

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 25/TT/2023

Subject	Petition for revision of truing up of transmission tariff for 2014-19 period and determination of transmission tariff for 2019-24 period for transmission asset under “Removal of Constraints in 400 kV bays extensions at 400 kV Vemagiri Sub-station” in Southern Region.
Date of Hearing	27.9.2023
Coram	Shri Jishnu Barua, Chairperson Shri Arun Goyal, Member Shri P. K. Singh, Member
Petitioner	Power Grid Corporation of India Limited
Respondents	Tamil Nadu Generation and Distribution Corporation Limited and 17 Others
Parties Present	Shri Zafrul Hasan, PGCIL Shri Mohd. Mohsin, PGCIL Shri S. Vallinayagam, Advocate, TANGEDCO Shri M. Sethuraman, TANGEDCO

Record of Proceedings

The present petition is filed by PGCIL for truing up of the transmission tariff of the 2014-19 period and determination of transmission tariff for the 2019-24 period for transmission assets under “Removal of Constraints in 400 kV bays extensions at 400 kV Vemagiri Sub-station” in Southern Region.

2. The representative of the Petitioner made the following submissions:
 - a. The COD of the transmission asset was on 29.3.2018.
 - b. The tariff for the transmission asset from its COD to 31.3.2019 was approved vide order dated 17.5.2021 in Petition No. 59/TT/2020.
 - c. The Commission in Petition No. 59/TT/2020 directed the Petitioner to de-capitalize the 2 nos. of 63 MVAR line reactors from its original project “Augmentation of the capacity of Gazuwaka HVDC back to back project (500 MW) Southern and Eastern Regions” and thereafter re-capitalize the reactors in the instant transmission project. The tariff for the reactors was



allowed vide order dated 11.4.2022 in Petition No. 115/TT/2020 up to the date of de-capitalization on 24.6.2017.

- d. The de-capitalized transmission assets have been re-capitalized in the instant project in line with the directions of the Commission in its order dated 17.5.2021 in Petition No. 59/TT/2020.
- e. The Commission in its true up order dated 17.5.2021 in Petition No. 59/TT/2020 for the 2014-19 tariff period, did not allow capitalization of Rs. 28.77 lakh towards shifting of reactors observing that the expenditure is in the nature of revenue and as such cannot be capitalized. The Petitioner has urged that shifting the cost of reactors is required to be allowed as it is part of work and needs to be capitalized.
- f. Capital cost of 2 nos. reactors shifted from Gazuwaka under the project "Augmentation of the capacity of Gazuwaka HVDC Back to Back project (500 MW) is capitalized in the subject Project w.e.f. 29.3.2018. The Petitioner has prayed for tariff of the reactors and their carrying cost for 278 days between the dates of de-capitalization and re-capitalization of reactors in the present petition.
- g. The Initial Spares have been re-calculated considering the capital cost of all the transmission assets as per APTEL's Judgment in Appeal No. 74 of 2017.
- h. Rejoinder to the reply received from TANGEDCO has been filed by the Petitioner.

3. Learned counsel for TANGEDCO submitted that against the Commission's order dated 17.5.2021 in Petition No. 59/TT/2020, whereby the Commission disallowed the cost of shifting the reactors, no Review Petition or Appeal was preferred by the Petitioner and as such the order of the Commission has attained finality. On the issue of Initial Spares, learned counsel submitted that contracts for each element of the Project were awarded to different agencies and executed in different time periods and therefore it is not appropriate to combine the Initial Spares exclusively permitted to be used as commissioning spares. He further submitted that the Petitioner should de-capitalize the un-used Initial spares after the COD of the transmission asset as a requirement of spares after COD is covered under O&M Charges. He added that Initial Spares may be restricted based on the capital cost of individual asset as restricted in the original order.

4. In response, the representative of the Petitioner submitted that the reactors are capitalized as new assets and as such their cost of shifting should also be considered as capital cost. He further submitted that the other issues raised by TANGEDCO in its reply have been addressed by the Petitioner in its rejoinder.

5. Learned counsel for TANGEDCO submitted that he may be given 2 days' time to make additional submissions, if need be, on the rejoinder of the Petitioner. The representative of the Petitioner also sought 2 days' time to make additional submissions on the submissions made by TANGEDCO.

6. The Commission allowed TANGEDCO to file its additional submissions by 12.10.2023 with an advance copy to the Petitioner and the Petitioner to file its counter



additional submissions by 17.10.2023. The Commission further directed the parties to adhere to the above timelines and observed that no extension of time will be granted.

7. Subject to the above, the Commission reserved the order in the matter.

By order of the Commission

sd/-

(V. Sreenivas)
Joint Chief (Law)

