

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 145/TT/2018

alongwith

IA No. 89/IA/2018

Coram:

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

Date of Order : 14th of March, 2019

In the matter of:

Approval of transmission tariff from COD to 31.3.2019 for 400 kV D/C Mahan-Sipat line alongwith associated bays at Mahan and Sipat and 2x50 MVAR line reactors at Sipat pooling Sub-station, 2x50 MVAR line reactors at Mahan pooling Sub-station and 1x80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay 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:

Essar Power Transmission Co. Ltd.
Essar House,
11th Floor, K. K. Marg,
Opp. Racecourse,
Mahalaxmi, Mumbai-400034.

.....Petitioner

Vs

1. Essar Power M.P. Limited
Lower Ground Floor, Hotel Treebo Conclave Riviera,
A-20, Kailash Colony, Delhi-110 048
2. Central Transmission Utility (CTU)
“Saudamini”, Plot no. 2,
Sector-29, Gurgaon – 122001, Haryana



3. National Load Despatch Centre
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.
4. Western Regional Power Committee
F-3, MIDC Area, Marol,
Opp. SEEPZ, Central Road,
Andheri (East),
Mumbai-400093.
5. Essar Steel India Ltd.
27th KM on Surat-Hazira Raod
Hazira Distt.
Surat-394270.
6. Government of Madhya Pradesh
Energy Department,
Mantralaya, Vallabh Bhawan,
Bhopal-462004.

....Respondents

For petitioner : Shri Alok Shankar, Advocate, EPTCL
Shri Mohip Singh, Advocate, EPTCL
Ms. Shruti Verma, EPTCL

For respondents : Shri Ravi Sharma, Advocate, MPPMCL

ORDER

Essar Power Transmission Co. Ltd. (EPTCL) has filed the instant petition for determination of transmission tariff of 400 kV D/C Mahan-Sipat line alongwith associated bays at Mahan and Sipat and 2x50 MVAR line reactors at Sipat Pooling Sub-station, 2x50 MVAR line reactors at Mahan Pooling Sub-station and 1x80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay



(hereinafter referred to as “transmission assets”) for the period from the date of commercial operation (COD) to 31.3.2019 in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as "the 2014 Tariff Regulations”).

2. The petitioner filed the petition in May, 2018 claiming tariff of the instant assets on the basis of anticipated date of commercial operation of 30.6.2018. The petitioner has also prayed for grant of Annual Fixed Charges (AFC) for inclusion in PoC charges. The Commission observed that the petitioner’s claim for grant of tariff will be considered only after the actual COD of the instant assets and directed the petitioner to approach the Commission after the actual COD of the instant transmission assets.

3. The petitioner has filed an Interlocutory Application (IA) No. 89/IA/2018 stating that the instant transmission assets were put into commercial operation on 22.9.2018 and has filed the revised tariff forms and has requested to allow amendment of the petition filed earlier in May, 2018 by taking on record the revised tariff forms and the supporting documents.

Brief Facts

4. EPTCL was incorporated under Indian Companies Act, 1956 on 4.1.2006. EPTCL was granted transmission licence vide order dated 10.4.2008 in Petition No. 157/2007 to develop transmission system associated with Mahan Thermal Power Plant. The



scope of the assets covered in the transmission licence granted to the petitioner is as follows:-

A. Transmission Lines:

- (a) 400 kV (triple conductor) D/C transmission line from Mahan to Sipat Pooling Sub-station : Approximate line length 315 km
- (b) LILO of existing 400 kV S/C Vindhyaachal-Korba transmission line of POWERGRID at Mahan : Approximate line length 20 km
- (c) 400 kV (twin conductor) D/C transmission line from Gandhar (NTPC) Switch-yard to Hazira : Approximate line length 97 km

B. Sub-stations:

- (a) 3X500 MVA, 400/220 kV Sub-station at Hazira
- (b) 2X50 MVAR line reactors at Sipat pooling Sub-station
- (c) 2X50 MVAR line reactors at Mahan
- (d) 1X80 MVAR, 420 kV switchable bus reactor at Mahan TPS along with its associated 400 kV bay
- (e) 2 Nos. 400 kV line bays at Sipat Pooling station
- (f) 2 Nos. 400 kV line bays at Gandhar (NTPC) switchyard
- (g) 4 Nos. 400 kV line bays at Mahan TPS.

The said transmission licence was amended to change the configuration of the transmission line vide order dated 15.9.2009 on the request of the petitioner. The assets covered in the transmission licence were put into commercial operation by the petitioner in two stages. The details of the assets covered under Stage-I and Stage-II are given below:-



Stage-I

I	Transmission Lines	Length (in km)
1	400 kV D/C (twin conductor) transmission line from Gandhar (NTPC) switchyard to Hazira	104.60
2	LILO of 400 kV S/C Vindhyachal-Korba transmission line of POWERGRID at Mahan	22.40
II	400/220 kV GIS Sub-station at Hazira	No. of bays
1	500 MVA Transformers	3*
2	220 kV Bays at Hazira	2
3	400 kV bays (GIS) at Hazira and 400 kV Sub-station bays (AIS) Gandhar	7**

*(As per approval by the Commission, 3 transformers are to be set up; at present 2 transformers have been commissioned. Further, provision for 3rd transformer has been made)

** (2 bays at Gandhar are being developed by NTPC at 400 kV NTPC generation Switch yard)

Stage-II

I	Transmission Lines	Length (in km)
1	400 kV (Quad Moose Conductor) D/C transmission line from Mahan Thermal Power plant to Sipat Pooling Sub-station	336.70
II	Line Bays	Units (in No.)
1	400 kV line bays at Mahan and Sipat	6
III	Reactors	Units (in No.)
1	50 MVA line reactor at Sipat Pooling Sub-station	2
2	50 MVAR line reactors at Mahan TPP	2
3	80MVAR bus reactor at Mahan TPP	1

5. The assets covered under Stage-I put into commercial operation on 1.4.2013 and the petitioner claimed tariff for the Stage-I assets from the COD to 31.3.2014 in Petition No.173/TT/2013 and truing up of the same in Petition No.111/TT/2015. Both the petitions were disposed vide order dated 15.6.2016, granting tariff for the assets covered under Stage-I. The tariff allowed vide order dated 15.6.2016 was revised on a review petition filed by the petitioner, vide order dated 28.2.2018 in Petition No. 33/RP/2016. The petitioner has filed an appeal against the Commission's order before



the Hon'ble Appellate Tribunal for Electricity and it is pending for hearing. The assets covered under Stage-II were put into commercial operation on 22.9.2018 and the petitioner has claimed tariff for the assets under Stage-II in the instant petition.

6. The petitioner has filed I.A No. 89/IA/2018 on 24.10.2018 for taking on record the revised tariff forms as per the actual COD and supporting documents. The documents filed the petitioner are taken on record and I.A. No.89/IA/2018 is disposed of. The petitioner has also sought approval of AFC for Stage-II assets for the 2018-19 tariff period for inclusion in the PoC charges.

7. As per the LoA dated 15.7.2009, the instant assets were scheduled to be put into commercial operation on 14.7.2011. However, the instant assets were put into commercial operation on 22.9.2018. Thus, there is a time over-run of around 7 years and 2 months. It is further observed that there is cost over-run in case of the instant transmission assets.

8. As per proviso (i) of Regulation 7(7) of the 2014 Tariff Regulations, the Commission may grant tariff upto 90% of the AFC 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) of the 2014 Tariff Regulations provides that such an application shall be filed as per Annexure-I of these regulations.

9. The petitioner has made the applications 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.

10. After carrying out preliminary prudence check of the AFC claimed by the petitioner, the Commission has decided to allow tariff in terms of proviso (i) of Regulation 7(7) of the 2014 Tariff Regulations for the Stage-II assets for the period 22.9.2018 to 31.3.2019. The petitioner has claimed ₹41631.52 lakh as transmission charges for the year 2018-19 and taking into consideration the time and cost over-run, which will be considered in detail at the time of final order, we allow ₹33305.22 lakh as tariff for the year 2018-19.

11. The tariff allowed in this order shall be applicable from the actual COD, i.e.22.9.2018 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. Further, the transmission charges allowed in this order shall be subject to adjustment as per Regulation 7(7) of the 2014 Tariff Regulations.

12. The petitioner is directed to submit the following information on affidavit with an advance copy to the beneficiaries by 31.3.2019:-

(i) The copy of Board Resolution dated 12.10.2018 only mentions about the increase in project cost from ₹2269.36 crore to ₹2485 crore. Details like project/assets covered, completion schedule, break-up of project capital cost (original as well as revised) etc. are not given and hence furnish the appropriate details.

(ii) Statement showing apportioned and approved cost for each stage of the project.

(iii) Element wise break of project/asset cost in Form-5 and Form-5B.

(iv) Legible copy of Form-2, 12B, Audited Financial Statements.

(v) Tax rate applicable to the petitioner company (Corporate Tax Rate / MAT). If MAT is applicable, whether the company has paid any tax during 2017-18 or is expected to pay tax during 2018-19.

(vi) Auditor certificate in respect of capital cost claimed as on COD and reconciliation thereof with Gross Block as per Audited Financial Statement as on 31.3.2018. Further, the certificate should also contain the details of IEDC, IDC and FC and the details of initial spares (included, if any pertaining to transmission line and sub-station).

(vii) Auditor certified Form-4A and 4B clearly stating the position (gross block and corresponding un-discharged liabilities, IDC, FC etc.) as on COD i.e. 22.9.2018. Further, Form-4A is replica of 4B, which is normally not possible, hence explain.

(viii) The combined equity and debt as on COD as per Form-6 is ₹183774.74 lakh. However, the capital cost as on same date as per Form-10A is ₹198131.52 lakh. The variance needs to be reconciled.

(ix) A statement showing following details in respect of each loan:-
a) Date of drawl and amount of drawl



- b) Date of repayment and amount of repayment;
- c) Applicable rate of interest on date of drawl with chronological details of interest resets, if any.
- (x) As per Form-7, the total ACE during 2018-19 amounting to ₹14356.78 lakh pertains to undischarged IDC and contingent liability of entry tax. Submit the break-up of the two. Furnish reasons for claiming contingent liability as ACE.
- (xi) As per Form-7A, the projected ACE during 2018-19 is proposed to be funded by debt amounting to ₹13750.34 lakh and equity amounting to ₹606.44 lakh. However, no such addition of debt is shown in Form-9C. Clarify the same.
- (xii) Revised Form-10, showing status as on COD.
- (xiii) Revised Form-12, showing complete details therein.
- (xiv) Revised Form-12A, showing IEDC position till actual COD.
- (xv) Form-13.
- (xvi) Reconciliation of equity infused as on COD with audited Financial Statement for 2017-18.
- (xvii) The Management Certificate, at page no. 1377 of the amended petition, does not reflect position as on actual COD i.e. 22.9.2018. Accordingly, the same needs to be revised appropriately.
- (xviii) RLDC certificate for successful completion of trial operation of assets covered in the petition.
- (xix) CMD certificate in respect of commercial operation of assets covered in the petition.
- (xx) CEA certificate under Regulation 43 of CEA (measures related to safety & electric supply) Regulations, 2010 for the assets covered in the petition.
- (xxi) Colored SLD diagram for the instant assets.



13. The respondents are directed to file their reply by 31.3.2019 with an advance copy to the petitioner who shall file its rejoinder, if any by 15.4.2019. The parties shall comply with the above directions within the due date mentioned above and no extension of time shall be granted.

14. I.A. No.89/IA/2018 is disposed of. The next date hearing will be intimated in due course of time.

sd/
(Dr. M. K. Iyer)
Member

sd/
(P. K. Pujari)
Chairperson

