, PGCIL
                 Shri Deep Rao, Advocate, PGCIL
                 Shri S.S. Raju, PGCIL
                 Shri Aryaman Sexana, PGCIL
                 Shri V.P. Rustagi, PGCIL
                 Shri A. Chaoudhary, PGCIL
                 Shri Rakesh Prasad, PGCIL
                 Shri B.Dash, PGCIL
                 Shri Anil Kumar Meena, CTU/PGCIL

For respondents : Shri S. Vallinayagam, Advocate, TANGEDCO
                  Shri Ambuj Dixit, Advocate, Ind-Barath Power (Madras) Ltd.
                  Shri Nishant Kumar, Advocate, Ind-Barath

ORDER


2. As the order in the Petition could not be passed prior to two Members of the Commission who heard the matter, demitting office, the Petition was listed for hearing on 16.10.2018. During the hearing, the parties submitted that since the Commission had already heard the matter, no further arguments were required and order may be passed based on the submissions of the parties and the documents available on record. Accordingly, we issue the instant order.
**Background of the case**

3. The Commission vide its order dated 19.9.2017 in Petition No. 235/TT/2016 approved transmission charges for “Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV) along with Bay extensions at Salem Pooling Station and Tuticorin Pooling Station and 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV) (hereinafter referred to as “transmission assets”) under “Transmission System associated with Common System Associated with Coastal Energen Private Limited and Ind-Bharat Power (Madras) Limited LTOA Generation Projects in Tuticorin Area-Part-B” in Southern Region from the date of commercial operation to 31.3.2019 based on the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”).

4. The Review Petitioner is aggrieved by the impugned order dated 19.9.2017 as the Commission restricted the capital cost of the 765 kV D/C transmission assets to ₹64027 lakh against the petitioner’s claim of ₹174765 lakh as the 765 kV line was charged at 400 kV level and observed that the capital cost allowed will be reviewed at the time of truing-up.

5. The Review Petitioner has made the following prayers in the Review Petition:-

   a) Allow the present Review Petition as submitted above;

   b) Modify the order under review in terms of the submissions made in this Review Petition;

   c) Allow the entire Capital Cost claimed by the Review Petitioner in Petition No. 235/TT/2016 and appropriately revise the amounts allowed in respect of the tariff parameters related to Capital Cost; and

   d) Pass such further order(s) or direction(s) as this Hon’ble Commission may deem fit and proper in the facts and circumstances of the case.”
6. The Review Petitioner has submitted the following grounds for review of order dated 19.9.2017:

a. The instant transmission assets were planned for evacuation of power of Coastal Energen Pvt. Ltd. and Ind-Bharath Power (Madras) Limited (IBPML), and other existing and under construction generation projects like Tuticorin, Tuticorin JV, Kudankulam APP, expansion at Kudankulam APP and potential wind generation.

b. The Commission has erred in computation of tariff by linking it to the indicative cost submitted by the CTU for the purpose of computation of PoC charges contrary to the intent of the 2014 Tariff Regulations. The 2014 Tariff Regulations do not provide for linking of the indicative cost of the CTU for determination of the transmission tariff.

c. Commission has adopted an erroneous approach in working out reduction of the transmission tariff to the extent of utilization of the transmission assets for the instant assets to 400 kV voltage level instead of 765 kV is contrary to the scheme of 2014 Tariff Regulations. The Commission in its order dated 31.5.2010 in Petition No.233/2009 approved phased charging of the instant assets. However, this fact was ignored by the Commission while issuing the impugned order and the same is an error apparent which needs to be rectified.

d. Capital cost of ₹68867.03 lakh was approved in the impugned order instead of ₹174765.03 lakh and it has resulted in under recovery of tariff. The
restriction of capital cost has led to reduction of capital cost by ₹110700 lakh which is almost 60% of the estimated completion cost of the instant assets.

e. Postponing the review of the capital cost to the end of tariff period of truing up would involve carrying cost which is against the consumer interest. Financial unviability and huge carrying cost can be avoided by an appropriate review of the order dated 19.9.2017.

f. The capital cost of ₹172 lakh/km considered for computing the capital cost does not take into account the IDC, IEDC, RoW cost, tree and crop compensation, land acquisition, etc, which are inextricably linked to the capital cost of the assets. Determination of tariff without these elements by relying on the indicative cost has gravely prejudiced the Review Petitioner and it is contrary to the 2014 Tariff Regulations.

g. The Commission has erred by not conducting the prudence check for determination of capital cost of the transmission assets in terms of Regulation 9 (1) of the 2014 Tariff Regulations.

h. The Review Petitioner was not granted an opportunity to submit the explanation for the cost variation between the FR cost and the estimated completion cost. Though the estimated completion cost is more than the FR, it is within the revised apportioned cost given in the RCE dated 7.3.2017. It appears that the Commission was not satisfied with the explanation furnished by the Review Petitioner for the cost variation and hence the capital cost claimed by the Review Petitioner was not allowed and the Review Petitioner was directed to submit the basis of arriving at the cost
estimates and the efforts made for achieving cost efficiencies. The Review Petitioner should have been given the opportunity to furnish information pertaining to the cost variation and summarily rejecting the Review Petitioner’s claim has prejudiced its rights.

i. The estimates are prepared following robust and time tested system of preparing cost estimates before obtaining the Investment Approval and it follows the best industry practices and due diligence including justification of bid prices before placing the awards cost. However, due to technical reasons and unavoidable situations the cost has gone up. The detailed reasons for cost variation is presented to the Board of Directors and recorded in the RCE.

j. As the RCE of the project was varying by more than 20% of the approved cost, the RCE was examined by the Committee of Executive Directors. After detailed deliberation of various aspects of cost and time over-run, the Committee concluded that the increase was mainly due to increase in the land and compensation, price variation, variation in quantities of approved, increase in IDC, etc. The Committee observed that the time over-run and increase in cost are beyond the control of the Review Petitioner and recommended the cost of ₹269272 lakh including an IDC of ₹36927 lakh for further consideration of the CoIP and Board of Directors. The CoIP after the head wise variation in the cost of the project approved the cost of ₹270265 lakh including IDC of ₹37891 lakh in its meeting held on 9.2.2017. After deliberations, the Board approved the above proposal.
k. Prudent and time tested methods were adopted to ensure cost estimates in fair and equitable manner in accordance with the best available practice in the industry. Concerted efforts were made to ensure timely completion of the project and minimize the time over-run thereby reducing the overall cost of the project. However, in certain cases, despite best efforts there is variation in cost and time over-run and it is beyond the Review Petitioner.

l. That the impugned order is in contravention of the express provisions and the underlying philosophy of the 2014 Tariff Regulations by linking the computation of transmission tariff to the extent of utilization of the transmission assets at a particular voltage level, even though the costs incurred in establishing the Transmission Assets remain unchanged.

m. That the indicative cost considered for the purpose of POC charges does not takes into account the various cost components of the capital cost such as FERV, compensation, IDC and IEDC.

7. The Review Petition was admitted vide order dated 23.10.2017 and notice of the same was served on the respondents. The Commission in IA No. 71/IA/2017 vide its order dated 23.10.2017, directed that the impugned order shall not be given effect to and the Review Petitioner shall be entitled to charge tariff as per the order dated 27.12.2016 till further order and disposed of the said IA.

8. In response, TANGEDCO, Respondent No. 4 filed its reply to the Review Petition. However, on behalf of Ind-Barath Power (Madras) Limited, Respondent No.17 subsequent facts were placed on record by way of affidavit dated 29.6.2018.
9. TANGEDCO, vide its reply affidavit dated 23.4.2018, has made the following submissions:

(a) Filed Appeal No. 56 of 2018 against the impugned order before the Hon'ble Appellate Tribunal on the issue of sharing of the transmission charges and the same is pending adjudication.

(b) The transmission systems for evacuation of power from Tuticorin TPS owned by TANGEDCO, Tuticorin JV (1000 MW) by NTPL, Kudankulam (2000 MW) were designed and implemented well ahead of the instant transmission system which are exclusively meant to evacuate power from the IPPs. Linking the instant assets with the existing power evacuation schemes is improper. The CTU had never discussed the reasons for development of the transmission corridor necessitated on account of the IPPs. The Review Petitioner has never disclosed such requirement for 765 kV corridor before the Commission during the course of the proceedings in Petition No. 233 of 2009.

(c) The instant asset alongwith other assets covered under the common transmission system associated with the two IPPs in Tuticorin area are not serving the intended purpose and are redundant in the circumstances of exit of 50% of LTA by one generator and abandonment of the project by another generator. The investment made solely for the purpose of evacuation of power from the two private generators shall have to be recovered only from them and it is illegal to pass on their burden to the end consumers. This is against the provisions of Tariff Regulations, Sharing Regulations as well as Connectivity and Open Access Regulations of the Commission.
(d) It was for the Review Petitioner to apprise its Board of Directors about the status of the generators and action required to be taken against the defaulting LTOA customers (IPP) in the process of obtaining RCE. As the cost and time over-run are not attributable to the DICs, they should not be passed on to the end consumers.

10. TANGEDCO further filed its counter, vide affidavit dated 29.6.2018, wherein the following submissions were made:-

a) The transmission corridor was mainly envisaged for the requirements of LTA of the IPPs of the region i.e. CEPL and IBPL of 2000 MW, out of which TANGEDCO’s share is 558 MW from CEPL.

b) The 765 kV corridor from Tuticorin-Salem, Salem-Madhugiri was planned to evacuate bulk power from the IPP pool to the Northern and Western Region.

c) TANGEDCO’s requirement of 558 MW is being evacuated by connecting the dedicated line from CEPL to the Tuticorin JV-Madurai 400 kV D/C line by making LILO.

d) At the instance of TANGEDCO, the Review Petitioner deferred the implementation of the 765 kV corridor, instead erected the 765 kV lines with 400 kV bays and associated control circuits for terminating the 765 kV lines, thus restricting the power transfer capacity of the corridor to 400 kV level.

e) CEPL did not firm up the beneficiaries for the balance LTA quantum of 542 MW. The project of IBPL was shelved and never took off, resulting
in creation of huge redundant transmission capacity due to the lack of co-ordinated implementation by the Review Petitioner.

f) TANGEDCO prayed for fixing the responsibility on the defaulting IPPs as per the provisions in the BPTA executed between the two IPPs and the CTU and also as per the provisions under Regulation (27) of the 2009 Connectivity Regulation and clause (5) of Regulation 8 of the 2010 Sharing Regulations.

g) There was a transmission system exclusively designed by the Review Petitioner to evacuate the power from Kudankulam and Tuticorin-JV power plants with adequate capacity margin to cater the needs in future of any expansion projects. Regarding power evacuation from TTPS (1050 MW), the transmission system of the State has been in existence for the past 30 years without any constraint.

h) The Commission has nowhere in the order dated 31.5.2010 in Petition No. 233/2009 has stated that the capital cost for a 765 kV line downgraded to 400 kV line can be claimed at the capital cost of 765 kV line.

i) The issue of sharing of transmission charges and mitigation of risk due to the non-committed IPP developers was deliberated in the special meeting of the SRPC held at Mamallapuram on 25.11.2010 wherein ED, PGCIL clarified that the states were not asked to pay the transmission charges and the responsibility rested with the IPPs to bear the transmission charges till the firm beneficiaries were identified.
j) As regards upgradation of the 765 kV Tuticorin-Salem-Madhugiri Transmission corridor presently charged at 400 kV it was ultimately decided that proposed upgradation was not required in view of the 42nd Standing Committee meeting held at Ernakulam on 27.4.2018 and subsequent joint study done on 10.5.2018 and 11.5.2018.

11. Ind-Barath Power (Madras) Limited (IBPML), Respondent No.17, vide affidavit dated 29.6.2018, has submitted that no court proceedings can be initiated against IBPML, as an order of moratorium is in effect against it, which in effect bars any kind of proceeding against it as provided under Section 14 of the Insolvency & Bankruptcy Code, 2016 (“Code”). In support of its submission, learned counsel for IBPML has relied on the cases of Power Grid Corporation of India Ltd. v. Jyoti Structures Ltd., reported in 2017 SCC Del. 12189 and Alchemist Asset Reconstruction Co. Ltd. v. M/s. Hotel Gaudavan Pvt. Ltd. & Ors. reported in AIR 2017 SC 5124. Learned counsel for IBPML contended that in Canara Bank v. Deccan Chronicle Holdings Ltd. being Company Appeal (AT) (Insolvency) No. 147 of 2017, the Hon’ble NCLAT has held that only proceedings before the Hon’ble Supreme Court of India and High Courts can go on during the operation of moratorium period, insofar as the same relate to Articles 32, 136 and 226 of the Constitution of India.

12. In response, the Review Petitioner, vide its submissions dated 13.7.2018, has submitted that instant proceeding is not covered by the moratorium as it is not a debt recovery proceeding and no assets of IBPML are likely to get dissipated by the outcome of the present proceedings. The present Review Petition does not fall within the ambit of Section 14(1)(a) of the Code as the Hon’ble Delhi High Court in
the case of Powergrid Corporation of India Limited v. Jyoti Structures Limited, 2018 II AD (Delhi) 569 dated 11.12.2017 has observed that ‘proceedings’ as is mentioned in Section 14(1) (a) of the Code is not proceeded by the word ‘all’ to include the moratorium provisions would apply to all the proceedings against the corporate debtor. Interpretation of Section 14 of the Code would not apply to the case at hand and IBPML’s contentions on this count are untenable.

13. The matter was heard on 3.7.2018. During the hearing, the learned counsel for IBPML submitted that in view of the moratorium declared by National Company Law Tribunal no proceedings can be initiated against it as provided under Section 14 of the Code. Leaned counsel for TANGEDCO submitted that Appeal No. 56/2018 has been filed before the Appellate Tribunal for Electricity against the impugned order in Petition No. 235/TT/2016.

**Analysis and Decision**

14. IBPML has raised a preliminary objection that no proceedings can be initiated against it, as provided in Section 14 of the Code, in view of the order dated 14.8.2017 of National Company Law Tribunal declaring moratorium. The Review Petitioner has submitted that the present proceedings are regarding the determination of tariff of Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line (initially charged at 400 kV) alongwith Bay extensions at Salem Pooling Station and Tuticorin Pooling Station and 80 MVAR Line Reactors at each end of both circuits of Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line and not against IBMPL. Further, the moratorium granted to IBMPL by Company Law Tribunal is with regard to the proceeding for recovery from IBMPL. We have considered the issue. The present proceedings are with regard to determination of transmission
tariff of the transmission assets and IBMPL is one of the several beneficiaries of said assets. Therefore, the present proceedings cannot be deferred simply because IBMPL is one of the beneficiaries of the transmission assets whose tariff is being determined. It is, however, clarified that the petitioner while raising the bills for transmission tariff against IBMPL shall keep the provisions of Section 14 of the IBC in view and may approach the NCLT for appropriate directions for recovery of the transmission tariff from IBMPL.

15. One of the grounds in the review petition is that the Review Petitioner was not given an opportunity to furnish the information pertaining to reasons for cost variation. In our view, the contention is not correct. The Commission in “Record of Proceedings” dated 7.2.2017 observed that the completion cost is 3.35 times of the original estimate and directed the petitioner to justify the huge difference separately due to time over-run and due to other reasons. In response, the Review Petitioner, vide affidavit dated 10.3.2017 submitted as under:-

“With regard to above query, it is submitted that the transmission scheme was scheduled to be commissioned in 36 months from the date of investment approval. The date of Investment Approval is 19.9.2011. Hence, the commissioning schedule comes to 19.9.2014 against which the subject asset is commissioned and put under commercial operation w.e.f. 13.11.2016. Hence there is a time over-run of about 26 months in commissioning of the subject asset.

The Petitioner faced ROW issues in construction of line since beginning i.e. February, 2012, immediately after survey was completed and route was finalized. The works of line construction would not be taken up due to compensation demand beyond the provision of the relevant Acts from the land owners. Severe RoW issues were faced at several other locations which lead to the delay in commissioning of the line.

The cost of the assets also increases due to inflationary trends prevalent during the execution of project, which subsequently increases the IDC & FERV for the assets....."

The above submission of the Review Petitioner was not supported by documentary evidence despite a categorical direction to give justification for the cost variation.
Since, the Review Petitioner did not submit the complete information despite being given opportunity, the review on this ground is not made out.

16. The next contention of the Review Petitioner is that the capital cost of the instant assets was erroneously restricted to the cost submitted by the CTU for the purpose of computation of PoC charges which do not taken into account the IDC, IEDC and ROW cost and other expenditure. The Commission in the impugned order had made the following observations:

“26. It is further observed that the 765 kV Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line is charged at the 400 kV level. Therefore, the utilization of the 765 kV transmission system is being restricted to the level of 400 kV level. The respondents have objected to the recovery of entire transmission charges by charging the 765 kV line at 400 kV level. We are of the view that it would be unreasonable to recover the entire cost with sub-optimal utilization of the instant transmission asset. Therefore, till the 765 kV D/C Tuticorin Pooling Station-Salem Pooling Station 765 kV D/C line is charged at 400 kV voltage level, its utilization and benefit received by the beneficiaries is to the tune of 400 kV level and therefore, the capital cost is restricted to the extent of 400 kV level so that the tariff charged is commensurate with its usage. Therefore, at present, we restrict the capital cost of the transmission lines to the extent of ₹172 lakh/km on provisional basis as submitted by Central Transmission Utility for the purpose of POC tariff. However, the capital cost allowed is subject to review at the time of truing-up. The petitioner is directed to ensure the utilization of the instant asset to the full capacity. Accordingly, the capital cost allowed for the purpose of tariff in this order is as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Capital Cost (₹ in lakh)</th>
<th>Per unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-station (4 bays)</td>
<td>4840.03</td>
<td>₹1210 lakh per bay</td>
</tr>
<tr>
<td>Transmission lines (372.25 km)</td>
<td>64027.00</td>
<td>₹172 lakh per km</td>
</tr>
<tr>
<td>Total</td>
<td>68867.03</td>
<td></td>
</tr>
</tbody>
</table>

17. The main reason for restricting the cost to 400 kV level is that the Tuticorin Pooling Station-Salem Pooling Station 765 kV DC line is charged at 400 kV level, its utilization and benefits received by the beneficiaries are at 400 kV level. However, this observation of the Commission lost sight of the decision taken at the stage of planning of the transmission line and subsequent regulatory approval by the Commission that charging of the 765 kV line and its commissioning would be phased
out keeping in view the progress of the generating unit. The relevant portion of the order dated 31.5.2010 in Petition No.233/2009 is extracted hereunder:

“23. From the material placed on record, we find that both the IPPs in this region have signed the BPTA and submitted the Bank Guarantee. Both projects have achieved their major milestones except the clearance from Ministry of Environment and Forest in respect of Ind-Barath Power Ltd (LTA 900 MW). Coastal Energen (LTA 1100 MW) is likely to materialize with good degree of certainty and supply of plant and machinery is expected from June, 2010. Hence, the corridor is urgently needed for evacuation of power. We endorse the suggestion of CTU that the corridor should be taken up for implementation; however, charging of line at 765 kV and commissioning of the elements shall be phased out keeping in view the progress of generating units.”

18. In the present case, the transmission line was conceived to evacuate the power from two IPPs, namely, Coastal Energen and Ind-Barath. Since Ind-Barath has abandoned the project, the Review Petitioner has charged the transmission line at 400 kV level and is stated to be exploring the possibility of alternative arrangements for the utilisation of the line. Since the Review Petitioner was required to charge the 765 kV line and its commissioning in a phased manner keeping in view the progress of the generating unit, the Review Petitioner has charged the line at 400 kV level since one of the generating has not come as earlier planned. In our view restricting the capital cost to 400 kV transmission line on the ground of non-utilization despite the clear cut direction in the order dated 31.5.2010 that the charging of the line should be made matching with the progress of the generating unit is an error apparent on the face of record. We allow the petition on this ground.

19. The third contention of the Review Petitioner is that the Commission has erroneously restricted the capital cost of the 765 kV D/C transmission line to the 400 kV level, the Commission has restricted the cost of the instant 765 kV D/C transmission line to the cost of 400 kV D/C transmission line as it was observed that the 765 kV line is not being utilized to its full capacity. Since the Review petitioner
has charged the instant transmission line at 400 kV level, the indicative cost of 400 kV D/C transmission line was considered in the impugned order on provisional basis. The capital cost allowed was to be reviewed at the stage of truing up. The Review Petitioner has submitted that restricting the cost of the instant assets to the indicative cost and to their utilization is contrary to the scheme of 2014 Tariff Regulations and has resulted in under recovery of tariff. We have considered the submissions of the Review Petitioner. The Review Petitioner made investments in the instant transmission lines in anticipation of serving the investment through the recovery of tariff. We are of the view that the Review Petitioner is entitled to recover the investment in the instant assets in the form of transmission charges. Further, deferring the final determination of the capital cost till the truing-up stage would cause financial hardships to the Review Petitioner in the form of cash flow problem and at the same time, would impose additional cost on the beneficiaries in the form of carrying cost. We are of the view that determination of actual admissible capital cost should not be deferred any further in the interest of both the Review Petitioner and the beneficiaries. Accordingly, we allow the Review Petition limited to the issue of deferment of the final determination of the capital cost till the stage of truing-up and decide that the Review Petitioner may approach the Commission through a fresh petition with all relevant details within a period of one month.

20. The Review Petitioner is directed to file a fresh petition submitting the following information:

(a) The basis of arriving at the cost estimates along with the background computation and the detailed reasons for cost increase.

(b) The efforts made to achieve the cost efficiency.
(c) The details of the reasons recorded by its Board of Directors while approving the RCE.

21. The capital cost of 765 kV D/C Tuticorin Pooling Station-Salem Pooling Station transmission line shall be revised based on the submission of the relevant information and documents as stated above which shall be subject to the outcome of the Appeal No. 56 of 2018 filed by TANGEDCO before the Hon’ble Appellate Tribunal for Electricity.

22. Review Petition No. 40/RP/2017 is disposed of in terms of the above discussions.

sd/-  sd/-

(Dr. M.K. Iyer) (P.K. Pujari)
Member Chairperson