

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. TT/37/2014

Coram:

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

**Date of hearing : 12.06.2014
Date of Order : 23.06.2014**

In the matter of

Approval of transmission tariff for Asset-I : Kurnool- Raichur 2nd 765 kV S/C line and extension of Kurnool 765 kV/400 kV & Raichur 765/400 kV sub-stations Asset-II :1500 MVA, 765/400 kV ICT#2 and 240 MVAR Reactor along with associated bays at 765/400 kV Nellore PS Asset-III :1500 MVA, 765/400 kV ICT#3 and 240 MVAR Bus Reactor along with associated bays at 765/400 kV Nellore PS under "Common System associated with ISGS projects in Krishnapatnam area of Andhra Pradesh in Southern Region for tariff block 2009-14 period under Regulation 86 of Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999 and Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

And in the matter of

Power Grid Corporation of India Limited,
"Saudamani", Plot No.2,
Sector-29, Gurgaon -122 001.

.....**Petitioner**

Vs

1. Karnataka Power Transmission Corporation Ltd.,
Kaveri Bhawan,
Bangalore-560 009
2. Transmission Corporation of Andhra Pradesh Ltd.,
Vidyut Soudha,
Hyderabad-500 082
3. Kerala State Electricity Board,
Vaidyuthi Bhavanam, Pattom,
Thiruvananthapuram – 695 004



4. Tamil Nadu Electricity Board
NPKRR Maaligai, 800, Anna Salai,
Chennai-600 002
5. Electricity Department
Government of Pondicherry,
Pondicherry – 605 001
6. Eastern Power Distribution Company of Andhra Pradesh Ltd. (APEPDCL),
P&T Colony, Seethmmadhara,
Vishakhapatnam
7. Southern Power Distribution Company of Andhra Pradesh Ltd. (APSPDCL),
Srinivasasa Kalyana Mandapam Backside, Tiruchanoor Road,
Kesavayana Gunta,
Tirupati-517 501
8. Central Power Distribution Company of Andhra Pradesh Ltd. (APCPDCL),
Corporate Office, Mint Compound,
Hyderabad-500 063
9. Northern Power Distribution Company of Andhra Pradesh Ltd. (APNPDCL),
Opp. NIT Petrol Pump, Chaitanayapuri,
Kazipet, Warangal-506 004
10. Bangalore Electricity Supply Company Limited (BESCOM)
Corporate Office, K.R. Circle,
Bangalore-560 001
11. Gulbarga Electricity Supply Company Limited (GESCOM)
Station Main Road,
Gulbarga
12. Hubli Electricity supply Company Limited (HESCOM)
Navanagar, PB Road,
Hubli
13. Mescom Corporate Office
Paradigm Plaza, AB Shetty Circle,
Mangalore-575 001
14. Chamundeswari Electricity Supply Corporation Ltd. (CESC)
927, LJ Avenue Ground Floor,
New Kantharaj Urs Road,
Saraswatipuram, Mysore-570 009

.....Respondents



For petitioner : Shri S.S. Raju, PGCIL
Ms. Seema Gupta, PGCIL
Shri M.M. Mondal, PGCIL
Shri S.K. Venkatesan, PGCIL
Shri P. Saraswat, PGCIL
Ms. Sangeeta Edwards, PGCIL

For respondents: None

ORDER

In the instant petition, the petitioner, Power Grid Corporation of India Limited (PGCIL) has initially sought approval of transmission tariff for the following assets under "Common System associated with ISGS projects in Krishnapatnam area of Andhra Pradesh in Southern Region for the 2009-14 tariff period under Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter referred to as "the 2009 Tariff Regulations"): (a) Asset-I : Kurnool- Raichur 2nd 765 kV S/C line and extension of Kurnool 765 kV/400 kV & Raichur 765/400 kV sub-stations, (b) Asset-II :1500 MVA, 765/400 kV ICT#2 and 240 MVAR Reactor along with associated bays at 765/400 kV Nellore PS, and (c) Asset-III: 1500 MVA, 765/400 kV ICT#3 and 240 MVAR Bus Reactor along with associated bays at 765/400 kV Nellore PS. At the time of filing the petition, Asset-II was commissioned on 1.2.2014 and Asset-I and Asset-III were anticipated to be commissioned on 1.3.2014. Asset III was commissioned on 1.3.2014.

2. The petitioner vide affidavit dated 27.5.2014 has submitted that Asset-I is anticipated to be commissioned w.e.f. 1.6.2014. The petitioner has requested provisional tariff for Assets II and III under the 2009 Tariff Regulations and in respect of Asset I, the petitioner has prayed for 90% of the Annual Fixed Charges for the purpose



of inclusion in the PoC charges as provided in accordance with Regulation 7 (7) of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter "the 2014 Tariff Regulations"), pending determination of final transmission tariff.

3. Assets-II and III have been commissioned in tariff block 2009-14, and accordingly the tariff of the assets will be considered as per the 2009 Tariff Regulations. Regulation 5 (4) of the 2009 Tariff Regulations provides as under:-

"(4) Where application for determination of tariff of an existing or a new project has been filed before the Commission in accordance with clauses (1) and (2) of this regulation, the Commission may consider in its discretion to grant provisional tariff upto 95% of the annual fixed cost of the project claimed in the application subject to adjustment as per proviso to clause (3) of this regulation after the final tariff order has been issued:

Provided that recovery of capacity charge and energy charge or transmission charge, as the case may be, in respect of the existing or new project for which provisional tariff has been granted shall be made in accordance with the relevant provisions of these regulations."

4. As per Regulation 5 (4) of the 2009 Tariff Regulations, the Commission may in its discretion grant provisional tariff for an existing project or a new project commissioned during the 2009-14 period if an application has been filed under Regulation 5 (1) and (2) of the 2009 Tariff Regulations. Regulation 5 (1) of the 2009 Tariff Regulations provides that the application for tariff should be made in accordance with the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004 (hereinafter referred to as "2004 Regulations"). Regulation 5 (2) of 2009 Tariff Regulations provides that the application shall be made as per Appendix to the 2009 Tariff Regulations.

5. The petitioner has also complied with the requirements of 2004 Regulations, such as service of the copy of the application on the beneficiaries, publication of notice and web hosting of the application, etc.

6. Annual transmission charges claimed by the petitioner in respect of assets commissioned in tariff block 2009-14 are as follows:-

Asset	DOCO	(` in lakh)
		2013-14
Asset-II:-1500 MVA, 765/400 kV ICT#2 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS	1.2.2014	296.61
Asset-III:-1500 MVA, 765/400 kV ICT#3 and 240 MVAR Bus reactor along with the associated bay at 765/400 kV Nellore PS	1.3.2014	129.99

7. Annual transmission charges being allowed in respect of assets commissioned in tariff block 2009-14 under Regulation 5 of the 2009 tariff Regulations are as follows:-

Asset	DOCO	(` in lakh)
		2013-14
Asset-II:-1500 MVA, 765/400 kV ICT#2 and 240 MVAR reactor along with the associated bays at 765/400 kV Nellore PS	1.2.2014	218.18
Asset-III:-1500 MVA, 765/400 kV ICT#3 and 240 MVAR Bus reactor along with the associated bay at 765/400 kV Nellore PS	1.3.2014	97.98

8. Asset-I is anticipated to be commissioned on 1.6.2014, i.e. in the tariff block 2014-19. Regulation 7 of the 2014 Tariff Regulations provides as under:-

"7. Application for determination of tariff:

(1) The generating company may make an application for determination of tariff for new generating station or unit thereof in accordance with the Procedure Regulations, in respect of the generating station or generating units thereof within 180 days of the anticipated date of commercial operation.

(2) The transmission licensee may make an application for determination of tariff for new transmission system including communication system or element thereof as the case may be in accordance with the Procedure Regulations, in respect of the transmission system or elements thereof anticipated to be commissioned within 180 days from the date of filing of the petition.

(3) In case of an existing generating station or transmission system including communication system or element thereof, the application shall be made not later than 180 days from the date of notification of these regulations based on admitted capital cost including any additional capital expenditure already admitted up to 31.3.2014 (either based on actual or projected additional capital expenditure) and estimated additional capital expenditure for the respective years of the tariff period 2014-15 to 2018-19.

(4) The generating company or the transmission licensee, as the case may be, shall make an application as per **Annexure-I** of these regulations, for determination of tariff based on capital expenditure incurred duly certified by the auditors or projected to be incurred up to the date of commercial operation and additional capital expenditure incurred duly certified by the auditors or projected to be incurred during the tariff period of the generating station or the transmission system as the case may be:

Provided that the petition shall contain details of underlying assumptions for the projected capital cost and additional capital expenditure, wherever applicable.

(5) If the petition is inadequate in any respect as required under **Annexure-I** of these regulations, the application shall be returned to the generating company or transmission licensee as the case may be, for resubmission of the petition within one month after rectifying the deficiencies as may be pointed out by the staff of the Commission.

(6) If the information furnished in the petition is in accordance with the regulations and is adequate for carrying out prudence check of the claims made, the Commission shall consider the suggestions and objections, if any, received from the respondents within one month from the date of filing of the petition and any other person including the consumers or consumer associations. The Commission shall issue the tariff order after hearing the petitioner, the respondents and any other person specifically permitted by the Commission.

7. In case of the new projects, the generating company or the transmission licensee, as the case may be, may be allowed tariff by the Commission based on the projected capital expenditure from the anticipated COD in accordance with Regulation 6 of these regulations:

Provided that :

(i) the Commission may grant tariff upto 90% of the annual fixed charges claimed in respect of the transmission system or element thereof based on the management certificate regarding the capital cost for the purpose of inclusion in the POC charges in accordance with the CERC (Sharing of Inter State Transmission charges and losses), Regulation, 2010 as amended from time to time:

xxxx"

9. As per the first proviso to Regulation 7(7) of the 2014 Tariff Regulations, the Commission may grant upto 90% of the annual fixed charges for inclusion in the POC charges, if an application has been filed under Regulation 7(1) and (4) of the 2014 Tariff Regulations. Regulation 7(1) of the 2014 Tariff Regulations provides that the application for tariff should be made in accordance with the Central Electricity Regulatory Commission (Procedure for making of application for determination of tariff, publication of the application and other related matters) Regulations, 2004 (hereinafter referred to as "2004 Regulations"). Regulation 7(4) of 2014 Tariff Regulations provides that the application shall be made as per Annexure-I to the 2014 Tariff Regulations.

10. The petitioner has made the application as per Annexure-I to the 2014 Tariff Regulations.

11. Annual transmission charges claimed by the petitioner in respect of Asset-I anticipated to be commissioned in the tariff block 2014-19 are as follows:-

(` in lakh)						
Asset	Anticipated DOCO	2014-15	2015-16	2016-17	2017-18	2018-19
Asset-I:-Kurnool-Raichur 2nd 765 kV S/C line and extension of Kurnool 765 kV/400 kV & Raichur 765/400 kV sub-stations	1.6.2014	2912.41	3584.67	3551.99	3470.43	3386.05

12. Considering the claims of the petitioner, the following annual transmission charges are allowed in terms of Regulation 7(7) of the 2014 Tariff Regulations:-

(` in lakh)						
Asset	Anticipated	2014-15	2015-16	2016-17	2017-18	2018-19

	DOCO					
Asset-I:- Kurnool-Raichur 2nd 765 kV S/C line and extension of Kurnool 765 kV/400 kV & Raichur 765/400 kV sub-stations	1.6.2014	2475.55	3046.97	3019.09	2949.87	2878.14

13. The tariff allowed in this order shall be applicable from the date of commercial operation of the transmission system. The billing, collection and disbursement of the transmission charges shall be governed by the provisions of Sharing Regulations. The transmission charges allowed in the order shall be subject to adjustment after final tariff is determined.

14. The petitioner is directed to file a separate petition covering all assets in accordance with the 2014 Tariff Regulations for determination of tariff for the tariff period 2014-19.

sd/-

(A. K. Singhal)
Member

sd/-

(M. Deena Dayalan)
Member

sd/-

(Gireesh B. Pradhan)
Chairperson