

CENTRAL ELECTRICITY REGULATORY COMMISSION

Record of Proceedings

Petition No.121/2009

Sub: Review of the Commission order dated 30.4.2009 in Petition No. 131/2008 in respect of Talcher-Kolar HVDC Bi-pole upgradation scheme of Power Grid for the period from the date of commercial operation to 31.3.2009.

.Date of hearing : 22.10.2009

Coram : Shri R.Krishnamoorthy, Member
Shri S.Jayaraman, Member
Shri V.S.Verma, Member

Petitioner : Tamil Nadu Electricity Board, Chennai

Respondents : Power Grid Corporation of India Ltd., Gurgaon
Karnataka Power Transmission Corporation Ltd.
Bangalore
Transmission Corporation of Andhra Pradesh Ltd.,
Hyderabad
Kerala State Electricity Board, Thiruvananthapuram
Electricity Department, Govt. of Puducherry, Puducherry

Parties present : Shri S.Sowmynaranana, TNEB
Shri R.Krishnaswami, TNEB
Shri S.Balaguru, TNEB
Shri. U.K. Tyagi, PGCIL
Shri M. M. Mondal, PGCIL

This application for review has been filed by, TNEB seeking review of the order dated 30.4.2009 in Petition No. 131/2008 filed by Power Grid Corporation of India Limited (PGCIL) for determination of final transmission tariff including tariff on additional capital expenditures during 2007-08 for upgradation of transfer capacity of Talcher-Kolar HVDC Bipole from 1.8.2007 to 31.3.2009 in Southern Region. In the above petition, PGCIL had submitted that up-gradation of transmission capacity of Talcher- Kolar HVDC Bi-pole link required the shutdown of HVDC system of PGCIL,

resulting in loss of revenue and incentive amounting to Rs. 2144.96 lakh. According to PGCIL, the system was upgraded by taking shutdown for 12 days/pole (approximately). The Commission, however, vide its order dated 30.4.2009, allowed capitalization of Rs. 369.09 lakh only on account of less recovery of debt liabilities and O&M expenditure during the shut down period against the PGCIL's claim of Rs. 2144.96 lakh.

2. TNEB has sought review of the above order on the following grounds:-

(i) that the order dated 30.4.2009 would result in payment of Rs.1910.44 lakh by way of transmission charges by the beneficiaries exclusive of incentive in case Minimum Alternate Tax (MAT) was considered for the entire life of the asset resulting in an IRR of 21.91% and Rs. 2317.24 lakh in case MAT was considered for the period 2009-14 and normal rate of tax was considered thereafter resulting in an IRR of 23.74%.

(ii) that in case Commission had ordered to reimburse the same in two equal instalments as was done in case of NTPC vide order dated 25.09.2006 in petition No. 35/2004 it would have been advantageous to the beneficiaries.

3. The representative of the review petitioner submitted that capitalisation of IEDC of Rs. 369.09 lakh would fetch PGCIL much higher return in the remaining life of the assets and as such the review petitioner was ready to pay the cost of upgradation upfront in two equal instalments.

4. The representative of the PGCIL stated that the calculations as submitted by the review petitioner were not correct as it had taken IEDC of Rs. 369.09 lakh as equity component in its calculation whereas in the tariff the same was divided in debt-equity ratio of 70:30. The representative of the PGCIL further submitted that they had no objection to upfront payment by the beneficiaries, but pleaded that under such a contingency, the cost of servicing the 2nd instalment may be allowed.

5 The review petitioner could not give an affirmative reply to a pointed query from the Commission as to whether the manner of payment pleaded by it had the concurrence of all other beneficiaries.

6. In response to the PGCIL demand for the cost of servicing of the, second instalment, the review petitioner expressed its willingness to pay the entire amount in one instalment also.

7. The Commission reserved its order in the Review Petition.

Sd/=
(T.Rout)
Joint Chief (Legal)