

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Record of Proceedings

Petition No. 63/TT/2012

Subject : Determination of transmission tariff from date of commercial operation to 31.3.2014 for Tuticorin JV-Madurai 400kV D/C (Quad Conductor) Line and extension of 400/220 k V Madurai sub-station under ATS of Tuticorin JV PPS in Southern Region,

Date of hearing : 26.7.2012

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

Petitioner : Power Grid Corporation of India Limited

Respondents : Tamil Nadu Generation and Distribution Co. Ltd.
15 others

Parties present : Shri S.S. Raju, PGCIL,
Shri D.K. Tyagi, PGCIL,
Shri R.K. Sarkar, PGCIL,
Shri A.K. Kakkar, PGCIL,
Shri A.M. Pangi, PGCIL,
Shri A. Bhargava, PGCIL,
Shri M.M. Mondal, PGCIL,
Shri B.K. Sahoo, PGCIL,

This petition has been filed by PGCIL (hereinafter referred to as ('the petitioner') for approval of transmission tariff in respect of the subject transmission System in accordance with Central Electricity Regulatory Commission (Terms and Conditions of Tariff Regulation 2009) (herein after referred to as "the 2009 Tariff Regulations").

2. The representative of the petitioner submitted that:-

- (i) The Investment Approval for the transmission system was granted in February 2009 and the transmission system was to be commissioned in 36 months from the date of Investment Approval, i.e. 1.3.2012. The anticipated date of commercial was 1.3.2012 and the transmission system was put under commercial operation on 1.2.2012. Hence, there is no time over-run. Although all the assets are commissioned as per the Scope of the Project, no additional RoE is claimed as the completion time is more than the timeline specified in Appendix – II of the 2009 Tariff Regulations;
- (ii) There is no cost over-run and the total cost of the transmission system is within the approved 'FR' cost; and
- (iii) Initial spares have been claimed at a rate more than the 2.5% norm specified in the 2009 Tariff Regulations with detailed justifications. Further, the 2.5% norm specified in the 2009 Tariff Regulations is applicable for new projects and not for the extension of the existing projects, like in the instant case. Initial spares as claimed may be allowed by invoking Regulation 44 "Power to Relax" of the 2009 Tariff Regulations.

2. In response to a Commission's query as to whether orders for the packages were placed before the 2009 Tariff Regulations, the representative of the petitioner submitted that there is a typographical error in the submissions made earlier in this regard. He submitted that he would check the exact date of award and file on affidavit the necessary information including the reasons for claiming additional return on equity.

3 The learned counsel for TANGEDCO submitted that though SRPC approved the transmission scheme on 15.2.2008, the petitioner's Board accorded the investment approval on 3.2.2009 almost after one year. Normally this time should be 3-6 months. Because of this, there is escalation of the completion cost of the project. The Commission observed that when the project was not approved, there is no question of increase in the cost of the project.

4. The learned counsel for TANGEDCO submitted that Appendix – II of the 2009 Tariff Regulations provides for a timeline of only 32 months, whereas the petitioner’s Board granted a time schedule of 36 months. He also submitted that the generating company has not yet come but the evacuation system has been commissioned. The transmission charges should be borne by the generating company as there is no utilization of the asset by the beneficiaries. If such transmission charges are paid by the generating company, then these charges should not be allowed by the Commission while approving the tariff of the generating station.

5. The Commission observed that TANGEDCO should raise the issues at the time of determination of tariff of the generating stations.

6. In response, the representative of the petitioner submitted that many a times, investment approval takes time as the same is based on the feasibility report etc. He also submitted that the rejoinder to TANGEDCO's reply has been filed.

7. The Commission directed the petitioner to file the submissions made on affidavit before 16.8.2012.

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

By the order of the Commission,

Sd/-
(T. Rout)
Joint Chief (Law)