

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

**Review Petition No. 2/RP/2023
in Petition No. 79/TT/2020**

Coram:

**Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P. K. Singh, Member**

Date of order: 23.08.2023

In the matter of:

Petition under section 94(1)(f) of the Electricity Act, 2003 read with Regulation 17 and 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 seeking review of the order dated 9.2.2021 in Petition No. 79/TT/2020.

And in the matter of:

Power Grid Corporation of India Limited,
"Saudamini", Plot No. 2,
Sector 29, Gurgaon-122001
Haryana

....Review Petitioner

Vs

1. Karnataka Power Transmission Corporation Limited,
Kaveri Bhavan,
Bangalore – 560 009
2. Transmission Corporation of Andhra Pradesh Limited,
Vidyut Soudha,
Hyderabad– 500082
3. Kerala State Electricity Board,
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695 004
4. Tamil Nadu Generation and Distribution Corporation Limited,
(Formerly Tamil Nadu Electricity Board-TNEB)
NPKRR Maaligai, 800, Anna Salai, Chennai-600 002.
5. Electricity Department,
Government of Pondicherry,
Pondicherry - 605001



6. Eastern Power Distribution Company of Andhra Pradesh Limited,
P&T Colony, Seethmmadhara,
Vishakhapatnam
7. Southern Power Distribution Company of Andhra Pradesh Limited,
Srinivasasa Kalyana Mandapam Backside,
Tiruchanoor Road, Kesavayana Gunta,
Chittoor District, Tirupati-517501
8. Central Power Distribution Company of Andhra Pradesh Limited,
Corporate Office, Mint Compound,
Hyderabad – 500 063, Telangana
9. Northern Power Distribution Company of Andhra Pradesh Limited,
Opp. NIT Petrol Pump, Chaitanyapuri, Kazipet,
Warangal – 506004, Telangana
10. Bangalore Electricity Supply Company Limited,
Corporate Office, K.R. Circle,
Bangalore – 560001, Karnataka
11. Gulbarga Electricity Supply Company Limited,
Station Main Road,
Gulbarga, Karnataka
12. Hubli Electricity Supply Company Limited,
Navanagar, PB Road,
Hubli, Karnataka
13. MESCOM Corporate Office,
Paradigm Plaza, AB Shetty Circle,
Mangalore – 575001, Karnataka
14. Chamundeswari Electricity Supply Corporation Limited,
927, L J Avenue, Ground Floor, New Kantharaj Urs Road,
Saraswatipuram,
Mysore – 570009, Karnataka
15. Electricity Department,
Government of Goa,
Vidyuti Bhawan, Panaji,
Goa – 40300
16. Transmission Corporation of Telangana Limited,
Vidhyut Sudha, Khairatabad,
Hyderabad – 500082



17. Tamil Nadu Transmission Corporation,
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002

... Respondents

For Review Petitioner: Ms. Swapna Seshadri, Advocate, PGCIL
Ms. Surbhi Gupta, Advocate, PGCIL, Advocate
Shri Zafrul Hasan, PGCIL
Shri Mohd. Mohsin, PGCIL
Shri Mukesh Bhakar, PGCIL

For Respondents: None

ORDER

The present review petition has been filed by Power Grid Corporation of India Limited (PGCIL) under section 94(1)(f) of the Electricity Act, 2003 read with Regulation 17 and Regulation 103 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 seeking review of the order dated 9.2.2021 in Petition No. 79/TT/2020 (impugned order) on the limited issue of treatment of Interest During Construction (IDC) pertaining to Asset-1, i.e. LILO of existing Bangalore-Salem 400 kV S/C Line at Hosur and extension of 400/220 kV Sub-station at Hosur.

2. The Commission vide order dated 9.2.2021 in Petition No. 79/TT/2020 tried up the tariff of the period from COD to 31.3.2019 under of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as “the 2014 Tariff Regulations”) and determined the tariff for 2019-24 period under Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) in respect of the following assets under Southern Region System Strengthening Scheme- XVIII in Southern Region (hereinafter referred to as “the transmission project”):



Asset-1: LILO of existing Bangalore-Salem 400 kV S/C Line at Hosur and extension of 400/220 kV Sub-station at Hosur;

Asset-2: Nellore-Thiruvalam 400 kV D/C Quad line along with extension of 400/220 kV Sub-station at Nellore & Thiruvalam and 1X50 MVAR line reactor at both ends of each circuit of Nellore-Thiruvalam 400 kV Quad D/C line along with 450 ohms NGR,

Asset-3: Thiruvalam-Melakottaiyur (Sholinganallur) 400 kV D/C Line along with Bay extension of 400 kV Sub-station at Thiruvalam and extension of 400/220 kV Sub-station at Melakottaiyur (Sholinganallur);

Asset-4: 2 Nos. 400 kV 63 MVAR Line Reactors for both circuits of Vijayawada-Nellore 400 kV D/C Transmission Line charged as Bus Reactors at Nellore (AP) Sub-station, and

Asset-5: 400 kV D/C Vijayawada-Nellore Transmission Line and associated bays along with 1 No. 400 kV 63 MVAR Line Reactor at Vijayawada (Nunna) Sub-station and 1 No. 63 MVAR Line Reactor at Vijayawada TPS (hereinafter referred to as “the transmission assets”).

3. The Review Petitioner has contended that there is an error in computation of IDC pertaining to Asset-1, which achieved COD on 1.2.2014 (i.e. during 2009-14 tariff period). The Review Petitioner has submitted that an amount of ₹57.51 lakh (₹0.08 lakh in 2013-14 and ₹57.42 lakh in 2014-15) was discharged towards IDC pertaining to Asset-1. The Commission, sought details of accrued IDC in Petition No.79/TT/2020, and thereafter deducted the said amount from the completion cost as on 31.3.2014. However, the said amount of ₹57.42 lakh was not added in Additional Capital Expenditure (ACE) in 2014-15, when the said amount of IDC was discharged by the Review Petitioner, which is an error apparent on the face of the record.

4. Aggrieved with impugned order dated 9.2.2021, the Review Petitioner has filed the instant review petition and has made the following prayers:

“a) Admit the present Review Petition;

b) Review the order dated 09.02.2021 passed by this Hon'ble Commission;

c) Adjust the amount of 57.42 lakhs incurred by POWERGRID in FY 2014-15 pertaining to Asset-1 in the Additional Capitalization;



d) Pass such other further order(s) as the Hon'ble Commission may deem just in the facts of the present case."

5. The Review Petitioner has made the following submissions:

(a) The Review Petitioner had filed Petition No. 147/TT/2015 for determination of tariff of 2013-14 period and truing up of tariff for 2014-19 period of Asset-1. The Commission vide order dated 24.2.2016 in Petition No.147/TT/2015, allowed the tariff in respect of Asset-1 as prayed by the Review Petitioner.

(b) The Review Petitioner in paragraph nos. 6, 10 and 10.1 in Petition No. 79/TT/2020 did not make any changes with reference to Asset-1 either for IDC or for ACE. Further, in compliance with the directions of the Commission as per letter dated 18.2.2020, the Review Petitioner furnished additional information including statement of IDC discharged upto COD in respect of Asset-1. The Review Petitioner vide affidavit dated 25.2.2020 in Petition No. 79/TT/2020 submitted that Asset-1 was executed during 2009-14 period and the tariff of the 2013-14 period was trued up in Petition No. 147/TT/2015, and that Petition No. 79/TT/2020 was filed for truing up of tariff of the transmission assets for 2014-19 period and determination of tariff of 2019-24 period.

(c) In compliance with the directions of the Commission in RoP for the hearing dated 22.5.2020 in Petition No. 79/TT/2020, the Review Petitioner vide affidavit dated 5.6.2020 submitted that as on COD of Asset-1 on 1.2.2014, IDC discharged was ₹8.13 lakh, during 2013-14 IDC of ₹0.08 lakh was discharged and during 2014-15 IDC of ₹57.42 lakh was discharged.

(d) The Commission in the impugned order dated 9.2.2021, has clearly recorded that the amount of ₹57.42 lakh IDC was discharged in 2014-15 and ₹0.08 lakh was



discharged in 2013-14. However, the said amounts have not been added to ACE determined by the Commission at paragraphs 29 to 31 of the impugned order.

(e) The Review Petitioner despite capitalizing the amount of ₹57.42 lakh in 2014-15 by discharging the IDC did not get the benefit of such amount. The amount has been deducted from the capital cost as on 1.2.2014 but the same was not added in 2014-15, which is an error apparent on record and needs modification.

6. The matter was admitted on 27.4.2023 and notice was issued to the Respondents. However, none of the Respondents have filed any reply to the review petition. The matter was finally heard on 28.7.2023 and order was reserved in the matter.

Analysis and Decision

7. We have considered the contentions of the Review Petitioner and have perused the record. On perusal of record, we find that Asset-1 was declared under commercial operation on 1.2.2014 during 2009-14 tariff period and tariff from COD on 1.2.2014 to 31.3.2014 was determined vide order dated 24.2.2016 in Petition No. 147/TT/2015. The Review Petitioner filed Petition No.79/TT/2020 for trueing of tariff of 2014-19 tariff period and determination of tariff of the 2019-24 tariff period. On perusal of Review Petitioner's affidavit dated 5.6.2020 in Petition No.79/TT/2020, which is accompanied by computation of IDC with discharge statement of Asset-1, we find that IDC discharged upto COD is ₹8.13 lakh, IDC discharged during 2013-14 is ₹0.08 lakh and IDC discharged during 2014-15 is ₹57.42 lakh. On perusal of our order dated 9.2.2021, which is impugned before us, the Commission with regard to IDC observed as follows:

"21. The Petitioner has claimed IDC for the transmission assets and has submitted the Auditor's Certificates in support of the same. The Petitioner has submitted computation of IDC along with the year-wise details of the IDC discharged. The allowable IDC has been worked



out considering the information submitted by the Petitioner for the individual assets separately on cash basis.

22. Accordingly, based on the information available on record, the IDC allowed is summarized as under:

Assets	IDC as per Auditor's Certificate	IDC Admissible	Computational difference in IDC	IDC Discharged as on COD	IDC Un-discharged as on COD	IDC Discharged in 2014-15	IDC Discharged in 2015-16	IDC Discharged in 2016-17
A	B	C	D=B-C	E	F=C-E	G	H	I
Asset-1	65.64	65.64	0.00	8.13	57.51*	57.42	0.00	0.00
Asset-2	1483.03	1483.03	0.00	437.31	1045.72	1045.72	0.00	0.00
Asset-3	545.35	545.35	0.00	469.24	76.11	71.56	4.55	0.00
Asset-4	98.34	98.34	0.00	94.82	3.52	0.00	3.52	0.00
Asset-5	4965.59	4946.93	18.66	3383.77	1563.16	0.00	1452.75	110.41

Out of the total un-discharged IDC as on COD of ₹57.51 lakh, ₹0.08 lakh was discharged in 2013-14.

”

8. In the order dated 9.2.2021, it is recorded that an amount of ₹0.08 lakh was discharged in 2013-14 and ₹57.42 lakh towards IDC was discharged in 2014-15. However, the Commission vide order dated 9.2.2021 with regard to ACE in paragraphs 29 to 31 observed as follows:

“29. The Petitioner has claimed the following ACE (including un-discharged IDC) for the assets covered in the instant petition and submitted the Auditor's Certificates in support of the same:

Assets	Additional Capital Expenditure			
	2014-15	2015-16	2016-17	2017-18
Asset-1	201.51	60.30	12.35	0.00
Asset-2	10472.87	445.69	0.00	0.00
Asset-3	1745.43	359.15	91.21	0.00
Asset-4	46.86	48.80	25.02	113.43
Asset-5	0.00	2303.26	1788.00	1194.14

30. The Petitioner has submitted that ACE incurred for the transmission assets is on account of balance and retention payments due to un-discharged liability towards final payment or withheld payment due to contractual exigencies for works executed within the cut-off date. The ACE for all the transmission assets covered in the instant petition during the 2014-19 tariff period has been claimed under Regulation 14(1)(i) and (ii) of the 2014 Tariff Regulations and is within the cut-off date. It is further observed that total completion cost including ACE during 2014-19 tariff period for the transmission assets is within the RCE approved apportioned cost.

31. We have considered the submissions of the Petitioner. The un-discharged IDC as on COD has been allowed as ACE in its respective year of discharge. The ACE



for the 2014-19 tariff period is allowed under Regulation 14(1)(i) and (ii) of the 2014 Tariff Regulations. Accordingly, the ACE allowed for the transmission assets is as under:

Assets	ACE on cash basis			
	2014-15	2015-16	2016-17	2017-18
Asset-1	201.51	60.30	12.35	0.00
Asset-2	10472.87	445.69	0.00	0.00
Asset-3	1745.43	359.15	91.21	0.00
Asset-4	46.86	48.80	25.02	113.43
Asset-5	0.00	2303.26	1788.00	1194.14

9. On perusal of our above order, we note that only IDC discharged as on the COD of 1.2.2014 has been considered, while the corresponding IDC of ₹57.42 lakh discharged in 2014-15 has not been considered and the same is an error apparent on record. Therefore, we allow the present review petition limited to the extent to adjust amount of ₹57.42 lakh with respect to Asset-1 towards discharge of IDC in 2014-15. Accordingly, the tariff of Asset-1 from its COD will be revised at the time of truing up of tariff for the 2019-24 period. Except for the above, there shall be no change in other terms of the tariff order dated 9.2.2021.

10. In the light of above discussions, Review Petition No. 2/RP/2023 is disposed of.

sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

