

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 31/TT/2013

Subject : Approval of transmission tariff for Provision of Bus Reactors in Northern Region (Group-II) for tariff block 2009-14 period

Date of Hearing : 22.4.2014

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri M. Deena Dayalan, Member
Shri A.K. Singhal, Member

Petitioner : Power Grid Corporation of India Ltd. (PGCIL)

Respondents : Rajasthan Rajya Vidyut Prasaran Nigam Limited and 16 others

Parties present : Ms. Seema Gupta, PGCIL
Shri S.S. Raju, PGCIL,
Ms. Sangeeta Edwards, PGCIL
Shri S. Venkatesan, PGCIL
Shri R.B. Sharma, Advocate, BRPL
Shri Padamjit Singh, PSPCL
Shri T.P.S. Bawa, PSPCL

Record of Proceedings

The representative of petitioner submitted as under:-

- i) The entire project "Provision of Bus Reactors in Northern Region (Group-II)" is covered under the instant petition and Petition No. 102/TT/2012. In the case of Petition No. 102/TT/2012, the Commission has already approved tariff vide order dated 2.12.2013. The present petition is for determination of transmission tariff for 6 Bus Reactors- one each at Allahabad, Kankaroli, Gorakhpur, Mainpuri, Vindyahal-I and Vindyahal-II;
- ii) The investment approval for the project was accorded on 15.12.2010 for



completion within 20 months from the date of investment approval, i.e. by 1.9.2012. All the assets were commissioned during 1.11.2012 to 1.6.2013. Revised tariff forms and management certificate as per the actual date of commercial operation have also been submitted vide affidavit dated 19.9.2013;

- iii) Though there is slight increase in cost, the total estimated cost is within the approved limit, and the same may be allowed;
- iv) When Petition No. 102/TT/2012 for determination of some other assets covered under the project was filed on 1.3.2012, there was an inadvertent error in apportionment of FR cost in those assets and the same would be corrected at the time of truing up in Petition No. 102/TT/2012.
- v) Reply has been received from PSPCL, BRPL, and Rajasthan discoms, and rejoinder would be filed;

2. The representative of PSPCL, Respondent No. 6, submitted that the total estimated completion cost of the assets is ₹5410.77 lakh as against the apportioned cost of ₹5383.19 lakh. The increase should not be allowed even if the total estimated cost is within the approved limit. He requested the petitioner to confirm that the entire requirement of bus reactor was procured through one bulk order for ensuring economies of scale. He further submitted that the cost of switchgear at Gorakhpur and Allahabad is substantially lower than that of switchgear at other sub-stations and requested the petitioner to give reasons for its higher cost at other sub-stations.

3. The representative of BRPL, Respondent No. 12, submitted that besides the marginal increase in the cost in the capital cost, there is cost variation in sub-station equipments like switchgear and compensating equipments under Form 5B in all the six assets. The petitioner has cited difference in estimated price and awarded price as the reasons for variations which is very casual. Moreover, the total value of award for the assets covered in the petition is ₹4331 lakh but the total estimated completion cost has been shown as ₹5411 lakh. No justification for this increase has been given in the petition. He further submitted that the entire work of the six assets was planned for completion by 20.10.2012, but four assets could not be completed by that date. No justification has been furnished for delay in respect of these four assets. The claim of 0.5% additional return on equity is not admissible in terms of the judgment of Hon'ble Appellate Tribunal of Electricity dated 10.5.2012 in Appeal No. 155/2011. He further submitted that the initial spares are higher than the norms prescribed in the 2009 Tariff Regulations.



4. The representative of the petitioner clarified that the details of total estimated cost of all the bus reactors have been submitted vide its affidavit dated 9.4.2014. The overall cost is within the approved cost. He further submitted that cost details as given in the Letter of Award (LOA) have already been submitted vide affidavit dated 3.1.2014. Out of six Bus Reactors, one is procured from BHEL and the rest five, from CGL.

5. The Commission directed the petitioner to submit the basis of re-apportionment of the capital expenditure, on affidavit with advance copies to all the respondents, by 20.5.2014. The Commission further directed the petitioner to file rejoinder to the replies of PSPCL, BRPL and Rajasthan discoms, by 27.5.2014.

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

By order of the Commission

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

