

# PARBATI KOLDAM TRANSMISSION COMPANY LIMITED

Ref. No.: PKTCL/HQ/CERC/PK-07/2019/66  
Dated: 25<sup>th</sup> January, 2019

**The Secretary**

Central Electricity Regulatory Commission  
3rd & 4<sup>th</sup> Floor, Chanderlok Building,  
36 Janpath, New Delhi – 110 001

5<sup>th</sup> Floor, FF-1A  
JMD Galleria, Sector-48  
Sohna Road,  
Gurugram - 122018

Tel + 91 124 3917999  
Fax: + 91 124 3917882

CIN: U40108HR2002PLC071677

**Kind Attn: Shri Santosh Kumar Jha**

**Subject: Comments from Parbati Koldam Transmission Company Limited on draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 for the tariff period from 1.4.2019 to 31.3.2024.**

Dear Sir,

This has reference to the public notice no. L-1/236/2018/CERC dated 14.12.2018 regarding draft central electricity regulatory commission (Terms and Conditions of Tariff) Regulations, 2019 for tariff period of 2019-24. At the outset, Parbati Koldam Transmission Commission Limited (PKTCL) would like to take this opportunity to thank Hon'ble Commission for being considerate in identifying the new methodology of determining these 2019 Tariff Regulations with clear description in terms of commissioning of projects / elements, as the case may be.

However, after going through the draft 2019 Tariff Regulations, it is observed that the Hon'ble commission has missed in identifying few of the key aspects which were under much of a discussion / disagreement in the previous regulation (Tariff Regulations 2014). Through this letter we would like to submit our comments / suggestions / objections to the draft 2019 Tariff Regulations, presented in the chronological order of Clauses of Draft 2019 Tariff Regulations, as below:

**1. Clause 35 'Operation and Maintenance' Proviso 3 'Transmission System'**

PKTCL Objection/Reservations: The O&M norms set forth in the draft 2019 Tariff Regulations are predominantly dependent on the current 2014 Tariff Regulations which are not catering to the tribulations faced by **single project companies** and their complete budgeting is dependent on the functionality of the project. The existing O&M norms are based on data taken from POWERGRID books, who is a multi-project licensee; similar treatment of single project companies is not analogous.

The O&M parameter considered do not reflect the actual O&M out-go for single project companies, which is majorly dependent on terrain and other parameters as well. As POWERGRID has a diversified portfolio of transmission lines and the O&M carried out by POWERGRID is a cumulative outcome of the same, imposing the same methodology for Single Project Companies is not accurate.





POWERGRID on one hand has an advantage of market cap, income from other sources, sharing of manpower, economies of scale, etc to name a few, the same is not the case with single project companies. The basis considered for deriving per bay and per ckt-km cost may not be equally prudent for other licensees (single project companies).

It is suggested to consider the treatment of additional O&M expenses or for that matter separate Operation and Maintenance norms for all the Single Project Companies taking into account of their finances for the past years (with almost all single project companies now running transmission lines for at least 5 years and more) which would present the correct picture / reflection of the reasons of same being different from that of POWERGRID's O&M. The O&M norms should at least fulfill the bare minimum need of a transmission company irrespective of its size and / or line length.

In addition to the above, Hon'ble Commission has considered Insurance as a part of O&M expenses in Draft 2019 Tariff Regulations, which in case of Single Project Transmission Companies should be treated separately. Since the Insurance cost is substantial, single project companies are forced to take the risk and keep their assets uninsured as it would consume a huge portion of the O&M cost allowed by the Hon'ble Commission. In case of any exigency, the single project company will not be able to sustain the loss arriving out of such exigency. Therefore, Hon'ble commission is requested to reimburse the insurance cost incurred by the transmission company to mitigate the risk.

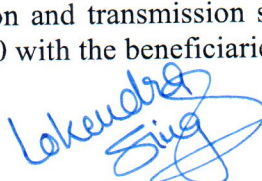
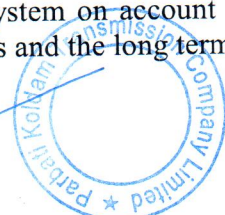
2. Clause 69 'Late payment surcharge': In case the payment of any bill for charges payable under these regulations is delayed by a beneficiary or long term transmission customers as the case may be, beyond a period of 45 days from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied by the generating company or the transmission licensee, as the case may be.

PKTCL Objection: Hon'ble Commission has maintained the 2% Rebate being offered to the Long Term Transmission Customers / Designated ISTS Customers / Beneficiaries while paying the bills of generating companies or transmission licensees but the surcharge rate has been reduced from current 1.5% to 1.25%. It is submitted that the collection efficiency in the first 60 days of the raised invoice has been hovering at 85-90% leading to difficulties in meeting the financial commitments. Considering such low collection efficiency, the Hon'ble commission should further dis-incentivise the culture of late payments by DICs by increasing the surcharge to 2 % per month.

3. Clause 71 'Sharing of saving in interest due to re-financing'

PKTCL Comment: It is requested that Hon'ble Commission should provide complete mechanism / calculation of saving in interest in case of re-financing. It is further requested that Hon'ble Commission should certify in the 2019-24 Tariff Regulations, that 100% cost associated with re-financing will be borne by the Beneficiaries.

4. Clause 72 'Sharing of Non-Tariff Income' The non-tariff income in case of generating station and transmission system on account of following shall be shared in the ratio of 50:50 with the beneficiaries and the long term customer on annual basis: .....



....  
....

h) Interest on investments and bank balances;

Provided that the interest or dividend earned from investments made out of Return on Equity corresponding to the regulated business of the Generating Company shall not be included in Non-Tariff Income.

PKTCL Objection: From the Clause 72 proviso h) 'Interest on investments and bank balances' of the Draft 2019 Tariff Regulations, Hon'ble Commission is regulating the inherent income earned by a transmission licensee. It is requested that the Tariff received by Transmission Licensee should be kept explicit of everything and the transmission licensee should have the full right of its treatment. It is worth highlighting that at one end Hon'ble Commission has been limiting the Operation and Maintenance Charges received by the Single Project Companies based on the datum of POWERGRID, on the other hand Hon'ble Commission is also regulating the treatment of income of the transmission licensee which is its unambiguous right.

The treatment of earnings (tariff received) of a transmission licensee should be kept explicit of the sharing with anyone. It is requested that the Clause 72 should be modified and proviso h) should be removed and the treatment of tariff received by transmission licensee should be left out from this regulation and on the transmission licensee.

5. Clause 80 'Application Fees and the Publication Expenses'

PKTCL Suggestion: While drafting the 2019 Tariff Regulations Hon'ble Commission has not considered the reimbursement of the payments / fees which transmission licensees have to pay to various agencies viz. National Highway Authority of India, Indian Railways, Aviation Authority of India, Indian Airforce, Power and Telecom Coordination Committee or any other such organization, as a part of the agreement executed during the construction period. As these charges are being paid under an agreement to the respective authorities after the commercial operation of the elements, the same should be covered / added in Clause 80 of the 2019 Tariff Regulations.

It is respectfully submitted that in light of the submissions made hereinabove, this Hon'ble Commission may be pleased to consider the submissions made for inclusion in the new CERC (terms and condition of tariff) Regulations, 2019.

Thanking You,  
Yours Sincerely

**For Parbati Koldam Transmission Company Limited**

  
**Lokendra Singh Ranawat**  
**Deputy General Manager**

