

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 96/TT/2012

Subject : Determination of transmission tariff for Pole-II of +/- 500 kV, 2500 MW Balia-Bhiwadi HVDC Bipole associated with Barh Generation project (3X660 Mw) in Northern Region from anticipated DOCO (1.7.2012) to 31.3.2014.

Date of hearing : 30.7.2013

Coram : Shri V.S. Verma, Member
Shri M. Deena Dayalan, Member

Petitioner : PGCIL, New Delhi

Respondents : Uttar Pradesh Power Corporation Ltd. (UPPCL) & 16 others

Parties present : Shri S.S Raju, PGCIL
Shri M.M. Mondal, PGCIL
Shri U.K.Tyagi, PGCIL
Shri Prashant Sharma, PGCIL
Shri Padamjit Singh, PSPCL
Shri R.B. Sharma, Advocate, BRPL

Record of Proceedings

The representative of petitioner submitted that:-

- (a) The petition has been filed for determination of transmission tariff for Pole-II of +/- 500 kV, 2500 MW Balia-Bhiwadi HVDC Bipole associated with Barh Generation project (3X660 MW) in Northern Region. Pole I was commissioned on 1.9.2010 and tariff was allowed vide order dated 1.9.2012 in Petition No.315/2010.
- (b) As per investment approval dated 12.12.2005, the transmission system was scheduled to be commissioned by the petitioner within 45 months from date of investment approval, i.e 12.9.2009 in a progressive

manner matching with the commissioning schedule of three generation units of Barh Power Project being implemented by NTPC. The asset was commissioned in 1.7.2012 and hence there was a delay of 34 months.

- (c) As per the bid submitted by Joint Venture of M/s Siemens AG and M/s Bharat Heavy Electrical Ltd. (BHEL), R&M facilities were to be built by BHEL and eight 500 kV converter transformer were to be manufactured and supplied by BHEL with technology collaboration from SIEMENS. The conditions laid down in the bidding documents provided for best opportunities to Indian manufacturers resulting in development of indigenous HVDC technology in India.
- (d) The reasons for delay was submitted vide affidavit dated 28.2.2013. The delay was mainly on account of delay in commissioning of NTPC Barh Generation project, delay in award of project due to DGFT, delay in technology transfer & manufacturing of converter transformer by BHEL and transportation of converter transformer from BHEL, Bhopal to Balia. It was further submitted that due geological surprises of extra hard rock and high level of underground water, BHEL was unable to convert new HVDC transformer block/fabrication facility in time. Non availability of Indian vendors for designing of special oil spray system and supply of VPD plant by ABB, Sweden also led to delay. The transformers were scheduled to be supplied from July, 2008 to March 2009, whereas it was supplied from October 2011 to March 2012, involving delay around 34 months. The petitioner requested to condone the delay.
- (e) The RCE has been approved and the overall cost is within the approved RCE cost.

2. The representative of PSPCL submitted that:-

- (a) The project is funded by World Bank and any delays, if any, due to procedural aspects should not be condoned.
- (b) The petitioner placed the contract to a company which did not have the facility for manufacturing of HVDC converter transformer. Delay due to contractual issues between SIEMENS and BHEL should not be condoned.

- (c) The capital cost of Pole-II is much higher than the Pole-I

- (d) As the 2009 Tariff Regulations do not provide any norms for O&M charges for HVDC Stations other than Rihand-Dadri (1500 MW) and Talcher-Kolar (2000 MW) and hence O&M charges are claimed by multiplying normative values of rates for HVDC Back to Back stations (per 500 MW). It would be logical to allow O&M charges proportionately on the basis of Talcher-Kolar (2000 MW) than multiplying the normative values of rates for HVDC Back to Back stations.

- (e) The beneficiaries are paying higher tariff for Pole-I for three years from 1.9.2010 as the capital cost of all the common assets and 66 kV earth electrodes are considered in Pole-I, though full power has not been scheduled. Hence, the respondents are suffering operationally and commercially due to delay in Pole-II.

- (f) It was stated in the RCE dated 23.1.2012 some of the assets were already commissioned and the remaining assets are expected to be commissioned progressively by March, 2012. However, Pole II was commissioned on 1.7.2012. The petitioner was not able to meet the target set by itself in its RCE.

- (g) It is a contractual matter between petitioner and the contractor and hence the petitioner should claim Liquidated Damages from the contractor.

3. The learned counsel of BRPL submitted that the cost estimates of petitioner are hugely inflated and hence it is difficult to understand the actual cost over-run. The petitioner should not plead the case of vendor (BHEL). BHEL and petitioner are bound by contractual agreement and if BHEL has defaulted then it must be liable to pay damages to petitioner. The respondents should not suffer because of delay caused by vendor. The petitioner's claim for O&M charges for earth conductor should be rejected and it should not be capitalised as the earth conductor is part of HVDC package. The learned counsel further stated that the bringing new technology to the country was the decision taken by petitioner's Board and it should bear the burden if there is delay in implementing that decision and respondents should not be made to suffer. Time over-run should not be condoned.

4. The representative of petitioner clarified that O&M expenses for earth electrode was allowed in case of Talcher-Kolar line and Rihand-Dadri line and O&M charges are claimed for earth electrode and earth line in accordance with other HVDC assets. The circuit Km of earth wire was also included in computation of O&M norms for the 2009 Tariff Regulations, if it is not included in denominator then per km O&M norms would have been higher. He requested to allow the O&M expenses for earth electrode and earth line.

5. The representative of PSPCL and the learned counsel for BRPL submitted that the capital cost may be allowed in case of earth wire but O&M charges should not be given

6. The Commission directed petitioner to submit PERT chart clearly indicating the activities that caused delay are on critical path. The Commission further directed the respondents to file their reply on affidavit with a copy to the petitioner before 16.8.2013 and the petitioner to file rejoinder, if any, before 26.8.2013.

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

By the order of the Commission,

Sd/-
T. Rout
Joint Chief (Law)