

CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI

Record of Proceedings

Petition No. I.A. No. 24/2010 in Petition No. 305/2010

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 from 1.4.2009-31.3.2014 for replacement of insulators in fog and pollution affected stretches of existing Northern Region transmission lines in NCR and around and other polluted stretches by polymer (composite long rod) insulators in Northern Region (DOCO 1.10.2010) for tariff block 2009-14.

Date of hearing: 30.8.2012

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

Petitioner: PGCIL

Respondents: Rajasthan Rajya Vidyut Prasaran Nigam Limited and 16 others

Parties Present: Shri M.G. Ramachandran, Advocate for PGCIL  
Shri U.K. Tyagi, PGCIL  
Shri Mahender Singh, PGCIL  
Shri I.S. Jha, PGCIL  
Shri Avinash M. Pavgi, PGCIL  
Shri S.S. Raju, PGCIL  
Shri Rajeev Kumar, PGCIL  
Shri M.M. Mondal, PGCIL  
Shri J. Mazumdar, PGCIL  
Shri R.B. Sharma, Advocate for BRPL

At the outset the Commission desired to know how the petitioner proposes to utilize the replaced porcelain insulators.

2. The learned counsel for the petitioner submitted that these insulators are giving performance of 98% to 99% and would be kept as mandatory spares to be used progressively whenever they are required.

3. In response to the query of the Commission whether as per the 2009 Tariff Regulations, assets not in use shall be taken out of the capital cost, the learned counsel for the petitioner submitted that "assets not in use" needs to be given a contextual

interpretation to mean "assets not capable of being used" and therefore, porcelain insulators which have useful life left should not be decapitalized.

4. In response to the observation of the Commission whether any interim arrangement could be made to service the carrying cost of the investment made by the petitioner on the replaced insulators, the learned counsel submitted that so long as 100% of the cost of investment is taken care of, the petitioner is agreeable to any suggestion.

5. The Commission observed that the petitioner has made investment and blocked its funds and should not suffer on account of the decision to replace the porcelain insulators which has the consent of the beneficiaries. At the same time, the beneficiaries should not be burdened with the capital cost of porcelain insulators which have been taken out of service. The Commission suggested the following formula, keeping in view the interest of both the petitioner and the beneficiaries:

*"The porcelain insulators which have been take out of service shall be decapitalized and the polymer insulators which have been put into service in their place shall be capitalized in accordance with the 2009 Tariff Regulations. The porcelain insulators which have been taken out of service shall be treated as spares and shall be allowed carrying cost on the written down value of the assets at the weighted average rate of interest of the loans availed by the petitioner till these insulators are put to use and capitalized."*

6. The Commission directed the petitioner and the respondents to file their submissions including their comments on the suggested formula by 30.9.2012, after serving a copy on the opposite party.

7. The Commission reserved the order in the petition. If any contentious issue still remains to be deliberated, either party shall be liberty to make written request for further hearing.

By order of the Commission

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