Petition No. 80/T&2020

Subject : Petition for truing up of transmission tariff of 2014-19 period and determination of transmission tariff of 2019-24 period for Combined Asset-A consisting of Two Nos. of Combined Elements under “Transmission System associated with RAPP 5&6” in Northern Region.

Date of Hearing : 9.6.2020

Coram : Shri P.K. Pujari, Chairperson
Shri I. S. Jha, Member
Shri Arun Goyal, Member

Petitioner : Power Grid Corporation of India Limited

Respondents : Rajasthan Rajya Vidyut Prasaran Nigam Limited 
& 16 Others

Parties present : Shri R.B. Sharma, Advocate, BRPL
Shri A.K. Verma, PGCIL
Shri B. Dash, PGCIL
Shri V.P. Rastogi, PGCIL

Record of Proceedings

The matter was heard through video conferencing.

2. The representative of the Petitioner submitted that the instant petition is filed for truing up of the tariff of the 2014-19 period and determination of tariff of the 2019-24 period for Combined Asset-A consisting of Combined Element 1: 400 kV D/C RAPP-Kankroli Transmission Line along with associated bays; 50 MVAR Bus Reactor along with associated bays at Kankroli Sub-station; 400 kV S/C RAPP-Kota line along with 80 MVAR Bus Reactor and Combined Element-2: (i) 400/220 kV 315 MVA ICT-II along with associated bays and 02 nos 220 kV line bays at Kankroli Sub-station; 400/220 kV, 315 MVA ICT-I along with associated bays and 02 nos 220 kV line bays at Kankroli Sub-station, (ii) 400/220 kV, 315 MVA ICT-I & ICT-II at Kota Sub-station and (iii) 400/220 kV 315 MVA ICT-III at Kankroli Sub-station along with associated bays at Kota and Kankroli Sub-stations respectively under “Transmission System associated with RAPP 5&6” in Northern Region. He submitted that the assets covered in the present petition were put into commercial operation on 1.4.2009. He submitted
that final tariff of the aforesaid assets for the 2014-19 tariff period was determined vide order dated 23.2.2016 in Petition No. 557/TT/2014.

3. The representative of the Petitioner submitted that the capital cost as allowed by the Commission vide order dated 23.2.2016 in Petition No. 557/TT/2014 as on 31.3.2014 was ₹61236.43 lakh and add-cap of ₹80.65 lakh was allowed during the 2014-19 tariff period. He further submitted that the capital cost claimed in the present petition as on 31.3.2014 is ₹61236.43 lakh and the add-cap claimed is ₹(minus) 483.07 lakh i.e. decapitalization for Combined Element-1 and ₹75.80 lakh for Combined Element-2. He submitted that there is no change in the capital cost claimed as on 31.3.2014 as allowed in order dated 23.2.2016 in Petition No. 557/TT/2014. He submitted that 50 MVAR Bus Reactor, covered under Combined Element-1, was originally installed at Kankroli Sub-station and it was shifted from there and installed as Line Reactor at Kanpur end under NRSS-XXX Project. As per the Commission’s directions vide order dated 8.4.2019 in Petition No. 125/TT/2018, the said 50 MVAR Bus Reactor was decapitalized from the Kankroli Sub-station under Project RAPP 5 & 6 in Northern Region on 28.9.2017 and has been capitalized in NRSS-XXX Project. He submitted that Petition No. 128/TT/2020 has been filed by the Petitioner for truing up of the transmission tariff for the 2014-19 period in respect of the assets covered under NRSS-XXX wherein the said 50 MVAR Bus Reactor has been recapitalized as on 28.9.2017. He further submitted that the rejoinder to the reply of BRPL has been filed vide affidavit dated 19.3.2020 and that the information sought by the Commission through TV letter has also been submitted by them. He prayed that the tariff as claimed may be allowed.

4. The learned counsel for BRPL submitted that reply to the instant petition has been filed vide affidavits dated 12.3.2020 and 8.6.2020. He submitted that the Bus Reactor at Kankroli was not used from the date when the removal work of the Bus Reactor at Kankroli commenced and as such the cost of the existing asset is required to be removed from the date it is not in use in terms of provisions of Regulation 9(6)(a) of the 2014 Tariff Regulations. He submitted that 50 MVAR Bus Reactor at Kankroli should be decapitalized with effect from the date of commencement of the removal work of the Bus Reactor at Kankroli and the Petitioner should be directed to furnish the complete details of the said Bus Reactor for commencement of the work at Kankroli with its decapitalization. He also submitted that additional capitalization claimed under Regulation 14(3)(v) of the 2014 Tariff Regulations is required to be substantiated by documents. He submitted that the Petitioner is required to clarify whether Optical Ground Wire (OPGW) is used as earth wire in the instant assets.

5. He submitted that the Petitioner has submitted in Form 3 at Page No. 87 of the petition that the effective tax rate is ‘nil’ for the 2014-19 period which is contrary to the averments made in the petition that the tax rate considered for the period 2014-15 and 2015-16 is based on assessment orders issued by Income Tax Authorities for the purpose of grossing up of RoE, the effective tax rate for the period 2016-17 and 2017-18 is based on Income Tax Returns filed and for the period 2018-19 pending filing the
Income Tax Returns, the effective tax is calculated on MAT. He submitted that the core transmission business for the period 2014-19 shows that the Petitioner has made huge over-recovery through the grossed up rate of RoE and the same is required to be refunded to the beneficiaries. He submitted that the RoE should not be grossed up in view of the contradiction in Form 3 and averments made in the petition regarding the effective Tax rate. He submitted that the details related to the deferred tax liability is required to be shared by the Petitioner to verify the claim for the 2014-19 period in respect of the transmission assets that are in operation.

6. In response, the representative of the Petitioner submitted that the details of the effective tax rate for the period 2014-19 are given under para 5.3 of the instant petition and that the income from all the streams of business was taxable at MAT rate only. He, however, sought time to file rejoinder to the reply of BRPL dated 8.6.2020. He further submitted that the OPGW links are not used in case of the instant assets.

7. After hearing the parties, the Commission directed the Petitioner to file rejoinder to the reply of BRPL by 26.6.2020 with advance copy to the Respondents. The Commission further directed the Petitioner to file the following information on an affidavit with advance copy to the Respondents by 26.6.2020:

   a) Form-10B for Combined Element-1;

   b) Opening gross block for 2014-15 for Combined Element-2 in Form-10 is ₹18625.40 lakh whereas capital cost as on 31.3.2014 as per Auditor’s certificate is ₹18625.62. Submit reconciliation and justification for the same;

   c) In Combined Element-1, depreciation allowed for the 2009-14 tariff block vide order dated 23.2.2016 in Petition No. 557/TT/2014 is ₹10583.73 lakh whereas in Form-10A of Combined Element-1, depreciation upto 31.3.2014 is ₹11276.20 lakh. Clarify;

   d) In Combined Element-2, depreciation allowed for the 2009-14 tariff block vide order dated 23.2.2016 in Petition No. 557/TT/2014 is ₹4154.38 lakh whereas in Form-10A of Combined Element-2, depreciation upto 31.3.2014 is ₹4306.40 lakh. Clarify;

   e) Copy of Minutes of NRPC meeting for recommending the de-capitalization of 50 MVAR Bus Reactor from Kankroli Sub-station.

8. The Commission directed the Petitioner to file the information within the specified timeline and observed that no request for extension of time for submitting the information shall be entertained. In case no information is submitted by the Petitioner within the specified timeline, the matter shall be disposed of based on the information available on record.
9. Subject to above, the Commission reserved order in the matter.

By order of the Commission

sd/-
(V. Sreenivas)
Deputy Chief (Law)