

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Record of Proceedings

Petition No. 91/TT/2011

Subject : Determination of transmission tariff of (i) 400 kV S/C URI 1- URI 2 inter- connector transmission line alongwith bays at NHPC End associated with URI 2 transmission system for tariff block 2009-14 period in Northern Region

Petition no. 145/TT/2011

Subject: : Determination of transmission tariff of Combined Element of 400 kV S/C URI 1- URI 2 Inter-connector transmission line alongwith bays at NHPC End, and 400 kV S/C URI-2 Wagoora Transmission Line alongwith bays at Wagoora sub-station associated with URI 2 Transmission System for tariff block 2009-14 period in Northern Region

Date of Hearing : 9.10.2012

Coram : Dr. Pramod Deo, Chairperson
Shri S. Jayaraman, Member
Shri V.S. Verma, Member

Petitioner : PGCIL

Respondents : Rajasthan Rajya Vidyut Prasaran Nigam Ltd., and 16 others

Parties Present : Shri S.S. Raju, PGCIL,
Shri Prashant Sharma, PGCIL,
Shri M.M. Mondal, PGCIL
Shri R.B. Sharma, Advocate, BRPL
Shri T.P.S. Bawa, PSPCL

The representative of the petitioner, PGCIL, submitted as under:-

(a) Both these petitions, Petition No. 91/2011 and Petition No. 145/2011, have been filed for approval of transmission tariff in respect of assets covered under the Uri-II HEP of NHPC generation project. Both the petitions may be

- taken up together and a combined order may be passed. Publication expenses and filing fee pertaining to both the petitions may be reimbursed;
- (b) These petitions have been filed in March 2011 with anticipated dates of commercial operation as 1.7.2011 and 1.10.2011 but the actual date of commercial operation of assets covered under both the petitions was 1.1.2012;
 - (c) As per the investment approval accorded by Board of Directors of PGCIL on 27.10.2006 and the project was to be completed within 48 months from the date of issue of first letter of award. The first letter of award was issued on 14.5.2007 and accordingly the scheduled completion works out to June, 2011. As against that, both the assets were commissioned on 1.1.2012. There has been a delay of seven months;
 - (d) The detailed reasons for delay in commissioning of assets has been submitted, vide affidavit dated 5.10.2012. The main reasons for delay are law and order situation in Kashmir valley, public protest, stone pelting, curfew, adverse weather conditions, etc. apart from ROW issue. Further, 400 kV Chamera GIS Pooling Station-Chamera-III Interconnector line was ready but was not commissioned due to non-availability of corresponding bays executed by NHPC. Requested to condone the delay of seven months and allow IDC and IEDC for the period of delay;
 - (e) RCE has been approved on 24.9.2012 and was filed on 4.10.2012. The RCE may be taken on record and transmission charges may be allowed as per the RCE; and
 - (f) Reply to the petition has been filed by Rajasthan discoms, BRPL and UPPCL and rejoinder to the replies have been filed by the petitioner.

2. In reply to a query of the Commission as to whether the problems of extreme weather conditions have been factored in the time schedule, the representative of the petitions submitted that all contingencies for execution of the project in J&K have been taken into account at the planning stage. However, work could not be carried out in the project due to unprecedented weather conditions in J&K from December 2010 to April 2011.

3. The learned counsel for BRPL submitted that there is underestimation of cost in Petition No. 91/2011 and overestimation of cost in Petition No. 145/ 2011. Normal timeline for completion of the project of this nature is 34 months as per Appendix II of the 2009 Tariff Regulations even for snow bound and very difficult terrain. Though the petitioner provided for longer period of 48 months for completion, there was a time over-run of more than seven months.

4. The representative of PSPCL submitted that reply in Petition No. 91/2011 has been filed and reply in Petition No. 145/TT/2011 will be filed shortly. The petitioner may be directed to provide the details of balance/retention payment released during 2011-12 and 2012-13. The petitioner has not submitted the reasons for increase in cost of the bay constructed by NHPC. O&M charges and date of commercial operation should be strictly as per 2009 Tariff Regulations. Since there is time over-run, IDC should not be allowed. The 2009 Tariff Regulations provides for additional RoE of 0.5% for completion

of projects in time but it does not provide for situations where there is delay in completion of projects.

5. The representative of the petitioner clarified that the Bays at Uri-I were executed by NHPC as deposit work and the reasons for cost variation has been given in the affidavit dated 24.4.2012. The cost variation is mainly due to higher customs duty and FERV. The petitioner sought time to file rejoinder after the PSPCL's reply in Petition No.145/TT/2011 is received.

6. The Commission observed that the petitioner has capitalised expenditure on account of reconstruction of store due to space constraint and dismantled the existing store, whose tariff was already approved by Commission. However, the petitioner has not decapitalised capital expenditure of old store. The petitioner submitted that the old store pertains to URI-I Transmission System which is not covered in the current petition and hence not de-capitalised in the assets covered in the instant petition.

6. The Commission directed the petitioner to file detailed clarification, on affidavit as to why the decapitalization on account of dismantling of existing store is not done in the petition covering assets of URI-I transmission system.

7. Subject to the above, order in the petition was reserved.

By the order of the Commission,

sd/-

(T. Rout)
Joint Chief (Law)
22.10.2012