

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

Petition No. 68/TT/2012

Subject : Determination of transmission tariff from DOCO to 31.3.2014 for assets (Part-II) under Common Scheme for 765 kV Pooling Stations and Network for NR, Import by NR from ER and Common scheme for Network for WR and import by WR from ER and NER/SR/WR via ER in Northern Region for tariff block 2009-14 period.

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: : Haryana Power Purchase Centre and 16 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 Hari Mohan, NDMC

Record of Proceedings

The representative of the petitioner submitted as under:-

- (a) the assets covered in the instant petition are part of DVC main transmission system, which is large project having 9 transmission lines and 13 sub-stations;
- (b) the instant petition covers 4 nos. of ICTs at Lucknow, Fathehpur and Balia, 2 nos. of Bus Reactor- one each at Lucknow and Balia, Bays at Fathehpur for



765 kV Sasaram-Fatehpur Line and LILO of Allahabad-Mainpuri Transmission Line at Fatehpur;

- (c) 8 assets are covered in the instant petition. As per the Investment Approval dated 29.8.2008, the assets are to be commissioned progressively within 48 months, upto 1.9.2012. All the assets are commissioned within 48 months;
- (d) the revised management certificate and revised tariff forms were filed, vide affidavit dated 19.9.2013 and the same may be considered for the purpose of tariff calculation;
- (e) received a reply from BRPL and already filed the rejoinder vide affidavit dated 19.2.2014.

2. The learned counsel for BRPL submitted that the total estimated completion cost of the assets covered is more than the approved cost and the cost over-run in case of some of the assets, Asset 3, 5 and 7, is very high. The reasons for cost over-run, given in Form 5B are very casual in nature. In the absence of proper justification, cost over-run may not be allowed. He submitted that the elements covered in the instant petition were not completed as per the completion schedule in Form 5C and there is delay in commissioning of the assets for which no justification has been given by the petitioner. The delay should not be condoned. The Commission may direct the petitioner to furnish the date of completion of the elements and justification for the delay.

3. In response to Commission's query regarding variation in cost of two reactors installed at Lucknow within a gap of three months, the representative of the petitioner clarified that the reactor installed at Lucknow (old) is in an existing sub-station, while the reactors covered in Petition No. 38/TT/2013 at Lucknow are on new sub-stations and hence there is variation in cost.

4. The Commission observed that the cost estimates are very high in this case like other cases. The representative of petitioner submitted that the approved cost of the 8 assets covered is ₹718 cr. and the completion cost is ₹690 cr. and there is a saving of about ₹28 cr. The representative of the petitioner submitted that the initial cost estimation is based on the anticipated date of commercial operation and the actual cost is based on the actual date of commercial operation and in a huge project of this nature there is always a possibility of change in the cost. He further submitted that the audited expenditure will not change and only the estimated expenditure will change.

5. The Commission directed the petitioner to review the methodology adopted for estimation of cost and to adopt an effective approach to ensure that the estimates arrived at are closer to the actual cost. The Commission further 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. The Commission directed the petitioner to file the details of the contracts awarded, the scheduled dates of completion, actual



completion, 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.

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

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

By order of the Commission

sd/-
(T. Rout)
Chief Legal

