

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. **Shri Bhanu Bhushan, Member**
2. **Shri R. Krishnamoorthy, Member**

Petition No. 3/2007

In the matter of

Determination of transmission tariff for Fixed and Thyristor Controlled Series Compensation for 400 kV D/C Raipur-Rourkela transmission line at Raipur in Western Region for the period from 1.11.2004 to 31.3.2009.

And in the matter of

Power Grid Corporation of India Ltd, Gurgaon

... **Petitioner**

Vs

1. Madhya Pradesh Electricity Board, Jabalpur
2. Electricity Department, Admn. Of Daman & Diu, Daman
3. Gujarat Urja Vikas Nigam Ltd., Vadodara
4. Electricity Department, Govt. of Goa, Panaji, Goa
5. Electricity Department, Admn. Of Dadra Nagar Haveli, U.T. Silvassa
6. Maharashtra State Electricity Distribution Co. Ltd., Mumbai
7. Chhatisgarh State Electricity Board, Raipur
8. Madhya Padesh Audyogik Kandra Vikas Nigam (Indore) Ltd., Indore
9. Himachal Pradesh State Electricity Board, Shimla
10. Punjab State Electricity Board, Patiala
11. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
12. Power Development Deptt., Govt. of Jammu & Kashmir, Jammu
13. Uttar Pradesh Power Corporation Limited, Lucknow
14. Delhi Transco Limited, New Delhi
15. Chandigarh Administration, Chandigarh
16. Uttaranchal Power Corporation Limited, Dehradun
17. Rajasthan Power Procurment Centre, Jaipur
18. Ajmer Vidyut Vitran Nigam Ltd., Ajmer
19. Jodhpur Vidyut Vitran Nigam Ltd., Jodhpur
20. Jaipur Vidyut Vitran Nigam Ltd., Jaipur
21. Chief Electrical Distribution Engineer, North Central Railway Hars., Allahabad
22. Karnataka Power Transmission Corporation Ltd., Bangalore
23. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
24. Kerala State Electricity Board, Thiruvananthapuram
25. Tamil Nadu Electricity Board, Chennai
26. Electricity Department of Pondicherry, Pondicherry
27. West Bengal State Electricity Board, Calcutta
28. Damodar Valley Corporation, Calcutta

29. Bihar State Electricity Board, Patna
 30. Grid Corporation of Orissa Ltd., Bhubaneswar
 31. Power Department, Govt. of Sikkim, Gangtok
 32. Jharkhand State Electricity Board, Ranchi
 33. Assam State Electricity Board, Guwahati
 34. Meghalaya State Electricity Board, Shillong
 35. Power & Electricity Department, Govt. of Mizoram, Aizawl
 36. Electricity Department, Govt. of Manipur, Imphal
 37. Department of Power, Govt. of Arunachal Pradesh, Itanagar
 38. Department of Power, Govt. of Nagaland, Kohima
 39. Department of Power, Govt. of Tripura, Agartala
-Respondents**

The following were present:

1. Shri Prashant Sharma, PGCIL
2. Shri M.M. Mondal, PGCIL
3. Shri U.K. Tyagi, PGCIL
4. Shri C. Kannan, PGCIL
5. Shri A.K. Kakkar, PGCIL
6. Shri D.K. Varma, PGCIL
7. Shri R.B. Sharma, BSEB

**ORDER
(DATE OF HEARING : 27.9.2007)**

The petitioner in the present application has sought to be allowed recovery of the cost of initial spares on actuals in the capital cost of transmission projects relating to Fixed and Thyristor Controlled Series Compensation and for issue of necessary amendment to Clause (1) of Regulation 52 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 (the tariff regulations).

2. The background for making the present application is the order dated 27.10.2006 in Petition No.11/2005, filed by the petitioner for approval of transmission charges for Fixed and Thyristor Controlled Series Compensation for 400 kV Raipur-Rourkela Transmission Line at Raipur in Western Region for the period 1.11.2004 to 31.3.2009. In the said petition, the petitioner had claimed gross block Rs.11678.36

lakh, including initial spares amounting to Rs.405.16 lakh as on the date of commercial operation. The tariff was allowed at a gross block of Rs.12187.64 lakh as on 1.4.2005, including initial spares of Rs.182.82 lakh, over the gross block of Rs.11456.02 lakh on the date of commercial operation. The initial spares were considered @ 1.5% of the capital cost in accordance with Clause (1) of Regulation 52 of the tariff regulations. While arriving at the above gross block, the Commission in para 14 of this order dated 27.10.2006 observed as under:

“14. On scrutiny of the details submitted by the petitioner, it is found that value of initial spares is Rs. 424.35 lakh which works out to about 3.41% of the project cost of Rs. 12429.17 lakh, as on 31.3.2005 being considered presently. However, the cost of initial spares is to be restricted to 1.5% of the capital cost as on 31.3.2005 claimed by the petitioner. At the hearing, the representative for the petitioner prayed for relaxation of norm for initial spares laid down under clause (1) of Regulation 52 of the 2004 regulations on the ground that the initial spares limited to 1.5% of the project cost are inadequate to meet requirements of the transmission assets. The petitioner is at liberty to make appropriate application with proper justification for amendment of the relevant provisions. The amendment proposed by the petitioner, if notified, if otherwise found to be in order will apply prospectively.”

3. It would thus be seen from extract of Para 14 above that:
 - (a) The petitioner's prayer for relaxation of norms on the initial spares laid down under Regulation 52 on the ground that initial spares limited to 1.5% of the project cost were inadequate to meet the requirements of the transmission assets, was turned down.
 - (b) The Commission had contemplated amendment of the tariff regulations based on an application made by the petitioner.
 - (c) The Commission decided that the amendment, if any, will apply prospectively.

4. In view of the above order of the Commission, relaxation of the relevant provisions of Regulation 13 of the tariff regulations though adverted to by the petitioner in the present application, is ruled out and the benefit of the additional cost of initial spares can be granted only prospectively on amendment of the tariff regulations.

5. The petitioner in the present application has also sought to invoke Regulation 12 of the tariff regulations which empower the Commission to remove difficulties in appropriate cases and is reproduced below:

“12. Power to Remove Difficulties: If any difficulty arises in giving effect to these regulations, the Commission may, of its own motion or otherwise, by an order and after giving a reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these regulations, as may appear to be necessary for removing the difficulty.”

6. It is to be noted that Regulation 12 of tariff regulations can be invoked to make an order to remove any difficulty encountered in giving effect to the tariff regulations but such an order has to be consistent with the main regulations. In the present case, Regulation 12 of the tariff regulations cannot be invoked since computation of tariff based on the cost of initial spares exceeding 1.5% of the capital cost would be inconsistent with the tariff regulations.

7. It has, however, been noted that the Series Compensation is a state-of-the-art technology involving many sophisticated equipment. The petitioner has procured one number/set of each item of spares, considered to be bare minimum required for maintenance of the normative level of availability. The spares are different from those covered under conventional bays and, therefore, are not inter-changeable with other

equipment. It has also been pointed out that the spares associated with a particular Series Compensation cannot be used on any other Fixed or Thyristor Controlled Series Compensation as these are dependent on line reactance. Therefore, prima facie it may be justified to allow initial capital spares on actual basis in appropriate cases, to ensure the availability of the transmission assets to the beneficiaries.

8. In view of this, it may seem proper to amend the regulations in keeping with the earlier observations of the Commission. It is, therefore, proposed to add another proviso to Regulation 52 (1) as under:

Provided further that in case of Fixed and Thyristor Controlled Series Compensation, the Commission may, in appropriate cases, allow initial spares on actual basis, subject to maximum of 5% of the original project cost.

9. We direct that the draft notification for amendment of the tariff regulations be published to invite suggestions and objections from the stakeholders on the proposal given in the preceding para, latest by 20.11.2007. The office shall thereafter process the matter for consideration and decision of the Commission in the light of suggestions and objections received.

10. With the above, the present application stands disposed of.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 31st October 2007