

**CENTRAL ELECTRICITY REGULATORY COMMISSION**

**NEW DELHI**

**Petition No. 38/TT/2013**

Subject : Determination of Transmission Tariff for 125 MVAR Bus Reactor along with associated bays at Lucknow under common scheme for 765 kV Pooling Station and Network for NR, Import by NR from ER and Common scheme for network for WR and Import by WR from ER and from NER/SR/WR via ER in Northern Region.

Date of Hearing : 25.2.2014

Coram : Shri Gireesh B.Pradhan, Chairperson  
Shri M. Deena Dayalan, Member  
Shri A.K. Singhal, Member  
Smt. Neerja Mathur, Member, Ex-Officio

Petitioner : PGCIL

Respondents : MSEDCL and 14 others

Parties present : Smt. Seema Gupta, PGCIL  
Shri A.M. Pavgi, PGCIL  
Shri S.S. Raju, PGCIL,  
Smt. Sangeeta Edwards, PGCIL,  
Shri P. Saraswath, PGCIL  
Shri M.M. Mondal, PGCIL  
Shri S.K. Venkatesan, PGCIL  
Shri R. B. Sharma, Advocate, BRPL  
Shri Rajiv Srivastava, Advocate, UPPCL

**Record of Proceedings**

The representative of the petitioner submitted as under:-

- (a) The petition is filed for approval of transmission tariff of 125 MVAR Bus Reactor along with associated bays at Lucknow for the 2009-14 period;



- (b) As the Investment Approval dated 29.8.2008, the asset was scheduled to be commissioned before 1.9.2012 and the asset was commissioned on 1.3.2012 and hence there is no time over-run;
- (c) Though the instant asset was commissioned on 1.3.2012, the petition was filed in January, 2013 and there is delay in filing the petition and the delay in filing the petition may be condoned;
- (d) The estimated completion cost of the asset is within the apportioned approved cost;
- (e) Form 5B has not been submitted in the instant case and the same will be submitted; and
- (f) PSPCL and BRPL have filed the reply and rejoinder to the reply has already been filed.

2. Learned counsel for UPPCL submitted that reply would be filed in the course of the day. He submitted that the petitioner's prayer for Service Tax should be rejected as Service Tax on transmission service is exempted at present. The petitioner should clarify whether the interest on loan is on fixed rate or floating rate. Pay revision has already been taken care in the O&M expenses norms specified in the 2009 Tariff Regulations.

3. Learned counsel for BRPL submitted that there is huge over-estimation in the cost of the instant asset and there is cost variation in some of the elements of the asset. The assets under the instant Transmission System were to be commissioned progressively within 48 months. As per Form 5C, the various elements covered in the petition are to be commissioned before 6.11.2010, however the elements were commissioned only on 1.3.2012 and the petitioner has not explained the reasons for delay of 15 months in commissioning the elements. He submitted the petitioner has not disclosed the amount of liquidated damages claimed or realized from the contractor. The petitioner should claim liquidated damages from the contractor and adjust the same in the capital cost. IDC and IEDC for the period of delay should not be allowed.

4. In response, the representative of the petitioner submitted that the cost estimates are arrived at on the basis of the cost of the elements in the earlier projects and the cost are bound to vary, especially in case of huge projects. As regards the alleged delay in commissioning of the asset, he submitted that the time over-run is counted on the basis of the timeline given in the Investment Approval by the Commission usually and the



same methodology should be adopted for the purpose of counting time over-run and not the methodology suggested by BRPL. He submitted that the liquidated damages would be claimed from the contractor on completion of the whole project and would be adjusted in the capital cost.

5. The Commission observed that the cost estimates by the petitioner are usually high and the methodology adopted for estimation of cost should be reviewed and it should be ensured that the estimates arrived at is closer to the actual cost. The Commission observed that a transmission system consists of different elements and the petitioner while putting up the proposal to the Board for approval of the FR cost of system must have taken into consideration the element wise cost with justification and the same should be submitted along with the cost variation between the FR cost and actual of the different elements of the transmission system. The Commission directed the petitioner to claim the liquidated damages from the contractors for delay in execution of the packages and adjust the same in the capital cost as soon as the contract is closed and not to wait for completion of the whole project.

6. The Commission directed the petitioner to file the details of the contracts awarded, the scheduled dates of completion, actual completion, the reasons for delay, provisions regarding the liquidated damages in the contracts, the liquidated damages claimed and realized. The petitioner was also directed to give the details of all the assets covered in the project, the details of the petitions filed in a project and the scheme (dates) of commissioning of the assets covered in the project.

7. The petitioner was directed to file the above information before 25.3.2014 with a copy to the respondents.

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

By order of the Commission

sd/-  
(T. Rout)  
Chief Legal

