

CENTRAL ELECTRICITY REGULATORY COMMISSION

Petition No. 176/2011 (suo-motu)

Coram : Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri VS Verma, Member
Shri M. Deena Dayalan, Member

Date of hearing : 4.10.2011

Subject : Tariff of Western Regional System Strengthening Scheme – II (Project B & C) after concession period of 25 years.

Petitioner : Western Region Transmission (Maharashtra) Pvt. Ltd.,
Mumbai,
Western Region Transmission (Gujarat) Pvt. Ltd., Mumbai

Respondents : Power Grid Corporation of India Limited & Others

Parties present : Shri Ajay Holani, DGM, Powergrid
Shri Yagya Datt, CM, Powergrid
Shri Dharendra Sharma, CM, Powergrid
Shri Amit Kapur, Advocate
Shri Prashant Sharma, Powergrid
Shri Anil Rawat, AVP, RPTL
Shri P.J.Jain, EE, GUVNL
Shri Sneha V & M.G. Ramachandran, Advocate

Record of Proceedings

This proceeding was initiated by the Commission to hear the Western Region Transmission (Maharashtra) Pvt. Limited, Mumbai and Western Region Transmission (Gujarat) Pvt. Limited, Mumbai (hereinafter referred to as "the licensees"), the beneficiaries and the Central Transmission Unit (CTU) regarding determination of tariff of the transmission systems after the concession period of 22 years based on the buy-out price quoted by the licensees during the process of competitive bidding. Reply to the notice of the Commission has been field by the licensees, CTU and Gujarat Urja Vikas Nigam Ltd (GUVNL).

2. The learned counsel for the licensees submitted that the licensees have no objection to the proposal for determination of tariff of the transmission systems with reference to buy-out price of Rs. 5 crores on completion of the concession period of 22 years subject to the following:-

- a) Various components governing the capex for renovation and modernization, O&M and returns should be determined as per the regulations of the Commission prevailing at the relevant time.
- b) Suitable modification in the terms of the licensees,
- c) Suitable consideration for the hardship caused to the licensees on account of change of the project model from BOOT to BOO since the buy-out price of Rs. 5 crore required to be paid to the licensee as a terminal payment under BOOT model would be recovered by the licensees over a period of time.

3. The learned counsel for the CTU submitted that irrespective of whether the projects are retained by the licensees or transferred to any other person at the end of the concession period, the gross value of the assets will remain the same i.e. Rs. 5 crore since the licensees have agreed to the tariff on the capital cost of Rs. 5 crore at the end of the concession period. The learned counsel submitted that since the licensees have agreed to the determination tariff at Rs. 5 crore after the concession period, the Commission may consider to issue appropriate orders in this regard. The learned counsel further submitted that the claim of the licensees for reimbursement of R&M expenses and other expenses would be considered as per the terms and conditions of tariff regulation in force at the relevant time.

4. The representative of GUVNL submitted that since the beginning, it has been raising its concern over the applicable tariff of the transmission systems at the end of the concession period. He submitted that the tariff of the transmission systems should be decided by the Commission considering the buy-out price as quoted by the licensees at the time of submitting bids. He further submitted that expenditure on R&M after the concession period may be allowed with the consent of beneficiaries and duly approved by the Commission.

5. The Commission observed that only one beneficiary has filed the reply. Considering the importance of the issue involved, the Commission granted two weeks time to other beneficiaries to file their replies. Accordingly, the respondents other than GUVNL are directed to file their submissions in the present proceedings by 25th October, 2011.

6. The matter shall be posted for hearing on 1st November, 2011.

Sd/-
(T. Rout)
Jt. Chief (Law)
7.10.2011

