

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Record of Proceedings

Petition No. 33/TT/2011

Subject : Approval under Regulation-86 of CERC(Conduct of Business) Regulations 1999 and CERC (Terms and Conditions of Tariff) Regulations 2009 for determination of transmission tariff for 40 % FSC on Allahabad Mainpuri 400 kV D/C line at Mainpuri (Anticipated DOCO: 1.2.2011) under Transmission System Associated with Northern Region System Strengthening Scheme-II in Northern Region.

Date of hearing : 5.7.2012

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

Petitioner : PGCIL, New Delhi

Respondents : Haryana Power Purchase Center & 16 others

Parties present : Shri S.S Raju, PGCIL
Shri M.M. Mondal, PGCIL
Shri Sashi Bhushan, PGCIL
Shri A.V.S. Ramesh, PGCIL
Shri T.P.S. Bawa, PSPCL
Shri Mukesh Khanna, PGCIL
Shri V. Thiagarajan, PGCIL
Shri R.B. Sharma, Advocate, BSES-RPL

The representative of the petitioner submitted as follows:-

a) The instant petition covers approval of transmission tariff for 40% FSC on Allahabad-Mainpuri 400 kV D/C line at Mainpuri under Transmission System Associated with NRSS-II.

b) The investment approval for NRSS-II Scheme was accorded on 25.2.2004. As per the investment approval, the scheduled date of commissioning was 33 months from the date of the letter of award for Tower Package. The letter of award for Tower Package was 24.3.2004 and accordingly, the scheduled

completion works out to 1.1.2007. Date of commercial operation of the asset was 1.5.2011.

c) Detailed justification for the time over-run has already been submitted. The project was awarded to BHEL on turnkey basis and there has been time over-run due to delay in execution of the project by BHEL. The delay has been basically due to issues during testing and commissioning.

d) BHEL is liable to pay liquidated damages of 5% of the cost of the contract for any delay in execution of the project and PGCIL is in the process of claiming liquidated damages. The contract is yet to be closed and the liquidated damages shall be claimed on closure of the contract.

e) Actual expenditure towards initial spares, which is beyond the specified limit of 3.5%, may be allowed.

f) Delay in commissioning of the project be condoned and the transmission tariff be allowed as prayed for in the petition.

g) Replies from BRPL and PSPCL have been received and rejoinder would be filed shortly.

2. In response to the Commission's query as to why the beneficiaries should be burdened because of the capitalization of IDC and IEDC for the period of delay, the representative of the petitioner submitted that the delay is primarily due to the delay in execution by BHEL. The maximum liquidated damages (LD) of 5% would be imposed on BHEL and it would be adjusted in the capital cost. The Commission observed that the difference between the liquidated damages and the loss of interest would be marginal.

3. The learned counsel for the respondent, BRPL has submitted that this is a small project which needs 15 months only, whereas it has taken 7 years for completion. He submitted that even though there was huge time over-run, there is no cost over-run. He requested the Commission not to allow IDC and IEDC for the period of delay. He further submitted that initial spares should be allowed as per the 2009 Tariff Regulations.

4. The representative of PSPCL submitted that the Letter of Award (LoA) was issued in March, 2005 with the completion schedule of August, 2006. However, there has been considerable delay of six years in the commissioning of the Fixed Series Compensation (FSC), especially when there was need for transmission of power from Eastern corridor to the Western corridor and as a result Punjab was deprived of opportunity to import power. He also submitted that the petitioner should submit proof of

availability of 40% enhancement of the transmission line due to the installation of FSC. He further submitted that the O&M expenses should be allowed as per the norms specified in the 2009 Tariff Regulations.

5. The representative of the petitioner submitted that availability of 40% FSC is governed by the Commission's regulations and its availability is certified by RPC. He also submitted that reasons for delay and claim for higher initial spares have already been submitted.

6. The commission observed that if the liquidated damages claimed are higher than the IDC and IEDC disallowed, it should be passed on to the beneficiaries.

7. The Commission directed the petitioner to submit the rejoinder to the reply filed by BSES-RPL and PSPCL and also to address the issues raised by BSES-RPL and PSPCL. The Commission further directed the petitioner to submit the liquidated damages that would be realized and the loss of interest and loss due to exchange rate variation.

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

By the order of the Commission,

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